Working to Reduce Poverty in America.
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An Unacceptable Reality

46,180,000
Americans live below the poverty line
(more than any other year measured)

15.1
of our population is living in poverty
(highest poverty rate since 1993)

More than 1 out of every 5
children in America under age 18
live in poverty

What does it mean to be living in poverty?

• For one person: $11,344
• For a family of four: $22,113

Where do these numbers come from?

• Mollie Orshansky (1963)
• Calculated a family’s yearly food budget and multiplied it by three

• The same 45-year-old formula is still used today
Does the current system work?

Solutions from Washington, D.C., are proving inadequate to meet the changing realities of today’s poor and needy.

For example:

In 2010, 40.3 million people received SNAP benefits.

- Despite this, 48.8 million people were food insecure and Catholic Charities agencies provided food-related services to 7.1 million people.

We need a **new way of measuring poverty** that accurately captures the needs of individuals and families.
Alternative Definitions of Poverty

- **Supplemental Poverty Measure** *(Census Bureau)*
  Measures resources in a way that takes taxes, transfer payments, childcare, healthcare, and work-related costs into account.

- **Opportunity Index** *(American Human Development Project)*
  Scores states and counties on factors that can predict an individual’s future success: education, community, and economy.

- **Asset Poverty** *(CFED)*
  Defines a household as “asset poor” if it does not have sufficient net worth to live at the federal poverty threshold for three month with no income.

- **Consumption-Based Measures** *(James Sullivan, Notre Dame)*
  Measures poverty by looking at household consumption, which provides a more accurate picture of their material well-being.
Impact of Government Programs

Source: The Economist online. “Poverty, inequality and redistribution,” 1/17/2012,
http://www.economist.com/blogs/graphicdetail/2012/01/focus-2
We have to pursue bold solutions, not just out of compassion for those less fortunate but because we are called by our faith to pursue charity and justice.

If we love others with charity, then first of all we are just towards them... Charity demands justice.

Pope Benedict XVI
Caritas in Veritate

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The question is... how?
Our Commitment to Innovative Solutions

Catholic social teaching tells us about the importance of solidarity and subsidiarity – letting decision-making reside at level closest to those affected.

We need to pursue solutions that:
- **Change** the social service delivery system – for the better
- **Engage** the business world and other stakeholders
- **Rely** on proven results currently taking place in the field

It’s time to move from a safety net to a trampoline.
10 Years Hence

What could poverty in America look like 10 years from now?
• Current standard for measuring poverty flawed and outdated

• Bureaucratic silos prevent individuals from accessing services that could enable individuals to achieve self-reliance

• Poverty programs are one-size-fits-all
Successes From Our Network

**Refugee Resettlement**
- Focuses on self-sufficiency and community integration
- Provides services based on clients’ needs and strengths
- **98% of refugees** who receive employment services from Catholic Charities of Atlanta become employed and **economically self-sufficient within six months of arrival.**

**Disaster Response**
- Government waivers cut red tape, allowing funding to go to those who need it
- Encourages cross-agency collaboration
Solutions to Change the System

• Develop **Individual Opportunity Plans** with client advocates

• Allow communities to develop plans that **collapse silos of service**

• Establish **tiered levels of services** that prevent people from falling into poverty

• Revise the **current poverty measurement standards**
Lack of Marketplace Engagement

- Poverty delivery services funded by government appropriations, which renders the poor susceptible to politics, the economy, and swings in philanthropy and volunteers.

- **Corporations** focus on philanthropy.

- “Poverty pimps” – pay-day loans, pawn shops, slum lords.
Market-Driven Solutions

Grameen Bank

- More than 8.35 million borrowers, 96 percent of them are women.
- Loan recovery rate is 96.67 percent.
- Profit-based model

State of Minnesota

- Social Impact Bonds (SIBs)
- SIBs, also known as 'Pay for Success' projects, align the interests of the private and philanthropic investors with the public, around a shared vision of desired social outcomes
Engage the Business Community

- Bring business expertise, research and development to the service delivery field

- Identifying *market-driven* components of reform *rooted in economics* creating sustainable solutions

- Incentive private sector engagement through *Qualified Community Renewal Contributions*. 
Market-Driven Solutions

• Expand Community Development Financial Institutions and the **Earned Income Tax Credit**.

• Develop a **new capital market for poverty services** with a Community Renewal Bond program.

• Create **Community Renewal Incentives** that monetize the savings
Inadequate Measures

• Outputs vs. outcomes

• Catholic Charities served 10,270,000+ people living in poverty last year

• Current models are deficit-based: lack of housing, lack of assets
Innovative Measurements and Programs

Twin Cities Rise!

Structure:
- **Pay-for-performance contract** with the state of Minnesota and a private funder, based on completion of long-term, successful outcomes.
- 50% of **return on investment** goes to state of Minnesota, 50% is reinvested back into the program

Results:
- **624% return to Minnesota taxpayers.** For every $1 invested, $7.24 returned to MN taxpayers from increased state tax receipts and reduced state subsidies
- **Participant income increased** by an average of 355%
- **Long-term job retention.** 81% of TCR! graduates remain in their job in the first year, and 70% remain in the second year.
Child Trust Funds (UK)

Structure:
- Every child born in the UK after Sept. 1, 2002 receives $500-$1,000 from the government to open an account with a private bank.
- Additional government money added at age 7, and family can make tax-free contributions annually.
- Account is accessible at age 18, without restrictions.

Results:
- Increased Private Savings: 30% of accounts opened by parents have received additional contributions.
- Private account contributions already equal 55% of the government investment.
- Children are 7 times more likely to go to college if they have savings set aside for education.

U.S. Pilot: “Kindergarten to College” in San Francisco.
Outcomes-Based Solutions

- Investment in the safety net should be **results oriented**

- Program evaluation and accountability should be incorporated

- Framework for the growth of programs that produce **measurable outcomes** for individuals should be established
Based on Proven Results

• Include **data tracking technologies** and **systematic reporting** as part of local program development

• Design a **new system of client advocacy** focused on mentorship

• Create two national competitions to identify a **new technology platform** and a more accurate methodology
The University of Notre Dame, in partnership with Catholic Charities USA, is forming the **Laboratory for Economic Opportunities (LEO)**

- Partnership will identify **innovative, successful, and scalable** ways to help those living in poverty find a path to self-sufficiency

- Brings **research and development** to the poverty delivery system
International Successes

There have been innovations in research and solutions in the international sphere:

– Academic labs focused on International Poverty
  • Abdul Latif Jameel Poverty Action Lab (J-PAL) at MIT
  • Stanford Institute for Innovation in Developing Economies

International efforts have yielded impressive results:

– According to a recent internal survey, 68 percent of Grameen borrowers' families have moved out of poverty
– WHO study concluded that every dollar invested in clean water and sanitation yields $8 in increased productivity and decreased health costs

Lots of focus on international poverty, but what about domestic poverty?
Goal: To reduce poverty in the United States by 50 percent by the year 2020.

Reality: Since 2007, the poverty rate has increased from 12.5% to 15.1%
1959: 22.4%
1973: 11.1%
46.2 million
15.1 percent

Note: The data points are placed at the midpoints of the respective years. For Information on recessions, see Appendix A. Source: U.S. Census Bureau, Current Population Survey, 1960 to 2011 Annual Social and Economic Supplements.
Current Path: Child Poverty Projections

Poverty Rate: 15.3%
Number in Poverty: 46.2 million
   In Urban Areas: 37.1 million
   In Rural Areas: 9.1 million

Child Poverty Rate: 21.6%
Number in Poverty: 15.7 million
   In Urban Areas: 12.7 million
   In Rural Areas: 3.1 million

Source: U.S. Census Bureau, 2010 ACS 1-Year Estimates
Poverty in Indiana, 2010

Poverty Rate: 15.3%
Number in Poverty: 962,775
   In Urban Areas: 18.1%
   In Rural Areas: 9.4%

Child Poverty Rate: 21.7%
Number in Poverty: 342,172
   In Urban Areas: 25.7%
   In Rural Areas: 13.7%

Source: U.S. Census Bureau, 2010 ACS 1-Year Estimates
St. Joseph County:
- 14.3% Poverty Rate
- 21.7% Child Poverty Rate
- 36,891 living in poverty, 14,106 of whom are children

Source: U.S. Census Bureau, 2006-2010 ACS 5-Year Estimates
Alternative Measures of Poverty in Indiana

Assets and Opportunity Scorecard:

- **Overall Ranking:** 35th
  - Financial Assets & Income: C
  - Businesses & Jobs: F
  - Housing & Homeownership: C
  - Health Care: B
  - Education: D
Opportunity Index

Indiana

52.3
OUT OF 100

Search for the county you were born in at opportunityindex.org

Tweet us your grade: @CCUSA2EP
A Nation of Extremes

Human Development Index by State

1st - Connecticut
Score: 6.30

51st - West Virginia
Score: 3.85
A Nation of Extremes

Human Development Index by Congressional District

1st – CD 14, NY
Score: 8.79

435th – CD 20, CA
Score: 2.60
This is where we are. Is this where we want to be?