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First Person

Reward Progress, Reduce Poverty

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Reward Progress, Reduce Poverty

Most antipoverty programs fail to nurture the strengths of individuals and communities **BY MAURICE LIM MILLER**

DEREK HAD RECENTLY been released from juvenile hall in San Francisco, after serving time for robbery—a robbery in which his friend Benjamin had refused to participate. Benjamin convinced Derek to go with him to apply for a construction training program that would help them get “real jobs” and end their involvement in gangs and crime.

I was the director of the training program, and we had only one open slot. Like most social services, my program prioritized the “most in need,” so Derek got that last slot. I told them whom we accepted and why. “See! You should have gone on that job with me!” Derek said to Ben. It was then that I realized the message my organization and I were sending.

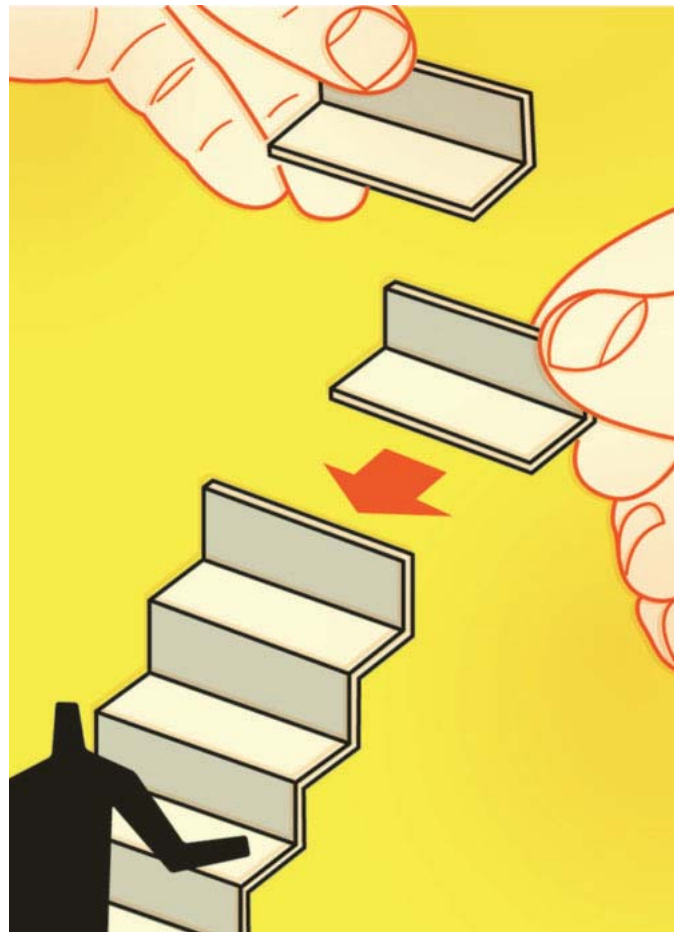
A decade later in 2004, Flora, a single mother of four, was participating in Hawaii’s Family Independence Initiative (FII), an anti-poverty project I started. I distinctly remember what she told me: “I work as a cashier, and every day these guys who were just released from drug rehab come in to buy food. They have their EBT card (ATM-like food stamp cards) and some of them have thousands of dollars on them.”

“They have more money for food than I have for my kids,” she continued. “So what do I have to do—quit my job and get on drugs to get any help?”

Indeed, a study on the economic impact of government benefits on low-income families in Hawaii found that Flora would have been better off working half time and earning only \$13,000 a year, because she would then qualify for most welfare programs. When combined with her income, the welfare would provide more than she made working full time. But once her earnings exceeded about 130 percent of the poverty level, she was no longer eligible for much welfare, the Earned Income Tax Credit (EITC), or even training programs like the ones I ran.

My experiences with Derek and Flora, as well as with many other people, have led me to believe that most antipoverty programs do not support the strengths and capabilities of low-income families. Instead they create reverse incentives, negative reinforcements, and ridiculous choices for all involved. The current system that provides benefits based on need is necessary for people in crisis. But to help people end the cycle of poverty, we must reward progress, as well as people who help each other succeed.

MAURICE LIM MILLER is president and CEO of the Family Independence Initiative, based in Oakland, Calif. He is also a trustee of the California Endowment and the Hitachi Foundation. In recognition of his antipoverty work, Miller was invited to sit with the first lady at President Clinton’s 1999 State of the Union address.



BENEFITS THAT BENEFIT

A study by the Corporation for Enterprise Development found that in fiscal year 2005, the federal government gave out \$367 billion in benefits. The problem is, 88.7 percent of those benefit dollars—including retirement account incentives, home mortgage interest deductions, and business tax credits—went to households with annual incomes of more than \$80,000. In other words, benefits are available to people who already have money, as well as to people living below the poverty level.

But for the working poor—those people who clean our rooms, cut our lawns, and harvest our food—there is very little support, unless they lose a paycheck and fall into crisis, or, less likely, suddenly start earning a lot more money. With a little help, however, this population—already working—has the best chances of reach-

ing a stable middle-income status. A self-employment tax credit could help grow microfirms and informal businesses. Property tax relief could help build assets. Targeted scholarships and fellowships could create more graduates. And if refundable tax credits like EITC could be extended to the working poor, people like Flora could get closer to the middle class.

Even if the government distributes benefits more equitably, it cannot reduce poverty on a large scale unless it encourages the types of strong community bonds that once flourished in the United States. In the 1800s, Irish, Chinese, and other immigrants helped each other find construction jobs, start laundries, and undertake other businesses. After slavery, African-Americans created vibrant communities—Harlem and independent townships—by pooling their talents and money. In the 1990s native tribes in Alaska formed large companies such as Sealaska

The biggest obstacle to reducing poverty is not low-income communities' lack of capacity, but society's stereotype that they are unable to help themselves.

Corp., and Cambodian refugees came to own more than 80 percent of the donut shops in California. Today, African-Americans have opened the Black New World Social Aid & Pleasure Club as part of a resident effort to create a cultural and economic district in one of the most economically disenfranchised areas of Oakland, Calif.

Having studied historic and more recent models of entire communities moving from poverty to self-sufficiency, I believe that a community needs three elements to succeed and to sustain its success. First, friends and family must rely on one another for jobs and careers. They can refer one another to jobs they've heard about, teach friends how to start their own businesses, or through role-modeling create the expectation that education is a path to success.

People in communities must also trust each other enough to share funds. They can make personal loans or gifts to each other. They may also create more formal loan pools where each contributor takes a turn accessing the pool.

Finally, community members must feel pride in their elders, culture, and religion. The need for a sense of individual and cultural community pride is greatly underestimated in professional antipoverty work. As Min Saechan, a young leader in the Iu Mien (refugees from Laos) community in Oakland once told me: "The gang violence has gone way down because parents and other young people did things like starting our own tiny scholarship fund and showing pride in our culture. It wasn't youth programs that stopped the violence."

COMMUNAL WEALTH

To catalyze this kind of initiative and mutuality, funders, policymakers, and service programs must recognize and reinforce the strength and pride that exists in so many communities, the kind of pride shown by the volunteers who created the Black New

World and other enterprises in West Oakland. These thriving organizations have little public or philanthropic support, yet survive because of the personal ownership and enthusiasm of the residents who formed and run them. Meanwhile, many heavily funded government and foundation programs in the neighborhood have closed.

Residents have told me this time and again. The leader of another low-income community in East Oakland put it this way, "If programs survive because there are professionals who can write good proposals, rather than because our families really want them and use them, then our culture gets weaker." Another leader told me, "If you treat people like they are helpless they begin to believe they are helpless."

Taking these last words to heart, I started FII in 2001 and began to work in Oakland with a group of eight African-American families, 11 Mien families, and six Salvadoran refugee families, all of whom agreed to help each other. Participants learned that if they made verifiable progress—kids' grades improved, credit ratings increased, new jobs secured, etc.—they could earn up to \$500 quarterly for two years.

Because we wanted to see what families could do on their own, we told FII liaisons that they would be fired if they gave the families any direction. This created a vacuum of leadership that took patience on our end—but soon enough the families filled this vacuum and started to lead their own change.

Encouraging people to create a village and giving the Oakland families an opportunity to earn extra cash by making progress led to an average jump of 27 percent in family income (not counting the FII awards) during the project's two years of operation. People started new businesses, and many families helped each other purchase homes. Even without monetary awards in the third year of the program, participants' incomes continued to grow, increasing a total of 41 percent on average.

Our second pilot was in Hawaii, where income went up 18 percent in only 20 months. And in our current San Francisco project, average income has jumped 21 percent in just 18 months.

An outside evaluator confirmed our findings and interviewed a sample of the families to account for their success. They all answered that the small monetary awards were important, but that the respect and trust they felt from FII helped them focus on their goals and strengthen their sense of community.

This tells me that the biggest obstacle to reducing poverty is not low-income communities' lack of capacity or unwillingness to change, but society's stereotype that they are unable to help themselves and unwilling to help others. By observing the families in FII, I have come to believe that although some low-income families need professional services, the large majority would prefer that society help them by recognizing their strengths—not by taking the social service approach of focusing on their needs.

Under President Obama, America has renewed its commitment to supporting and growing the middle class. To do this, we must give the working poor the same respect and opportunities that we give to other hardworking people. ■