



# At Issue: POVERTY REDUCTION & ECONOMIC OPPORTUNITY

At a time when cities are watching local tax bases shrink and when individuals and families are facing the difficult realities of a weakened economy, local governments are facing a major dilemma: How can they provide vital services to their cities' most vulnerable populations when the revenues needed to provide those services are disappearing?

The National League of Cities believes all levels of government must join together to make certain that children and families at all income levels can achieve success. Priorities include providing quality education and training for today's economy, opportunity for real employment with a living wage, and access to public benefits and mainstream financial services. A key goal at all levels should be to support and strengthen programs that build financially stable families.

## WHERE WE STAND

The number of poor people in America has grown steadily since 2000. After a small decrease during the 1990s, the poverty rate rose for the first time in five years to 11.7 percent in 2001 and has remained steady at 12.5 percent since 2003.<sup>1</sup> In 2007, 37.3 million Americans were living in poverty, including 13.3 million children.<sup>2</sup>

Alarming as they are, these numbers do not tell the whole story. In fact, many local elected officials believe the number of people living in poverty is in reality higher than the U.S. Census Bureau figures. Currently, the federal poverty threshold for a family of three is \$17,600. However, 71 percent of local elected officials surveyed believe a family of three would need more than \$17,600 to make ends meet in their cities.<sup>3</sup>

To aid lower-income residents, cities and towns are creating local solutions to reduce poverty and increase economic opportunity for all. Examples include:

- San Jose, California's Strong Neighborhoods Initiative, which is improving services, economic opportunity, and quality of life in neighborhoods of economic need;
- Savannah, Georgia's Poverty Reduction Action Plan, which focuses on increasing job skills for the city's poor.
- Kalamazoo, Michigan's three-pronged poverty reduction initiative, which focuses on the needs of Kalamazoo's schools and students, neighborhood revitalization, and bringing community partners together.

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*"As mayor, promoting asset building and improving the financial status of our urban residents cuts to the core of improving our neighborhoods and most importantly, the quality of life of our people."*

— John S. Brenner, Mayor, York, Pennsylvania

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1 Poverty and Economic Insecurity: Views from City Hall. National League of Cities, 2008.

2 Tapping the Power of City Hall to Build Equitable Communities: 10 City Profiles. National League of Cities, 2007.

3 Income, Poverty, and Health Insurance Coverage in the United States: 2007. US Census Bureau, August 2008.



Despite these promising efforts, local governments cannot be expected to do more with less. Without increased support from all levels of governments, these efforts and others like them will not be enough to achieve across-the-board reductions in poverty.

The sluggish economy and the current housing market crisis are damaging municipal budgets. The capacity of cities to provide aid to lower-income residents, while at

items like housing, childcare, and transportation, as well as regional cost-of-living differences. According to the National League of Cities' recent survey, 41 percent of local elected officials said a family of three would need an income of \$20,000 to \$30,000 to make ends meet in their communities, and 30 percent said such a family would need \$30,000 or more – well above the current federal poverty threshold of \$17,600.

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*“I am confident that, as a city, we can do what is necessary to reduce poverty and positively impact the lives of the citizens of our community who are in need. I invite those involved in all levels of government, nonprofits, business, religious organizations, providers of service and citizens to join in collaboration to positively impact the lives of our residents. It is time, and it is the right thing to do.”*

— Karl Dean, Mayor, Nashville, Tennessee

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the same time fully funding essential city services like public safety, fire and sanitation is at risk. In fact, 81 percent of surveyed local officials stated that a major barrier to addressing poverty and economic opportunity is insufficient local resources.<sup>4</sup>

### Three Priorities for Action

All levels of government must invest in a renewed commitment to creating economic opportunity for all by focusing on three priorities:

**Poverty.** When resources for federal and state poverty reduction programs are limited or reduced, state and local governments must redirect funds to ensure that individuals and families in poverty receive the services and assistance they need. One result is that funding for other programs meant to meet the needs of the general public must be eliminated or reduced. Sufficient funding of anti-poverty programs by the federal government will help ensure that families and individuals in need can receive vital services and that cities, at the same time, can maintain the basic quality of life for all residents, regardless of income.

In addition, the federal government needs to update the method it uses to measure poverty. Times have changed. The old measures, which were developed in the early 1960s, are out of date because of the increased costs of

**Education.** Every American deserves an opportunity to receive a quality education. Municipal leaders understand the importance of education not only to the individual but also to the community at large. High-quality education strengthens America's cities and towns – and the nation as well – by developing a skilled workforce; improving economic vitality; attracting and retaining families, residents, and business; and encouraging an active and engaged citizenry.

A key priority for the nation as it seeks to improve education is reducing dropout rates. In cities and towns with large numbers of dropouts, more and more residents are unable to find stable, well-paying jobs. Those who drop out are more likely to get caught up in the criminal justice system or to need social welfare assistance. In addition to the negative economic impacts on individuals and their families, this cycle can be devastating for the future of America's hometowns and the nation.

**Workforce development.** In today's changing economy, America's local elected officials understand that the key to building a strong city is ensuring that all residents have the skills they need to find and keep good, living-wage jobs. Enhancing the skills and capacities of local workers can lead to improvements in quality-of-life, reductions in poverty, and enhanced social cohesion.

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<sup>4</sup> Poverty and Economic Insecurity: Views from City Hall. National League of Cities, 2008.

## AGENDA FOR THE NATION

**Reduce poverty.** The National League of Cities believes that all levels of government must work together to make sure that residents and families who are living in poverty can meet their basic needs while taking steps to build a more stable future. Cities and towns urge the federal government to:

- Invest in housing and community redevelopment programs, so that all residents can live in adequate housing and safe neighborhoods.
- Update the federal poverty measures to accurately reflect needs of working families, including the increased financial burden that items like housing, childcare, health care and transportation place on budgets, as well as regional cost-of-living differences.
- Expand and modernize the earned income tax credit (EITC) while increasing support for local outreach campaigns to ensure it is claimed by all eligible individuals and families.
- Increase federal funding for key federal benefit programs to help families transition out of poverty, including food stamps, Supplemental Nutrition for Women, Infants, and Children (WIC), and assistance to help low-income families pay the high cost of energy bills (LIHEAP).
- Support city efforts to increase financial literacy and financial stability for families by investing in financial education and savings programs, and by helping cities connect residents to mainstream financial services, so that families can build and maintain long-term assets.
- Reform America's health care system to ensure that individuals, families, and children have access to affordable, quality health care.

**Improve education.** In order for Americans to be competitive in the global economy, the National League of Cities believes that the federal government must ensure that every student has the opportunity to graduate from high school prepared for college or meaningful employment and a living wage. Cities and towns support federal efforts to:

- Provide safe, affordable, quality childcare and family development services for low-income women and their families so that all children have the social, nutritional, and health supports they need for a successful future.
- Work with states and local governments to ensure that all children have access to early childhood learning, so they will be better prepared to begin their elementary education and achieve long-term school success.
- Make significant new financial investments dedicated to support programs for at-risk students and dropouts.
- Enhance after-school programs and year-round youth employment and vocational programs that are linked to staying in school.
- Create federal-state-local partnerships focused on transforming the nation's lowest-performing schools.

**Build a skilled workforce.** The National League of Cities believes that all levels of government must work together to provide comprehensive workforce development programs tailored to fit local and regional employment needs. The cities and towns stand ready to partner with federal government to:

- Make work pay by setting the minimum wage and earned income tax credit at levels that, in combination, allow families to make ends meet.
- Increase funding for workforce development and training programs, including basic skills training and

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*“The financial health of a local community is dependent on the financial health of its citizens, which is necessary in order to provide stability and ensure the growth, expansion, services, education, housing, employment and infrastructure a community needs to successfully sustain itself.”*

— William D. Euille, Mayor, Alexandria, Virginia

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opportunities to upgrade the skills of workers so they can adjust to changing job markets.

- Provide incentives to private industry to provide jobs to disadvantaged youth and other hard-to-employ populations.

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*“We as a city cannot be considered to be successful unless there’s an opportunity for everyone to participate in our city’s success. If those at the lowest end of the economic spectrum are not seeing their lives improve significantly, if we aren’t dealing with the impact of poverty and inequality, then we are not successful as a city.”*

— Bart Peterson, Former Mayor of Indianapolis, Indiana

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## A VISION FOR THE FUTURE

Cities are the first line of defense for families and communities dealing with growing economic insecurity in America. In the face of an increasingly unstable economy, rising health and transportation costs, and the housing and foreclosure crisis, the National League of Cities calls on all levels of government to ensure that all Americans have the opportunity to succeed. By working together, the federal, state, and local governments can provide quality education to America’s youth, develop meaningful employment opportunities and job training programs, and guarantee adequate funding for programs that address the needs of more than 37 million people living in poverty today.

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