

Michigan Commission on
Community Action and
Economic Opportunity

2015
Report

Generational Poverty





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FROM THE COMMISSION

Dear Michigan Residents,

On behalf of our volunteer commission, I thank you for sharing our interest in increasing opportunity in Michigan.

What we do, as a commission, is listen to individuals, service agencies and community-based organizations throughout the state to rethink solutions for helping people out of poverty. In recent years we have held forums in rural areas, the Upper Peninsula, prisons and Michigan's biggest cities and most remote towns. From first-hand stories of triumph often involving seemingly impossible circumstances, we learned how individuals trapped in the loop of hopelessness can persevere. The case for refined attention on the weighty issue of poverty is strong: Too many children live in poverty, and too many families remain in poverty for generations.

What is the picture, and more importantly, what have we heard? We sat and spoke with engaged and energetic Michigan residents who were raised in poverty, and who too often remain there; people who lack the experience of a community where education and professional advancement are valued, where stability is an expectation, where healthy food is abundant and where daily personal safety is assumed.

When a boy knows few men who make it past age 25, either because they're dead or in prison, what's the incentive to set goals for the future? How can a girl learn long division when she knows her mother is searching for food in a dumpster?

What kind of determination does it take to ride a bus to daycare, another to work, another to school and then back to daycare and finally home? What kind of persistence is needed to hold down a full-time job, raise a family and go to college when your own family sabotages you from moving ahead?

Here we provide a deeper look into the stories of generational hardship in Michigan, statistical perspective about poverty in Michigan, resources, and recommendations.

We firmly believe that more people in Michigan will thrive and prosper and that cultural, social, economic and policy change will occur through this education of residents and policy makers. As we work with Governor Snyder on developing innovative, community-based solutions to generational poverty, we welcome, too, your stories and ideas.

Anne Auslunger Cusack



Generational Poverty

Poverty is defined as the condition of an individual who, as a child, was supported on a family income at or below the national poverty level, and continues as an adult to live at or below that threshold, which as of 2014 was \$11,670 annually for a single person, \$15,730 for a couple and \$23,850 for a family of four.

People who live in generational poverty often have a much longer family history of impoverishment, typically covering more than two generations. Additionally, such families also have children who will face many barriers in the struggle to reach even a moderate income and a sustained quality of life. The strength of these binds, which are social and cultural as much as economic, are clearly illustrated in the upcoming story of Roberto Hernandez.

Hopelessness is the predominant defining condition of generational poverty, which differs from situational poverty – the result of reduced income from a family death, illness, divorce or other life-changing occurrence.

Hopelessness in generational poverty creates an impenetrable bondage for a person. A more financially independent and sustainable life does not seem achievable for the person living in hopelessness. Many people are unaware that they can improve their conditions.

Under these conditions, planning is left out of the thought process. Problem solving is based on survival rather than self-improvement or advancement. Therefore there is either no value, or at best a drastically low value, placed on many common life skills and scenarios, such as money management, education, job training, health and wellness, or the expectation of compassionate interpersonal relationships.



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What, then, can be done to make a difference in the lives of this vast number of Michigan residents – elderly, men, women and children – who live in poverty and are largely devoid of effective resources?

At its base, the answer is two-fold, and really rather simple:

1. Awareness
2. Policy change

More than 1.7 million Michigan residents live in poverty. This includes nearly 433,000 children, enough to fill University of Michigan's football stadium four times.

AWARENESS

Proper awareness of the problem is essential. Heightened awareness of poverty in Michigan, both generational and circumstantial, needs to be directed toward lawmakers, the state's executive officers, and the general public, including the 1.7 million elderly, men, women and children who live at or below the poverty threshold. No positive change can occur without active participation from both sides of the poverty line, and from both sides of the aisle.

With awareness of the problem – particularly of the barriers that limit the ability of those living in poverty to rise above it – policy changes will be made possible. This report illustrates and details what the

Michigan Commission on Community Action and Economic Opportunity learned during its research in a selection of the state's most impoverished communities. The stories told, the voices heard and the historical perspective offered will change the way our residents, legislators and state leaders view and act upon the challenges and barriers faced by Michigan's poor.



Interviews with commissioners, program providers and low-income participants in Detroit, Michigan.



CHILDREN WITH LOW-INCOME PARENTS

Children have a better chance of stepping out of poverty when at least one parent has a full time job with a livable wage. But many parents struggle in finding full-time employment because they lack the education and skill required. Low-income parents usually are employed with part-time positions, temporary work, or full time work with low wages, which does not allow them to move out of poverty. *“Without access to benefits and tax credits, a single parent with two children would need to earn \$9.39 per hour - \$2.14 more than the current federal minimum wage - working 40 hours per week for 50 weeks per year to just reach the poverty line.”*

Source: 2015 KIDS COUNT Data Book by the Annie E. Casey Foundation. www.aecf.org/2015db

PERCEPTION ON POVERTY

MYTH

FACT

Education alone is the answer.

A college education provides greater opportunity for anyone. However, in 2012, about 1.1 million people who made less than \$25,000 a year, worked full time, and were heads of household had a bachelor's degree.

Single mothers are the problem.

Less than 10 percent of low-income urban mothers were single through their child's first five years.

Absent dads are the problem.

Sixty percent of low-income fathers see at least one of their children every day – 16 percent see them weekly.

People are poor because they don't work.

More than half of people who live at or below the poverty level are regularly employed, and a large percentage take care of children or an adult with a disability.

If you're not below the poverty line, you're okay.

The federal poverty line for a family of four in 2012 was \$23,283. Basic needs cost at least twice that in more than 600 of America's cities and regions.

Assistance programs are breaking America.

In 2012, U.S. funding for assistance programs accounted for less than a half percent of the annual budget.

**WAR ON POVERTY:
50 YEARS LATER**

“Our aim is not only to relieve the symptoms of poverty, but to cure it and, above all, to prevent it. No single piece of legislation, however, is going to suffice.”

President Lyndon Johnson
1962 State of the
Union Address

In FY2012, approximately \$799 billion of federal funds was allocated for 92 different programs to help low-income individuals and families escape poverty.

Significant challenges today have resulted in a decline in the labor force participation. The decline is partly due to slow economic growth, uncoordinated federal programs and the “benefit cliff” condition. The “benefit cliff” penalizes families trying to step out of poverty.

Research has shown results in programs with work incentives such as the Earned Income Tax Credit.

Source: War on Poverty: 50 Years Later Report at http://budget.house.gov/uploadedfiles/war_on_poverty.pdf

NEW DIRECTION

Progress has been made in the administration of services through focal points on early intervention, public-private partnerships, leveraging the emergent non-profit sector, focused wage increases, change-based programming, education and training, technology and innovation. In recent years Michigan legislators have improved the position of families that most need help through a reinstatement of the Earned Income Tax Credit, and within it the restoration of the Child Tax Credit, as well as expansion of Medicaid coverage, progressively providing benefits for an additional 150,000 Michigan residents during the next seven years.

Yet, for all the might and mind power put into leaping this vast social hurdle since Johnson’s war on poverty began with a poverty rate of 19 percent, the percent has fluctuated between 12 and 15 percent of our citizens.

In the midst of a tremendous economic rebirth, our leaders – public, private and individual – have available to them a more meaningful and focused perspective from which to initiate purposeful legislative action and policy change in this area. The chart below shows poverty rate increases from 2000 to 2013 for both urban and rural communities in Michigan. The increase for Wayne County is 6.2 percent higher than the national average. There is incentive for everyone in Michigan to support solutions for moving individuals and families from prolonged poverty toward social independence and financial stability.



	Poverty Rate 2000	Poverty Rate 2013	Poverty Rate Change 2000-2013
Report Area			
Wayne County, MI	14.40%	25.10%	10.70%
Clare County, MI	14.90%	24.10%	9.20%
Michigan	9.70%	17%	7.30%
United States	11.30%	15.80%	4.50%

Data Source: US Census Bureau, [Small Area Income & Poverty Estimates](#), 2013. Source geography: County



RURAL POVERTY

Clare, Michigan

Poverty is more than an urban condition.

In Michigan's north woods, the environment is vastly different than the downtown metropolis; in these often cold and open spaces, the barriers are varied, but the despair is the same.

While the overall population of people in poverty is lower in rural areas than in urban settings, the poverty rate is higher. The resources are fewer and much farther spread out. Access, again, is the primary problem.

The largest percentage of Michigan residents living at or below the poverty line is in Wayne County at 25.1 percent of the poverty rate as compared to 24.1 percent in Clare County.

CHILDREN IN POOR FAMILIES

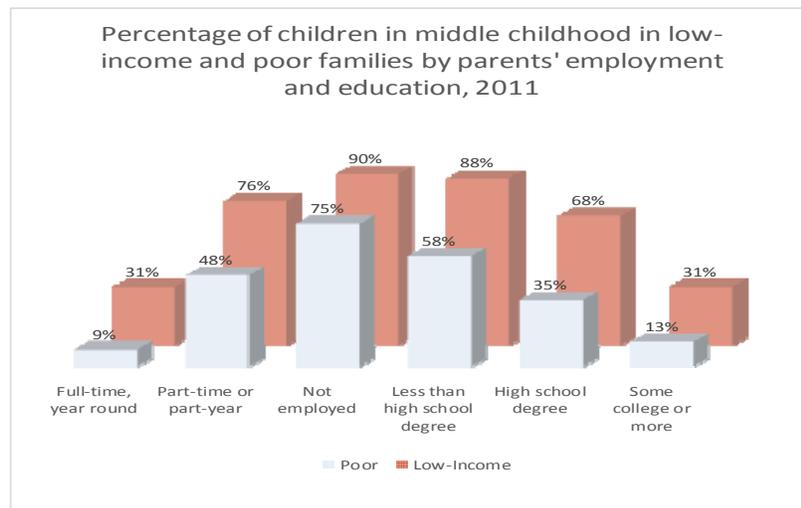
"Sadly, research shows that children who are born poor and live in persistently poor families are more likely to have health problems, suffer from learning and other disabilities, drop out of high school, have babies as teens, and ultimately have trouble finding consistent employment as adults... The effects of persistent poverty can be long lasting and could derail Michigan's attempt to improve educational achievement and fuel economic growth"

Source: Michigan League for Public Policy President and CEO Gilda Jacobs comments from the 2014 subcommittee testimony.

EDUCATION AND EMPLOYMENT

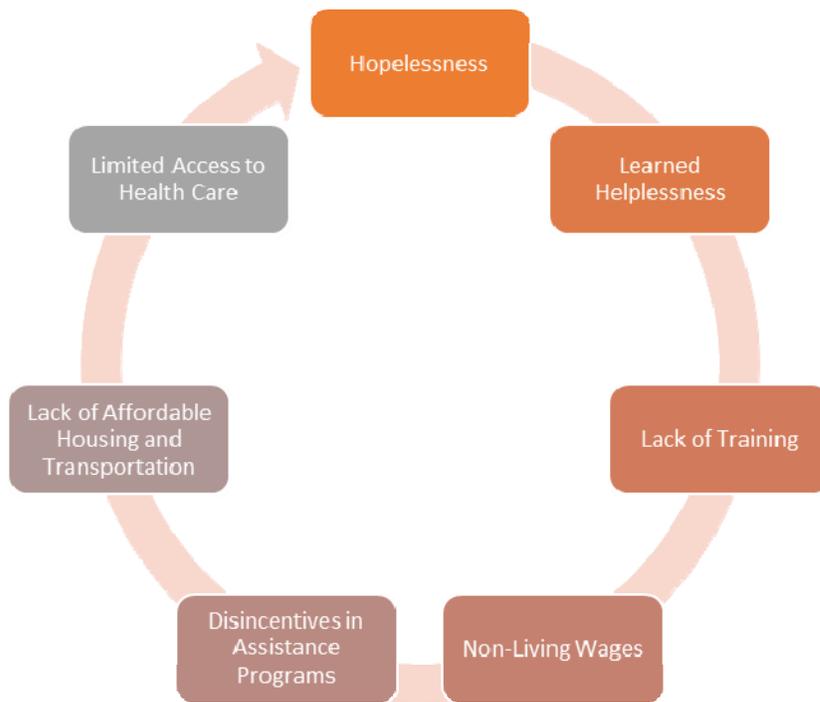
The chart below shows a correlation between a parent's employment opportunities and education. Employment opportunities are more accessible to parents that obtain higher levels of education, which reduces the

risk of living in poverty. With some college or degree achievement, 13 percent of the parents live in poverty, while 58 percent of parents with less than a high school degree live in poverty.



Source: National Center for Children in Poverty (www.nccp.org)

GENERATIONAL POVERTY BARRIERS



The commission’s research has identified the pervasive barriers faced by residents living in poverty.

- Hopelessness
- Learned Helplessness
- Lack of Training
- Non-Living Wages
- Disincentives in Assistance Programs
- Lack of Affordable Housing and Transportation
- Limited Access to Health Care

Poverty, particularly generational poverty, is a cultural mindset compounded by systemic barriers and inefficient delivery systems.

Institutional and systematic failures, such as inefficient communication, cumbersome and duplicative filing and reporting standards for service providers and clients, inflexibility and lack of coordination impede the efforts of dedicated service providers that are trying to help buoy individuals and families in distress.

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES (MDHHS)

MDHHS is one of the few state departments to receive reduced state funding for fiscal year 2015 – down \$200 million from \$6 billion in 2014 to \$5.8 billion – largely a legislative response to improving economic conditions and anticipation of a downward trend in caseloads.

Governor Snyder introduced “The River of Opportunity” to address the challenges of funding reductions and uncoordinated programs and departments. “The River of Opportunity” is a new way of structuring government that puts people first.

MDHHS is undergoing a transformation to streamline the hundreds of programs it administers to assist low-income individuals using a person-centric model. This model of service delivery is focused on the customer’s needs. The Pathways to Potential program demonstrates that this model does work.

Caseworkers are found in schools rather than government offices to serve families. Chronic truancy is down by about one-third in the Pathway schools.

http://www.michigan.gov/documents/snyder/The-River-FINAL_479441_7.pdf

FORUMS AND FOCUS GROUPS

Forums and focus group meetings were held in the following locations:

- Clare
- Detroit
- Flint
- Kalamazoo
- Monroe
- Marquette

TESTIMONIES

The Michigan Commission on Community Action and Economic Opportunity conducted several forums and focus groups across Michigan to engage with low-income people with the hopes of seeing the world through their eyes. The experience changed each commissioner's perception and attitude towards people living in generational poverty, which has ignited a call to action. The upcoming five testimonies are highlights from the interviews conducted with Cassie Sprague, Roberto Hernandez, Mone'cia Mwange, Maureen Rich and Renae Lake. For more participant details see the video testimonies at www.michigan.gov/bcaeo.

The commission heard stories of the barriers that keep families living in poverty from generation after generation. As Michigan sets a new direction for establishing a pathway to self-sufficiency, we need to be cognizant of the testimonies from low-income individuals at various stages of personal development from Michigan's urban and rural communities.



CASSIE SPRAGUE

Cassie Sprague does data entry for the Community Action Agency and is working on finishing her own home and reducing her reliance on state programs. Sprague's family was among the area's earliest settlers in the area. She endured a painful relationship and divorce that resulted in being homeless with her child.

Sprague says, "You've prayed to get this job, a good job that you really want, and now you have to figure out how to get there. The cost of a car, insurance, registration, gas, maintenance... You can't afford all that without a job, and you can't get to the job without the car. If you're caught driving without insurance or registration, the trouble is worse and worse."

Michigan's "benefits cliff" is a challenge for low-income people as well as employers and policy makers.

A single working mother can find her benefits dramatically reduced or eliminated for a week's earnings of more than \$12 per hour, even if the increase comes from her desire to simply take advantage of a few days of overtime.

Until solutions are rendered, this is a real challenge for individuals and families trying to find secure and stable full-time employment that defuses the negative effects of the "benefit cliff."



Cassie Sprague of Clare, Michigan

"The cost of a car, insurance, registration, gas, maintenance... You can't afford all that without a job, and you can't get to the job without the car. "



Roberto Hernandez, of Monroe, Michigan

“I knew at 15 there was something more than food stamps and a HUD house,” he says.

ROBERTO HERNANDEZ

Roberto Hernandez has lived in poverty most of his life, as have most of his family members before him. His parents and grandparents were poor, living 12 to a house during his early childhood in West Texas. His father died when he was 5 years old, and he and his six siblings moved north with their mother.

“I carried poverty from Texas all the way to Michigan,” Hernandez says.

He, like so many others, has moved from place to place to keep ahead of past due bills. Even as a young man, he saw he was repeating the cycle, and it took decades for him to change.

When the gas utility in his home has been shut off, presumably for non-payment, he accepted it. “It’s OK,” he says. “I don’t need it until winter anyway.” This is the pull of generational poverty.

“I knew at 15 there was something more than food stamps and a Housing and Urban Development (HUD)

house,” he says.

Hernandez spent 13 years relying on Social Security and state services. Today he is entirely off government programs, and spends most of his time working three and sometimes four jobs. He started a community of local males he calls the “Majestic Men of Monroe,” a group that makes a point of building up and helping out men interested in change and growth.

Married for four months, Hernandez revels in the fact that there is money in the bank. When a bill comes, it can be paid without much concern.

“I’ve never had that,” he says. “My cupboards have always been bare.”

With that reflection, he offers a look ahead. It’s a startling revelation.

MONE'CIA MWANGE

Mone'cia Mwange had no expectations, neither handed down from her parents, from others around her or of herself. Her family had money. They had a nice place to live. Life seemed, to her, stable and good.

When the phone rang one day, her perceptions changed.

She came to learn that her father faced multiple felony charges. If convicted, he would serve 60 to 90 years in prison.

"I look back at that," she says. "And I remember thinking to myself 'None of this stuff makes sense to me. People don't even live that long, how can my dad serve 60 to 90 years?'"

The decisions her parents made and the outcome, despite the lofty income, was a function of poverty. Under the surface, there was more at play than money. Her parents grew up poor and engaged in criminal activity as a means of survival. It wasn't the best option.

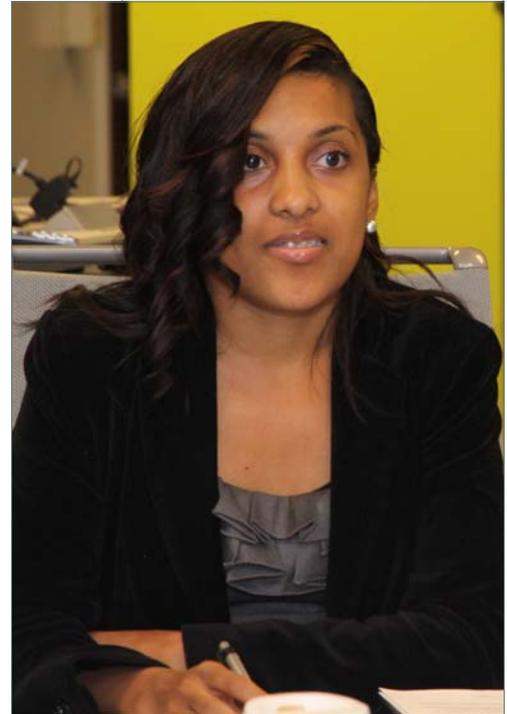
And it may have been the only option.

Mone'cia realized her future was up to her and that she wanted to take a better route. She enrolled in school, earned a degree and joined the workforce. Sitting in a downtown high-rise, she was happy to report that her assignment for a data entry position was close at hand.

Getting an education and learning how to manage herself in the work environment saved her from being pushed around by the forces of the street, from following that narrow world view. That wasn't going to work for her.

"That's not thinking for yourself. That's following someone," she says. Her values no longer involve money. What matters is good intention, compassion and determination.

"I'm still the same person no matter if I have \$20 million, \$20 or 20 cents," she says.



Mone'cia Mwange of Detroit, Michigan

"I wasn't told to go to college," she says. "It was my own thinking that made the difference."



Maureen Rich of _____,
Michigan

Her aunts were role models. “I want to get dressed up, leave the house, go to work,” she recalls thinking.

MAUREEN RICH

The assistance Michigan’s impoverished residents receive, both from MDHHS and other state agencies, as well as the myriad of other not-for-profit human services programs, is greatly needed and greatly appreciated.

As Michigan sees an increase in the need for services from people living in poverty, annual caseloads have been at historic highs, and budget increases generally have failed to meet demand.

In addition, as resident Maureen Rich points out, the access to programs is challenging and confusing, including incomprehensible and redundant forms, illogical qualification standards, miscommunication and long waits.

It all adds up to stops and starts that families in need cannot afford and find difficult to navigate. Crime, from shoplifting to fraud or worse, often is the answer. Drug abuse and alcoholism are rampant, and suicide seems a viable alternative.

Rich was raised by her father who came to Michigan from Florida. Her aunts worked for a living and provided her positive female role models.

“I want to get dressed up, leave the house, go to work,” she recalls thinking.

But when you’re in a hole, it’s hard if not impossible to see your way out.

RENAE LAKE

Rena Lake was born and raised in Livingston County. She worked in a hospice until she was diagnosed with Crohn's Disease. She's unable to eat the federally programmed food, the commodities, because it's processed. She grows her own food and raises goats, bunnies and chickens while living on an annual income of \$8,000 per year.

She bought her own house in Lake George, and gets some help from the Mid-Michigan Community Action Agency to pay winter heat bills. Her house is remote, off one of the last roads plowed when it snows. Mobile phone service is patchy, if available at all. Web availability is limited and expensive.

Transportation is logistically difficult and expensive, yet necessary to receive required services, including her services to meet her vital healthcare needs.

Rena explains other barriers for low-income families living in Clare County. She indicated that there is no practicing obstetrics and gynecology professional in Clare County. Public transportation ends and picks up at each county line, making for a patchwork system that is terribly time consuming and difficult to navigate.

Lack of awareness of assistance programs is a problem. People in her community often rely on each other for information on the different programs. "I have a neighbor who is a World War II veteran. He has no job, and he doesn't even know he's eligible for commodities," Lake says.



Rena Lake of Lake George, Michigan

"I have a neighbor who is a World War II vet. He has no job, and he doesn't even know he's eligible," Lake says.

RECOMMENDATIONS

BARRIERS	POLICY PRIORITIES	LEGISLATIVE PRIORITIES
Hopelessness	<ul style="list-style-type: none"> Poverty simulation exercise for state legislators and other public servant stakeholders. 	<ul style="list-style-type: none"> Poverty Impact Study/Statement on all legislation.
Learned Helplessness	<ul style="list-style-type: none"> Increased emphasis on public/private partnerships. Promote client volunteering. 	<ul style="list-style-type: none"> Reform/restrictions on pay day lending. Requirement for client volunteering.
Lack of Education and Training	<ul style="list-style-type: none"> Establish pilot mentoring programs. Increase access to financial literacy. 	<ul style="list-style-type: none"> Provide additional opportunities for at-risk youth.
Non-Living Wages	<ul style="list-style-type: none"> Increase access to capital for small business entrepreneurs. Educate business on value of talent retention policies, e.g. The Source. Promote policies of talent retention such as child care credits and transportation vouchers. Modify asset tests. Increase Employer Resource Networks to improve worker retention. 	<ul style="list-style-type: none"> More than half of people who live at or below poverty line. Consider consequences of the “benefits cliff” to Michigan’s most vital business sectors; restructure or eliminate asset checks. Annual waiver of LLC filing/processing fee for people living in poverty (or 120%). Restore child tax credit. Graduated subsidy for child care. Those in poverty are regularly employed, and a large percentage take care of children or an adult with a disability.

RECOMMENDATIONS

BARRIERS	POLICY PRIORITIES	LEGISLATIVE PRIORITIES
Lack of Affordable Housing	<ul style="list-style-type: none"> • Protection of local interests in land development projects in neighborhoods with high percentage of residents living at or below poverty level. • Utilize tax credit programs to develop much needed affordable housing. 	
Limited Access to Health Care	<ul style="list-style-type: none"> • Establish credits for transportation to healthcare in rural areas. • Promote cross-training between rural hospitals and health systems. • Establish waivers for consolidation of rural health centers/hospitals. 	<ul style="list-style-type: none"> • Mandatory paid sick days. • Expand scope of practice for access to health professionals in rural areas.
Transportation Logistics	<ul style="list-style-type: none"> • Tax incentives/credits for employers who compensate for employee transportation to work. • Incentives for regionalization of public transportation systems. 	<ul style="list-style-type: none"> • Auto insurance reform (outside of personal injury protection reform).
Inefficient Service Delivery	<ul style="list-style-type: none"> • Seek pilots to merge databases and eligibility requirements and information. 	
Collaboration	<ul style="list-style-type: none"> • Establish mechanism for sharing information and recommendations among state commissions. 	



Michigan Commission on Community Action and Economic Opportunity

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