



CHANGING THE ODDS FOR URBAN AMERICA

As a community organizer on the South Side of Chicago, Barack Obama learned firsthand that urban poverty is more than just a function of not having enough in your pocketbooks. It's also a matter of where you live – in some of our inner-city neighborhoods, poverty is difficult to escape because it's isolating and it's everywhere. However, no child's destiny should be determined before he takes his first step. No little girl's future should be confined to the neighborhood she was born into. Our government cannot guarantee success and happiness in life, but it can help ensure that every American who wants to work is prepared to work, able to find a job, and able to stay out of poverty. What we can do is make our neighborhoods whole again.

Our job across America is to create communities of choice, not of destiny, and create conditions for neighborhoods where the odds are not stacked against the people who live there. This is the civil rights issue of our time – the right of low-income people to safe communities, quality education, and the opportunity to move from bare self-sufficiency to prosperity. Separate is no more equal or legitimate when it comes to economic segregation and clusters of poverty than segregation based on race.

Barack Obama will lead a new federal approach to America's high-poverty areas, an approach that facilitates the economic integration of families and communities with efforts to support the current low-income residents of those areas. Obama is committed to fashioning policies that help to grow the size of the overall pie of economy, ensure its even and equitable distribution as far as practical, and also to ensure that the quality, character, and "taste" of the pie is equal to our nation's highest ideals.

MAKING URBAN AMERICA A PRIORITY

The Obama White House will take the federal government's role in supporting urban America seriously. Today, government programs aimed at strengthening metropolitan areas are spread across the federal government – including the Department of Housing and Urban Development, Department of Transportation, Department of Labor, Department of Commerce and the Small Business Administration – with insufficient coordination or strategy.

The current Administration's budget cuts across federal agencies have left cities throughout the nation with fewer resources at a time when urban renewal is an increasing critical component of U.S. economic competitiveness. The important Community Development Block Grant program, which provides urban areas with block grants to innovate and provide a full-range of housing, job training, and community development services, has been cut by an astonishing 31 percent since Bush took office. And instead of recognizing that tackling the problems of urban America should be a joint federal-local effort, the President has proposed to cut CDBG funding by another

21 percent this year. President Bush has also proposed to cut the COPS program, which provides local communities with vital resources to recruit and retain police officers, by 94 percent meaning fewer police officers on the streets in our most high-crime neighborhoods.

- **White House Office of Urban Policy.** Barack Obama will create a White House Office of Urban Policy to develop a strategy for metropolitan America and to ensure that all federal dollars targeted to urban areas are effectively spent on the highest-impact programs. The Director of Urban Policy will report directly to the President and coordinate the urban programs across the federal government. The Director of Urban Policy will also serve as a liaison to Congress and mayors on urban affairs.

PROVIDING OPPORTUNITY FOR THE NEXT GENERATION

(1) ‘Promise Neighborhoods’ for Areas of Concentrated Poverty

Successful strategies to address concentrated, intergenerational poverty are comprehensive in nature and address the full range of obstacles that stand in the way of poor children. One highly-acclaimed model is the Harlem Children’s Zone in New York City, which provides a full network of services to entire needy neighborhoods from birth to college. By providing comprehensive supports to an entire community of low-income families, the Harlem Children’s Zone (HCZ) has made amazing progress over the last decade. Despite serving one of the most low-income, high-crime and low-academic achievement neighborhoods in New York City, over 115 former HCZ participants are currently enrolled in college; 93 percent of participating parents in the “Baby College” program have increased the amount of time they read to their young children; HCZ students have placed within the top three at national and city chess championships; 274 apartment dwellers have become first-time homeowners; HCZ students participating in support programs are much more likely to stay in school and pass the New York State Regents Exam than the New York City average.

Barack Obama will launch an initiative to create 20 Promise Neighborhoods in areas that have high levels of poverty and crime, and low levels of student academic achievement, in cities across the nation. The Promise Neighborhoods will seek to engage all resident children and their parents into an achievement program based on tangible goals, including matriculation to college for each and every participating student, strong physical and mental health outcomes for children as well as retention of meaningful employment and parenting schools for parents. The sites for Promise Neighborhoods will be selected by the federal government after review of applications from cities in conjunction with their existing non-profit social service organizations and school districts. Prior to implementation of the Promise Neighborhoods, a comprehensive long-term business plan will be developed with neighborhood residents, local community organizations, local business, school districts, city and state governments, and economic development researchers. The plan will then be adopted by consensus from community stakeholders and gradually scaled up to ensure success in every program component. Individual cities, or private entities, will be required to pay for 50% of the costs of the program.

Promise Neighborhoods will work with neighborhood organizations to provide:

- Counseling for new parents on goal-setting and proper care of infants and young children
- Early childhood education and high-quality child care

- Extended day and extended year school programs
- Safe and educational after-school programs for all resident children; programs will place a strong emphasis on cultivating meaningful parent involvement
- Crime prevention support programs that engage both young people and community residents to implement proven anti-crime activities
- Technology training to area youth and adults
- Job training and internship placement to resident youth by developing and maintaining strong ties to the region's private sector
- Community health facilities that provide basic and preventative health care services and train residents on healthy living techniques, including proper nutrition, exercise and development of healthy living spaces
- Resources that strengthen families including family counselors and social workers and anti-domestic violence programs
- Financial counseling for entire families that includes emphasizing stable employment, personal savings and home ownership
- Effective leadership development training to ensure that Promise Neighborhood programs are sustainable and staffed by local residents.

(2) Support Parents with Young Children

The Nurse-Family Partnership provides home visits by trained registered nurses to low-income expectant mothers and their families. The trained nurses use proven methods to help improve the mental and physical health of the family by providing counseling on substance abuse, creating and achieving personal goals, and effective methods of nurturing children. Proven benefits of these types of programs include improved women's prenatal health, a reduction in childhood injuries, fewer unintended subsequent pregnancies, increased father involvement and women's employment, reduced use of welfare and food stamps, and increased children's school readiness. Researchers at the Federal Reserve Bank of Minneapolis concluded that these programs produced an average of five dollars in savings for every dollar invested and produced more than \$28,000 in net savings for every high-risk family enrolled in the program. Barack Obama would expand the highly-successful Nurse-Family Partnership to all low-income, first-time mothers. The Obama plan would assist approximately 570,000 first-time mothers each year.

(3) Promote Digital Inclusion

Getting broadband Internet access into every home and business in urban America at an affordable rate could give low-income people increased opportunities to start businesses, obtain access to finance, educate young people, learn about government services and engage actively in our communities.

Barack Obama has encouraged groups like One Economy, a private, non-profit organization, in its efforts to extend the reach of the Internet to low-income communities. One Economy is just one example of private and public efforts working to use modern technology to empower people living in the nation's poorest neighborhoods. It has helped to bring broadband connections into the homes of 300,000 low-income people.

Since 2000 because of this one group's effort:

- 450,000 people have learned about Medicaid over the Internet;
- Over 100,000 people learned about how to achieve their GED;
- 400,000 people have gotten help finding and evaluating child care;

- 16,000 people wrote business plans; and
- 325,000 people have learned about creating a family budget.

Obama has also endorsed and encouraged the efforts of cities to provide city-wide wireless and hi-speed Internet access to all their residents for free or at very low rates. Starting with Philadelphia and now with Chicago, Milwaukee, and others working to make sure that all its neighborhoods are connected to the digital age, we must take that effort nationwide and make every neighborhood in America a participant in the Internet revolution.

As president, Barack Obama will:

- **Reform the Telephone Universal Service Program:** Direct the FCC to propose reforms changing the Universal Service Fund program from one that supports voice communications to one that supports affordable broadband.
- **Better Manage the Nation's Airwaves:** Work to manage our wireless spectrum in the public's interest. Obama would create incentives for more efficient and experimental use of government spectrum and new standards for commercial spectrum so that underserved urban and rural communities can enjoy affordable broadband and also ensure that we have enough spectrum for police, ambulances and other public safety organizations.
- **Encourage Public-Private Partnerships:** Encourage public-private partnerships to get low-income communities and resident connected and work with cities and municipalities to distribute information on best practices among those that have deployed citywide free wireless broadband networks and how those lessons learned can be applied in other communities.

MAKING WORK PAY

(1) Help Americans Grab a Hold & Climb the Job Ladder

The unemployment rate of African Americans is nearly double that of the national unemployment rate. And more than a quarter of the labor force, about 34 million workers, is trapped in low-wage, often dead-end jobs. Barack Obama believes that all Americans who want to work should not only be able to gain meaningful employment, but should also be able to move up the career ladder to further support their families and serve as role models for their children. Obama will invest \$1 billion over five years in transitional jobs and career pathway programs that implement proven methods of helping low-income Americans succeed in the workforce. This investment will be coupled with other measures to incentivize the private sector, as well as state and local governments, to increase their support of these effective employment programs.

- **Transitional Jobs.** Obama will create a transitional jobs program to place people with extreme difficulties attaching themselves to the labor market into temporary, subsidized wage-paying jobs to gain necessary job skills before applying for unsubsidized jobs in the private and public sectors. The Obama transitional jobs program will also offer mentoring and social services designed to address work-blocking problems, such as personal and family conflicts. By gaining valuable work experience, training and counseling, participants in the transitional jobs program will be prepared within in a few months to apply and successfully obtain employment in the regular job market.

- **Career Pathways.** Workers without a high-school degree are nearly 30 percent more likely to stay in a low-wage job, and those with a high-school degree are 20 percentage points more likely, compared to workers with a college degree. In addition to helping people get attached to the labor force, Obama will also help people move up the career ladder by providing funding for bridge and career pathways programs that partner the federal government with employers, organized labor and community-based organizations to identify job opportunities, develop customized training and apprentice programs, and help place low-income employees in better jobs.

(2) Expand the Earned Income Tax Credit

In both the Illinois State Senate and the U.S. Senate, Obama has championed efforts to expand the Earned Income Tax Credit, which is one of the most successful anti-poverty programs to date. As president, Obama will reward work by increasing the number of working parents eligible for EITC benefits, increasing the benefit available to parents who support their children through child support payments, increasing the benefit for families with three or more children and reducing the EITC marriage penalty which hurts low-income families. Under the Obama plan, full-time workers making minimum wage would get an EITC benefit up to \$555, more than three times greater than the \$175 benefit they get today. If the workers are responsibly supporting their children on child support, the Obama plan would give those workers a benefit of \$1,110. The Obama plan would also increase the EITC benefit for those families that are most likely to be in poverty – families with three or more children.

(3) Improve Transportation Access to Jobs

Three quarters of welfare recipients live in areas that are poorly served by public transportation and low-income workers spend up to 36% of their incomes on transportation. As president, Obama will work to eliminate transportation disparities so that all Americans can lead meaningful and productive lives. Obama will double the federal Jobs Access and Reverse Commute (JARC) program to ensure that additionally federal public transportation dollars flow to the highest-need communities and that urban planning initiatives take this aspect of transportation policy into account. JARC funds have been used to connect low-income urban workers around the country with suburban and rural job opportunities, including in Washington D.C., San Francisco, Milwaukee, and Toledo. In Toledo, JARC funds have been also used to connect low-income Americans with worker training and provide safe 24-hour transportation for low-income children to reach child care facilities.

ECONOMIC DEVELOPMENT

(1) Ensure Community-Based Investment Resources in Every Urban Community

The United States has made a strong commitment to furthering economic development in poor regions around the globe through the World Bank, and yet it makes no similar centralized and coordinated commitment to poor communities in the U.S. Access to venture capital is critically important to the development of minority-owned businesses. Yet there has been a growing gap between the amount of venture capital available to minority-owned small businesses and other small businesses. Less than 1 percent of the \$250 billion in venture capital dollars invested annually nationwide has been directed to the country's 4.4 million minority business owners.

Barack Obama will task his new Director of Urban Policy to work with the Department of Commerce, the Small Business Administration, the Department of Treasury, and local

community and business leaders to identify the unique economic development barriers of every major metropolitan area in the country. The Director will work with the appropriate federal agencies and local and state leaders to ensure that every urban community has the access to capital and resources it needs, whether it be a new community development financial institution, additional small business loans for new entrepreneurs or more private financial institutions in underserved neighborhoods. The Director will also work with private economic development organizations, such as the Johnson Development Corporation, to help identify basic community infrastructure needs, like grocery stores and safe commercial centers, and work with private corporations to help meet those needs. Obama will provide additional resources to the federal Community Development Financial Institution Fund, the Small Business Administration and other federal agencies, especially to their local branch offices in urban areas, to address the needs identified by the Director of Urban Policy.

Obama will also direct the SBA to ensure that existing regulations governing small businesses are communicated to business owners in clear language so they don't have to hire lawyers or other experts to interpret what their responsibilities and rights are under the law. Obama will also work with the SBA to ensure that federal and state laws governing small businesses are not duplicative and force too many burdens on small businesses.

(2) Create a National Network of Public-Private Business Incubators

Barack Obama will support entrepreneurship and spur job growth by creating a national network of public-private business incubators. Business incubators facilitate the critical work of entrepreneurs in creating start-up companies. They offer help designing business plans, provide physical space, identify and address problems affecting all small businesses within a given community, and give advice on a wide range of business practices, including reducing overhead costs. Business incubators will engage the expertise and resources of local institutions of higher education and successful private sector businesses to help ensure that small businesses have both a strong plan and the resources for long-term success. Obama will invest \$250 million per year to increase the number and size of incubators in disadvantaged communities throughout the country.

ENSURE SAFE AFFORDABLE HOUSING

In too many communities, low-income families are priced out of the housing market. Between 1993 and 2003, the number of units affordable to low-income households fell by 1.2 million. An Obama administration will making strengthening federal and state affordable housing programs a key priority of fighting poverty in America.

(1) Create an Affordable Housing Trust Fund

Barack Obama believes we should create an Affordable Housing Trust Fund to help preserve and develop affordable housing in mixed-income neighborhoods. The Affordable Housing Trust Fund would use a small percentage of the profits of two government-sponsored housing agencies, Fannie Mae and Freddie Mac, to create up to 14,000 new units of affordable housing every year. Barack Obama will also ensure that current affordable housing programs are strengthened and adequately funded.

(2) Combat Mortgage Fraud and Subprime Loans

There is a growing epidemic of mortgage fraud crimes in which sophisticated scam artists cheat homeowners out of their mortgages. Some have estimated that more than 2 million homeowners with subprime mortgages are at risk of losing their homes. Barack Obama believes we must establish stiff penalties to deter fraud and protect consumers against abusive lending practices. Obama introduced the STOP FRAUD Act that would increase funding for federal law enforcement programs, create new criminal penalties for mortgage professionals found guilty of fraud, and require industry insiders to report suspicious activity. This bill also provides counseling to homeowners and tenants to avoid foreclosures. As president, Obama will continue to fight to ensure more Americans can achieve and protect the dream of home ownership.

(3) Fully Fund the Community Development Block Grant

The Community Development Block Grant is an important program that helps strengthen cities and towns throughout the nation by providing housing and creating jobs primarily for low- and moderate-income people. The Bush Administration has consistently attempted to cut funding for the Community Development Block Grant, by \$1.2 billion next year and \$6.9 billion over the next five years. Barack Obama has fought against these cuts, and as president will restore funding for the CDBG program.