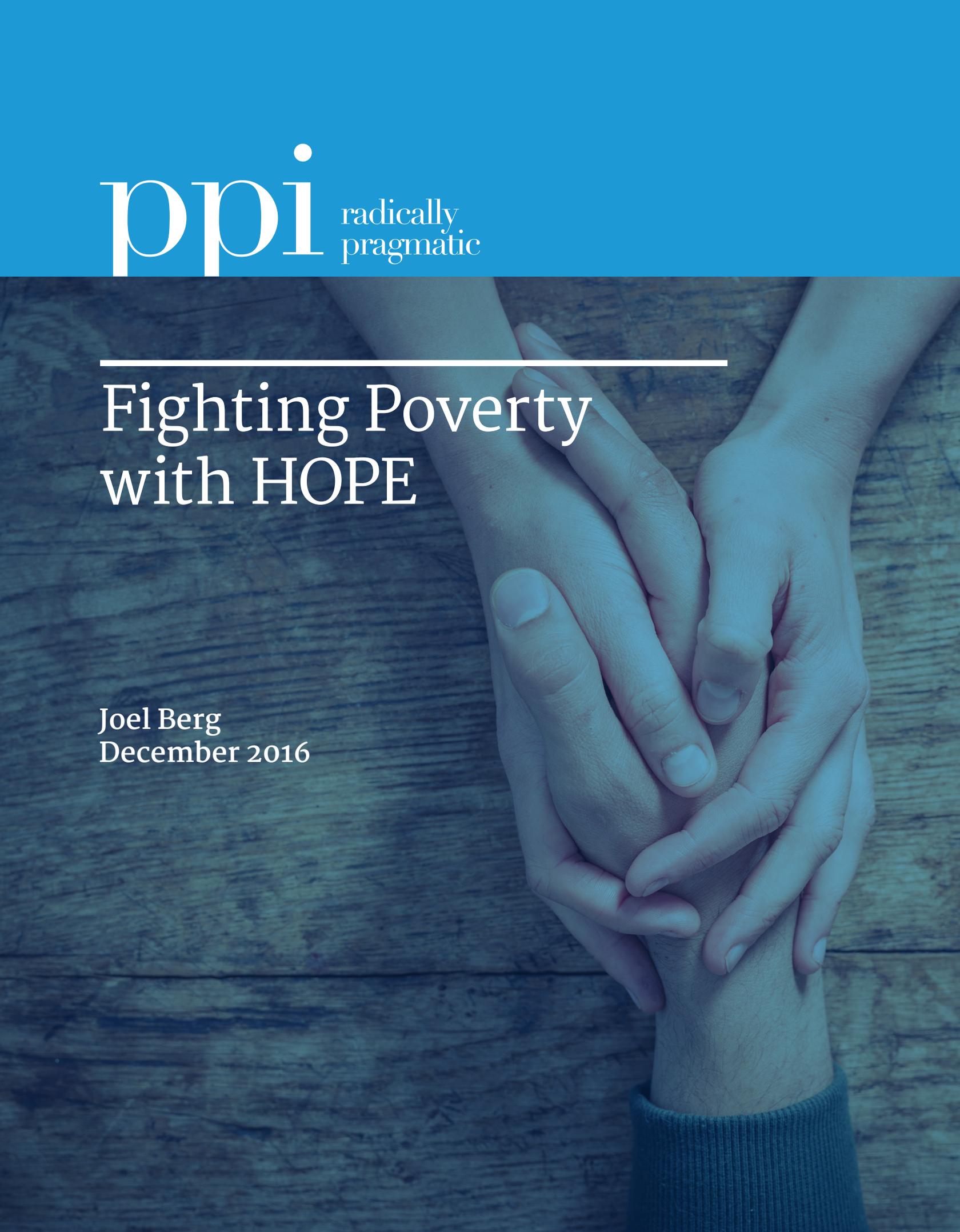


ppi radically  
pragmatic

---

# Fighting Poverty with HOPE

Joel Berg  
December 2016



---

## About the Author

**Joel Berg** is CEO of Hunger Free America, a nationwide advocacy and directly service nonprofit organization. He is also the author of *All You Can Eat: How Hungry Is America?*, the definitive and most well-reviewed book on American hunger of the past decade. Seven Stories Press will publish his second book, *America We Need to Talk: a Self-Help Book for the Nation*, in February 2017. This paper is an excerpt from that book. He has appeared on, or been quoted in, such outlets as *The Daily Show with Jon Stewart*, *Hardball with Chris Matthews*, *Up with Chris Hayes*, *All in with Chris Hayes*, *Melissa Harris-Perry*, *PoliticsNation with Al Sharpton*, CNN, Fox News, the NBC Evening News, Fox Business Network, *New York Times*, *Washington Post*, *Guardian*, National Public Radio, the Huffington Post, Al Jazeera America, BET.com, the *Financial Times*, the *Christian Science Monitor*, the *Wall Street Journal*, and other news organizations around the world in countries as diverse as Mexico, Germany, and South Korea.

Joel currently leads Hunger Free America, formerly known as the New York City Coalition Against Hunger. Joining the organization in 2001, Joel has grown the nonprofit into a multi-million-dollar, respected national champion for Americans struggling to obtain nutritious food. Prior to his work with Hunger Free America, Joel served for eight years in the Clinton Administration in senior executive service positions at USDA. He worked for the Progressive Policy Institute as a Policy Analyst in 1989-1990. A native of Rockland County, NY, and a graduate of Columbia University, Joel now resides in Brooklyn. He is the past winner of the U.S. Secretary of Agriculture's Honor Award for Superior Service and the Congressional Hunger Center's Mickey Leland National Hunger Fighter Award.

---

# Contents

---

THE OPPORTUNITY COSTS OF POVERTY	4
CO-DEPENDENCY, FORCED PASSIVITY, AND THE DEATH OF HOPE	8
IDEA 1: MOVING FROM OWING TO OWNING	11
IDEA 2: PUTTING HOPE INTO THE PALM OF YOUR HAND	15
ACTION PLANS TO RECLAIM THE FUTURE	18
LIKELY OBJECTIONS FROM BOTH THE LEFT AND THE RIGHT	20
A CHANGE IS GONNA COME	24

---

# Fighting Poverty with Hope

DECEMBER 2016

Joel Berg

## THE OPPORTUNITY COSTS OF POVERTY

Economists often apply the term “opportunity costs” to high and middle-income people, meaning that the time they spend on one task is time not available to perform other, potentially more valuable tasks. But social scientists rarely apply the concept to low-income people, acting as if their time is essentially worthless. Sort of like the spouse who doesn't count your food shopping, cooking, cleaning, child-rearing, accounting for family finances, shuttling family member to appointments, taking care of your sick parents, etc., as work.

Yet, in addition to lacking money, low-income Americans frequently lack time. Just as many personal relationships collapse when people don't have “quality time” with each other, a lack of time works mightily against the efforts of low-income people to have constructive relationships with their families and with the broader society.

Many low-income people work two or even three jobs. If they are unemployed, they spend a great deal of time looking for work. They often travel

by public transportation, laboriously making one, or two, or three connections to shuttle between home, work, social service agencies, houses of worship, and grocery stores. If they work as a nanny for someone else's children, because they themselves can't afford to pay for childcare or babysitters, they also must take the extra time to care for their own kids. If they work as home health aides to assist someone else's parents, because they can't afford home health care themselves, they also must take the time to care for their own folks.

While it's true that government safety net programs help tens of million Americans avoid starvation, homelessness, and other outcomes even more dreadful than everyday poverty, it is also true that government anti-poverty aid is generally a major hassle to obtain and keep. Congress, which creates the laws governing the programs, and most state and localities, which implement those laws, purposely make it extremely difficult to advertise these programs and enable families to access them. That's why many low-income people are actually unaware

of all the government benefits for which they are eligible, reducing the amount of help going to Americans in need by tens of billions of dollars every year.

Even if low-income people do know about available aid, the journey to receive it is usually long, onerous, and time-consuming. They need to go to one government office to apply for SNAP (Supplemental Nutrition Assistance Program benefits, formerly known as food stamps), a different government office to apply for housing assistance, a separate WIC (Women, Infants, and Children nutrition program) clinic to obtain WIC benefits, and a variety of other government offices to apply for other types of aid – sometimes traveling long distances by public transportation or on foot to get there. Then, once they've walked through the door, they are often forced to wait for hours at each office to be served. Even when people initially apply for benefits online, they often have to physically go to one or more government offices to follow up. They need to bring piles of paperwork to each office, usually with slightly different combinations of documents every time. Making copies of the paperwork also takes time (and money). The lines in these offices can seem endless, and sometimes clients need to wait outside, for hours, in the worst kinds of weather. If the office is especially backed up that day, or if the government case workers lost the previously-submitted paperwork, yet another visit on another day will be required, taking the same excruciating travel and waiting times. Many offices don't have weekend or night hours, so, if an applicant works, she or he will likely lose wages by applying for government help, since low-income workers, unlike white-collar workers, often get no paid leave. Clients can try calling on the phone, but it's rare for a human being to

actually answer, and the voice mailboxes are often full.

*Many low-income people are actually unaware of all the government benefits for which they are eligible, reducing the amount of help going to Americans in need by tens of billions of dollars every year.*

And, when a bureaucrat finally sees an applicant at an office, they will usually ask many of the same intrusive, detailed, lengthy questions about finances and personal situations as similar government workers did at the past three offices. It's as if you have to explain to 12 different cousins at six different family get-togethers why your marriage fell apart and why you need to sleep on each of their couches for a night – while also having to hand over to each of them your complete tax records to prove why you are too broke to pay rent to them for that night of couch-surfing. In most places, families must even fill out additional forms, which their children must bring to school, to qualify their kids for free or reduced-price school meals.

To be sure, these government benefits provide a critical lifeline – and they often are the difference between a family eating and not eating and between them having a home or being homeless – but just because these programs are vital doesn't mean they are perfect. Besides, more affluent Americans aren't forced to jump through nearly as many hoops when they obtain far more expensive government aid, like farm subsidies or tax deductions for their vacation homes.

To obtain some form of help, low-income

## THE GOVERNMENT/NONPROFIT SOCIAL SERVICES STATUS QUO



benefits applicants may also be required to attend job readiness classes, even if they have jobs or children at home. Such classes are often useless exercises in writing résumés for jobs that don't require résumés or in obtaining

training for jobs that don't exist. Often these classes are worthless time sucks for attendees and exist to give large payouts to politically-connected contractors. If applicants quit the classes, they often lose benefits for themselves

and their children. The system pits parents against their children, over and over again. Are you fed up? Are you tired yet? Well, if you live in poverty, your day has only begun.

Most poor folks, like all of us, also have to file tax returns with the IRS, sometimes paying a tax preparer handsomely to do so, even if the government owes them an EITC refund payment. A PPI study found that, in 2016, low-income workers paid an average of around \$400 each to national tax preparation chains.<sup>1</sup>

But wait, there's more.

Given that the United States has hundreds of thousands of nonprofit groups providing social services, it is nearly impossible for struggling people to determine which of those organizations provides services they need, whether the organization is conveniently located, and for which services they are eligible. If they do figure out that a nonprofit (or multiple nonprofits) could help, they will need to take the time to visit each one, where sometimes lines around the block ensure yet another seemingly endless wait, only to fill out even more paperwork, and go through yet more interviews.

*A PPI study found that in 2016, low-income workers paid an average of around \$400 each to national tax preparation chains.*

And since many government and nonprofit programs require frequent re-applications and re-certifications, a low-income person often has to jump through all these hoops every few months. In America, trying to get out of poverty can be a full-time job.

Plus, it's rare for the multiple government and nonprofit programs aimed at low-income people to work together in a coherent fashion to bolster families' long-term self-sufficiency. Too often, these programs work at cross-purposes, so obtaining one benefit might make a recipient ineligible for another. (The reverse is sometimes true, where getting one benefit makes a recipient automatically eligible for other benefits – but conservatives are trying to make that less common.) Sometimes a person can't win for losing, such as when she or he finally gets a raise and then loses benefits because of it, and the amount of the raise is less than the value of benefits lost. On the other hand, getting a job can make someone eligible for EITC payments, the value of which may exceed the amount of benefits lost. But that's a crap shoot too, because it often depends upon household composition and a variety of other factors.

And that's not all.

If low-income people don't have a checking account or credit cards (and most don't), they can't pay bills by mail or online. Instead, they have to pay for everything in cash, spending money on extremely high fees at check cashing facilities that prey on residents of poor neighborhoods. And even then they aren't done, because paying bills in cash often requires a visit to the phone company, the electric company, the landlord, and the gas company, where more long lines await the person who must pay their bills in person.

Poor folks are less likely to have a washing machine in their homes or buildings, so more time must be spent at laundromats. There are neither doormen at their buildings, nor secured delivery spaces, so, if they ever get a package, a trip to the post office is necessary – where they

will inevitably find even more lines.

It's often even tougher in rural areas, where the time accessing basic services can take even longer and cost even more money. For instance, in the small town of Panola, Alabama, the closest place to get a driver's license is a 70-minute drive away. Even if they don't own a car, residents often need a license so they can have an ID, so some residents need to give a neighbor \$50 or so to be driven to the license office.<sup>2</sup> Talk about paying it backward.

*While most aspects of modern living have been utterly transformed by digital technology, visiting a government social service office is often like stepping back in time to 1970.*

For all Americans, including well-off ones, modern life is complex. There are always a zillion family, work, personal, community, religious, and civic obligations. With ever-shifting and complex options, it's a challenge to effectively juggle them all and it can feel impossible to plan for the future. But affluent Americans are able to get professional help in sorting through their options and obligations, utilizing the best personal assistants, financial advisors, and modern technology their money can buy. Similarly, our government needs to get serious about helping low-income people clarify their options and simplify their lives.

### **CO-DEPENDENCY, FORCED PASSIVITY, AND THE DEATH OF HOPE**

U.S. social policy forces low-income people to bow to the daily whims of a vast web of

governmental and nonprofit social service agencies. Although created with mostly good intentions, these top-down "command-and-control structures" agencies issue rules and regulations from centralized administrative offices to city or county offices and then to neighborhood offices that actually serve clients. At each stop along the way, the bureaucracies accumulate inertia and lose pace. Collectively, these government and nonprofit agencies employ hundreds of thousands of people. They usually use antiquated, staff-heavy structures and rarely employ the most modern technologies. While most aspects of modern living have been utterly transformed by digital technology, visiting a government social service office is often like stepping back in time to 1970.

Robert L. Woodson Sr., a prominent black conservative and anti-poverty activist, offers this scathing indictment of the social policy status quo: "Since the War on Poverty was launched in the 1960s, a virtual poverty-industrial complex has emerged, staffed by armies of psychologists, social workers and counselors... Priorities have followed from government grant possibilities, which has meant that providers are rewarded not for solving problems but, in effect, for proliferating them: The larger and more diversified the problem set is, the larger the grants and salaries must be, and the more extensive the staff to justify it all."<sup>3</sup> One needn't share Woodson's general disdain for safety net programs (and I don't) to recognize a kernel of truth here.

While government program managers are mostly woefully underpaid, some heads of "nonprofit" social services groups now earn more than the \$400,000 annual salary of the U.S. President. While it is doubtful that people who work in social service agencies purposely perpetuate poverty to keep their jobs, it's difficult

for them to envision the possibility of rising above the deeply entrenched bureaucratic culture and fight for fundamental reforms in delivering public assistance.

Meanwhile, the nation consistently provides our most vulnerable residents with sub-par service. If a wealthy dowager or even a middle-class electrician walks into a department store and applies for a credit card, she or he will usually be approved for credit on the spot. Yet, if a hungry person walks into a government agency to apply for SNAP, federal law allows the state or county to take up to 30 days to determine whether he or she is poor enough to get benefits. That 30-day deadline was created in 1977, before e-mail was available and when bureaucracies still communicated through tan internal mail envelopes, which inexplicably had air holes.

Not only do such old-style systems take precious time away from struggling families while denying them needed benefits, they cost

taxpayers a bundle due to their inefficiency. (Even nonprofit agencies are usually funded by government grants and contracts and are subsidized through funders that receive tax deductions for donating to them, so they also waste taxpayer dollars when they are also behind the times.)

Perhaps the most harmful feature of the social service status quo is the passivity forced on its recipients. If you live in poverty, you usually must go exactly where others want you to go, do what they want you to do, and do so at the precise time they want you to do it. You must quietly wait in line, rarely being told how long the experience will take, and even more rarely given an appointment so you can come back at a time convenient for you. You must accept whatever paltry amount of food, money, or other assistance offered, and you must act grateful for that on top of it all.

I know from personal experience that the



people who staff the nation's more than 40,000 nonprofit soup kitchens and food pantries nationwide are extraordinarily big-hearted. Most are unpaid volunteers. Many have been volunteering for decades, and often take money out of their own pockets to feed their neighbors, even though they frequently come from modest means themselves. These emergency food programs help, just a bit, to fill in the holes in the government safety net, and the lives of hungry families would be even worse without them. We should cherish and honor these selfless servants.

But, at the same time, we must also consider what life is like on the receiving end for the people obtaining such services. At even the best-run food charities, getting help is usually a demeaning, dispiriting experience. Clients are often forced to eat food that someone else picked out for them, whether the recipient has a special medically-restricted diet, whether they have no cooking facilities, or whether they happen to hate rice and beans. The system infantilizes adults, requiring someone else to feed them. Very few of the programs empower the recipients to help run or staff the programs.

Likewise, in government programs, low-income Americans are also usually passive recipients of aid. Some programs, incredibly, discourage recipients from pursuing higher education, because hours spent going to classes or studying generally don't meet government "work" requirements. The system tries to create co-dependency of the worst sort, dampening down the natural desire of people to work hard, use their ingenuity, and express their independence. So much for men and women fighting for their own dignity and humanity. The message society sends is something very different: Just go away. Just give up. Or, remain

a dependent forever. Despite all these obstacles, many impoverished Americans are so strong and so determined that they are somehow able to maintain their self-respect and continue to fight for their futures despite all attempts to strip them of both, but it's a constant struggle.

Dr. Mariana Chilton is a progressive anti-poverty researcher who created a pioneering program in Philadelphia that empowers low-income women to document their lives in photographs and advocate for policy reforms.

*Despite all these obstacles, many impoverished Americans are so strong and so determined that they are somehow able to maintain their self-respect and continue to fight for their futures despite all attempts to strip them of both, but it's a constant struggle.*

She says the "welfare system is a form of slavery." Some on the Right also use the word "slavery" in relation to the social service safety net. (Personally, I think it's a bit over the top to use a truly radioactive word like "slavery" to address anything other than its specific, historic meaning – people held in chattel servitude due to their skin color – but emotions do run high when people argue these issues, and I understand why debaters on both sides feel they need to use words with shock value, although I still don't agree with them doing so.) But, unlike conservatives, who insinuate that the safety net's flaws mainly reflect recipients' laziness and dependency, Chilton argues that the root causes of programmatic dysfunction are "racism, discrimination, and misogyny." It is notable,

though, that both sides agree that the anti-poverty status quo is fundamentally broken.<sup>4</sup>

Even the most well-intentioned ideas for “helping” needy people have unintended consequences. Consider the spread among food charities of “backpack programs” through which low-income children receive school backpacks filled with canned and boxed food to take home to eat over weekends and vacations. What could possibly be wrong with this? After all, hungry kids are fed. But few of the sponsors of such programs stop to think about the impact upon the parents. It’s one thing for their kids to eat someone else’s food when they’re away at school or at a summer meals site, but it’s another thing entirely for their kids to eat someone else’s charity food in their own homes. Many parents are surely grateful for this help but, somewhere back in their minds, they are being forcefully reminded that they are incapable of providing for their own children. Sometimes, hungry children themselves sometimes falsely tell their parents they are full so their hungry parents will eat the food that is remaining. Plus, imagine the humiliation and pain a hungry parent must suffer when he or she is forced to choose between: a) sitting by while their children eat but they themselves don’t eat or b) or asking their children to share a little bit of their food with them. Many hungry parents do indeed go without eating to ensure there is enough food for the children, but backpack programs only exacerbate that horrible parental dilemma. The parent-child relationship is turned upside-down. In addressing one problem (kids without food over a weekend or vacation), such programs sometimes create other, different problems, sapping families of pride and will.

Economic and psychological forces are always intertwined. For economically struggling

Americans, the inability to earn enough money to support their families simply crushes hope.

*For economically struggling Americans, the inability to earn enough money to support their families simply crushes hope.*

Fortunately, there is a better way. Here are two ideas for enabling low-income Americans to take charge of their own destinies, get off the social service merry-go-round and start working and saving their way out of poverty.

#### **IDEA 1: MOVING FROM OWING TO OWNING**

While the most obvious difference between wealthy and non-wealthy Americans is that the non-wealthy earn less income, a far bigger difference is that the non-wealthy have bigger debt loads, own less, and have miniscule financial assets. Half of all Americans have zero net worth. According to the Pew Research Center, “the gap between America’s upper-income and middle-income families has reached its highest level on record. In 2013, the median wealth of the nation’s upper-income families (\$639,400) was nearly seven times the median wealth of middle-income families (\$96,500), the widest wealth gap in 30 years since the Federal Reserve began collecting this data. America’s upper-income families have a median net worth that is nearly 70 times that of the country’s lower-income families, also the widest wealth gap between these families in 30 years.”<sup>5</sup> The wealth and home ownership gaps by race are even vaster. If America’s income gap is a deep valley, its wealth gap is the Grand Canyon.

When wealthy and upper middle-class families

have assets to fall back on, if they are down on their luck, they can always cash in an investment or draw down on a savings account. But, when people with debt instead of assets are down on their luck, they have no cushion, much less a full sofa of support, to fall back on.

Of the wealthiest fifth of Americans, 87 percent



own their own homes; of the lowest-income fifth of Americans, only 39 percent do.<sup>6</sup> When you pay down a mortgage for your home, you usually build up a long-term investment for your own family; but, when you pay rent, all you are doing is increasing the wealth of your landlord's family.

Due to the magic of compounded interest, people who start with a lot of money in the bank almost always end up with a lot more money in the bank. The stock market always rises over time and real estate values almost always increase. In contrast, people in poverty have to pay extra for basic things such as check cashing

services, furniture rentals, and storage facilities.

That's why wealth usually generates more wealth, but poverty usually fosters more poverty.

Our national policies only widen this divide. For instance, the federal mortgage interest deduction saved U.S. homeowners about \$76 billion in 2015. Households with incomes between \$40,000 and \$75,000 got average tax savings of just \$523, while households with incomes above \$250,000 enjoyed an average write-off of \$5,459, or more than 10 times as much.<sup>7</sup> Families who are too poor to own a home get no help at all from this program, yet the affluent can also take deductions for a vacation home in addition to their primary home.

The rich get richer. The broke get broker.

To make significant progress against poverty – and build a harmonious, long-term relationship between struggling families and the nation – we need to enable all families to accumulate assets and move from owing to owning.

We should move beyond our current stalemate in poverty politics by enacting an "Aspiration Empowerment Agenda," which would give all families the opportunity to advance their dreams through learning, earning, and saving their way out of poverty. We must move beyond the selective conservative focus on those rare stories of poor people who climb their way out of poverty, supposedly on their own, against all odds, just as we must move beyond the limited liberal focus on those rare people with so many problems they can't possibly move to self-sufficiency no matter how much help they get. We need a clearheaded new approach based on the reality that the majority of struggling Americans could climb out of – and stay out of – poverty, but only with significant help.

The basic idea of empowering low-income people to develop assets has been around for decades, and has been advanced by a number of national and grass-roots organizations, including the Progressive Policy Institute (PPI).<sup>8</sup> But we need to go bigger and bolder. A full Aspiration Empowerment Agenda would provide an array of government-funded benefits and work supports at levels higher than today (funded with new funds, not with money siphoned off other anti-poverty programs), sufficient enough to enable low-income people to develop assets and move out of poverty. The agenda would emphasize the importance of personal responsibility for all members of society (including the wealthiest), but also design public policies that reward—not punish—low-income people for positive behavior. All federal and state social programs and tax provisions would need to be reformed to ensure that they aid low- and moderate-income Americans, not just those at the top.

*The goal is to give all families the tools they need to achieve and maintain at least a middle-class lifestyle—with a good job, a safe place to live, and a hopeful future for their kids and grandkids.*

As singer/songwriter Lauryn Hill put it, “We need to change the focus from the richest to the brokest.” We must also make it easier for all families – including those that obtain means-tested benefits – to save their money so they can pay for a down payment on a first home, start a business, pay for higher education for their children, or build a retirement account. One way to do so is to dramatically expand the AmeriCorps National Program, an idea also

championed for decades by PPI, and increase the post-service awards and enable them to be used for housing purchases and small business start-ups as well as education.

We should also eliminate provisions in means-tested social programs that automatically kick people off the rolls when they get raises at their jobs, get better jobs, or save money.

One example of the assets accumulation concept is the federal Individual Development Account (IDA) program proposed by professor Michael Sherraden and enacted into law in the 1990’s by an ideological odd couple: then-President Bill Clinton and then-Chair of the House Budget Committee, and now governor of Ohio, archconservative John Kasich. These accounts enable low-income families to match their own savings with funds from government and private sector sources in order to save for job training, home ownership, or business start-ups. IDAs are still only available in a few dozen small pilot locations and too few people have been able to utilize the existing ones because most people in poverty now lack even minimal disposable incomes to save. Furthermore, even though IDA projects are very labor intensive to operate, most of the money given to nonprofit groups to run them is set aside for the benefits themselves, with little or no administrative funding going to the organizations. Thus, whether the country continues to use IDAs – or creates another type of broader savings matching program – the federal government should make such accounts universally available benefits for people in poverty, both increasing the matching funds for families and also providing more realistic administrative support to the entities that operate such efforts.

The U.S. government should also create a

federal “Kids Accounts” program in which every child born in the nation automatically receives a savings account with a small deposit in it, and is provided with long-term incentives (with additional incentives for low-income families) to save more for education, job training, home purchases, or retirement. In the United Kingdom, a Labor Government created such a program in 2005 but it was scrapped by the Conservative government there in 2011 in order to save money over the short term, well before the program could prove its long-term advantages. If such a program was created in the U.S. – and if it were truly universal – then it could earn broad-based support from the public, as has been the case with other universal programs such as Social Security. Again, this vital effort should be funded with new money, not with funds diverted from other social programs.<sup>9</sup>

The assets agenda proposed here would also build upon the good work nationally that some state and local government and nonprofit groups are already conducting to ensure greater availability of low-cost banking services. We must crack down on payday loans, high-fee check-cashing facilities, and other financial services that rip off poor people.

We should dramatically ramp up governmental and private efforts to provide micro-loans to start very small businesses, so-called “microenterprises,” another idea long-promoted by PPI. Helping someone open their own shoe-shine stand or sidewalk business to sell ethnic food delicacies or home-based computer repair service could help budding entrepreneurs enter the economic mainstream and perhaps later expand their efforts by hiring employees. As I previously argued in a paper for PPI, there is a particular opportunity to boost food-related small businesses.<sup>10</sup> What’s more American

than a Chinese fried dumpling truck, growing into a brick-and-mortar restaurant, and then expanding into a chain of restaurants across a city or even across the entire country, turning an immigrant family with very little means into a financially secure household name? I do look forward to the day when the golden woks of the Zhu Ji dumpling chain replace the golden arches as the nation’s top food symbol.

If these steps all are taken together, the agenda would be both revolutionary in its ambition and mainstream in its values. The goal is to give all families the tools they need to achieve and maintain at least a middle-class lifestyle with a good job, a safe place to live, and a hopeful future for their kids and grandkids.

In a “normal” political climate, efforts such as these, which promote both personal responsibility and economic opportunity, should be supported by liberals, conservatives, and moderates alike as bold, common-sense solutions to poverty. But these are not normal political times. Even common-sense, mainstream reforms are now doomed by the nation’s political paralysis.

Beyond the challenging politics of getting an assets agenda implemented, a major caveat to this type of program is that, even if it is fully enacted, an assets agenda will only work in the context of broader economic and poverty policies that increase what people earn and decrease what they pay for basic necessities. For instance, if a family earns \$20,000 per year in salaries but pays \$24,000 in rent, not only won’t they be able to develop assets, they will go into debt. Thus, an absolute prerequisite for assets building to succeed is ensuring more jobs, higher wages, and an adequate safety net that helps families afford necessities such as

food, housing, child care, utilities, transportation, health care, medicines, and clothing.

## IDEA 2: PUTTING HOPE INTO THE PALM OF YOUR HAND

Technology has fundamentally revamped the lives of most Americans, usually for the better. Now it's time to use digital technology – combined with policy improvements – to simplify the lives and boost the long-term self-sufficiency of our lowest-income residents. One powerful way to do this is for our federal, state, and local governments to create online HOPE (Health, Opportunity, and Personal Empowerment) accounts and action plans.

Here's how HOPE would work: The President and Congress would need to work together to enact a law that would authorize the federal Departments of Health and Human Services (HHS), Housing and Urban Development (HUD), Treasury, and Agriculture (USDA) to work together – and to form public/private partnerships with banks, credit unions, and technology companies – to create HOPE accounts and action plans that combine improved technology, streamlined case management, and coordinated access to multiple federal, state, city, and nonprofit programs that already exist. States and localities would initially be asked to participate in pilot projects implementing the accounts and plans, and, if they work, would be required over time to implement them universally.

Once the accounts and plans are in place, workers could voluntarily choose to also have their paychecks deposited directly into the accounts, which would be held by private banks and credit unions that voluntarily chose

to participate in the program. Families could also use the accounts to increase their savings, which would be matched by government and private sources, incorporating both IDAs and Kids Accounts. Job training and placement services would be modernized to connect real people with real jobs, and people could use the account app to easily locate and sign-up for such services online. All these efforts would work together in harmony to better give people in poverty the tools they need to take charge of their futures and implement long-term plans to climb into – and stay in – the middle class. If Congress fails to pass authorizing legislation, the next President could achieve much of the above administratively. Also, if Washington fails to act fully or at all, states or localities could step up to the plate to enact similar programs on their own.

The federal government – and/or states and localities – could issue open calls to allow a variety of banks and credit unions to compete to create such accounts, and then pick a number of the best proposals, thereby presenting low-income consumers with a choice of financial institutions. Once set up, HOPE accounts would enable families to use any smart phone, tablet, or computer to learn about the public and philanthropic programs for which they are eligible – including aid to improve health, nutrition, job training and placement, housing, income, etc. – and then apply for all of these programs at once from the convenience of their device. If supporting documents need to be submitted with the application, then families could take pictures of those documents and submit the pictures with the application. A surprising number of low-income people already have smart phones and/or home computers – not because they are luxuries, but because

they are essential tools of learning and work in modern America. But families that don't own a smart phone, tablet, or computer could be provided a basic one, along with a subsidized Wi-Fi/Internet access plan, and people uncomfortable with technology could go to a library, government office, or nonprofit agency to be walked through the system. For elderly and disabled shut-ins who can't access the technology, government or nonprofit employees and/or AmeriCorps national service participants could make home visits to help. As noted previously, the AmeriCorps program should be expanded dramatically to aid these and other vital efforts.

To make it easier to access health care, HOPE accounts would also clearly specify medical benefits and any out-of-pocket costs for each of the health plans for which the users are eligible, and empower them to easily select the plan that works best for them.

The accounts would also enable working families to file for federal EITC refunds, and, in states and localities with their own supplemental EITC payments, to simultaneously file for those as well. Since the accounts will already have all the financial information needed to file for those payments, families could easily do so with this app, saving the time and money they would otherwise have to spend on third-party tax filing services.

While HOPE accounts are a new idea, the concept builds upon existing programs, such as the IDA program, and incorporates technological improvements in social services delivery that some forward-thinking states, cities, and counties are already implementing. For example, in New York City, the city government is already using updated technologies to allow families to

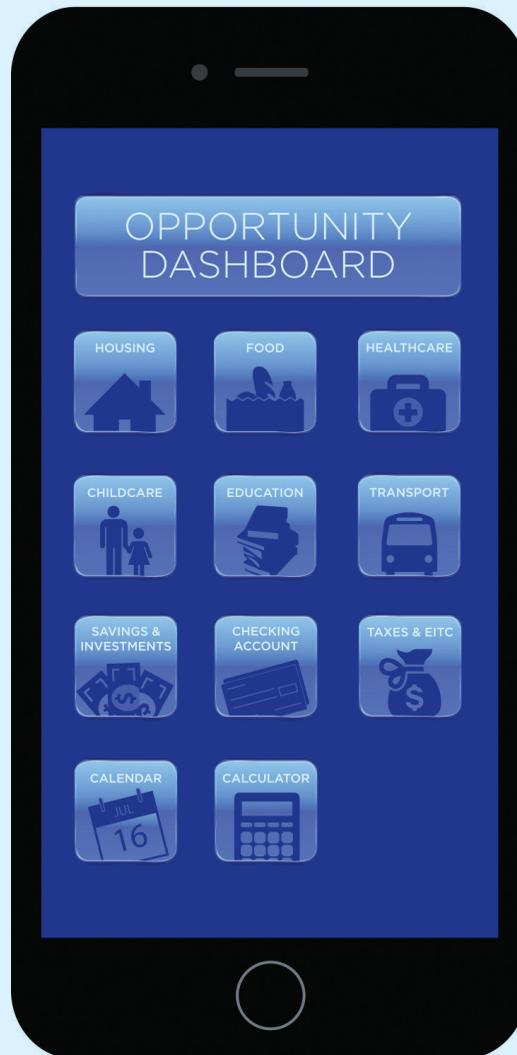
apply online for multiple government benefits through a portal called Access NYC (<https://a069-access.nyc.gov>), which allows users to pre-screen their eligibility for an array of government programs, and, for some of the programs, to apply for them online. The city has even started a pilot project to allow people to apply for SNAP and cash assistance, but not other programs, by smart phone. But, even in New York, the number of programs to which someone can actually apply online is limited, and applicants still must follow various procedures, on various timelines, to access various programs and still must visit or call multiple offices.

*The city has even started a pilot project to allow people to apply for SNAP and cash assistance, but not other programs, by smart phone*

Building on such innovations, but moving beyond them, HOPE accounts would enable families to rapidly apply for – and quickly learn if they are accepted into – all federal, state, and local government programs, as well as offer users information for a wide variety of services provided by nonprofit groups. HOPE accounts would also include a calculator system to help families understand the financial impact of one program upon other programs.

All program benefit funds would go into the same system, with health care, food, housing, and other specific benefits accounted for separately from the cash. Overall funding for these programs would be maintained, or increased, and federal benefits that are now entitlements, such as SNAP and Medicaid, should continue to be entitlements, which people would still have a legal right to obtain. Families

## A BETTER ALTERNATIVE: ONLINE HOPE ACCOUNTS



would also be encouraged to put their own cash savings into the accounts, which could then be matched. Any cash in the account set aside for education, job training, starting a business, or buying a home would be non-taxable. Sure,

that's a bit complicated, but still a heck of a lot easier for a family than figuring out all this out on their own. And if they still need help, some government and nonprofit social workers would still be available to guide them through the

application and follow-up processes.

The accounts would allow low-income families to easily access and monitor – in one central online account – the status, amounts, and recertification deadlines for all their benefits and savings. They could also use the accounts to pay all bills online, saving outrageous check cashing fees and enormous amounts of time.

The accounts could also include a budgeting function to give families real-time cash-flow data and long-term financial planning data, including helping them calculate how much they would lose in interest on credit cards versus how much they would gain in interest by saving more. The accounts would offer a calendar and scheduling function, enabling families to keep track of all job search, work, family, and school obligations, as well as any social service filing or appointment dates.<sup>11</sup>

*Everyone who receives government help should have responsibilities in exchange for their government aid.*

Instead of a vast army of government and nonprofit caseworkers in charge of micromanaging the lives of low-income people, low-income adults would become, in effect, their own case managers. With this newfound power, people will be able to spread their wings and take flight.

But, to intrude on this love fest just a bit, I have to admit that these new apps and social service computer systems will be extraordinarily challenging to build and even more challenging to integrate with each other, especially given the current antiquated condition of government

social service computer systems, at the state level, and a unique system would need to be set up for each state. These new systems must combine ease of client access with very strict protections against fraud and theft – not easy considerations to balance. So the nation's top tech leaders and companies would need to be challenged to work together with government to make this a reality. Dear Mr. Gates, Zuckerberg or Bezos: if you successfully accomplish this, we'll add you to Mt. Rushmore – or, if you prefer, we'll carve a new monument on one of the Santa Cruz Mountains.<sup>12</sup> Alternatively, the White House – with input from HHS, HUD, Treasury, and USDA – could sponsor a competition that would provide a monetary reward for the company (or companies) that built the best app to fuse all these programs.

It is also vital to stress that technological innovation alone won't solve these problems – a wide variety of federal and state laws must change in order to ensure seamless interactions between varied social service programs.

## **ACTION PLANS TO RECLAIM THE FUTURE**

Helping struggling families save time and money is a good start, but that's not enough. Low-income families still need clear aspirations for the future. That's why families should be given the option of partnering in more depth with government and nonprofit organizations by voluntarily agreeing to long-term HOPE action plans that will specify exactly how all parties will work together to help the families earn, learn, and save better in order to ensure greater economic opportunity for themselves and their children. The idea behind the action plans is to ensure that all the programs and people involved are working together in a long-term, positive

relationship for the purpose of ensuring upward mobility.

How might an HOPE action plan work in real life? In direct contrast to a plan proposed by Speaker of the House Paul Ryan (R-Wisc.) – that would force low-income families to sign contracts to take actions that would waste their time and sap their dignity while giving them no additional resources to solve their concrete problems – HOPE action plans would be voluntary and could empower families who agree to them to better organize their time and focus their activities on productive endeavors while providing them extra resources to do so. Some plans could be short-term, over just a year or two, aimed at helping families achieve very basic goals, such as avoiding homelessness and hunger. But they could be long-term as well, with far more ambitious goals for upward mobility.

For example, a single mother of two young children could voluntarily enter into a 10-year plan jointly with her city government's social service agency and with a local United Way. The plan would include yearly benchmarks of how the mother would use increased resources provided by the plan to boost her job skills, increase her earnings, improve the housing situation for her family, obtain more nutritious food, and begin to put money aside to help her children pay for college. Once the specific goals are set, the specific actions each entity would be required to take in order for the mother to meet her goals – as well as the money and other resources that will need to be allocated for these actions from the family, the government, and the nonprofit partners – would all be spelled out in the plan. Yes, the mother would need to work hard and sacrifice by saving more, but knowing that government and charities also had a stake and belief in her success, and knowing that



she would ultimately advance herself and her family, she'd be glad to do it. Tangible hope is the world's most powerful motivator.

This approach may sound like traditional social work case management, which is too often based on the patronizing belief that social workers – who a little too frequently sit in condescending judgment of other people's life choices – know what's better for low-income people than low-income people themselves. Yet the HOPE approach is entirely different from traditional casework and is more in line with the kind of guidance a wealthy person gets from a financial advisor who simply walks families through all the available options to boost their economic well-being.

Unlike the mandatory, one-sided contracts proposed by Ryan – under which only the low-income people would be held accountable – under the HOPE proposal, all the entities involved – government agencies, nonprofit groups, and low-income participants – would be equally accountable. Unlike Speaker Ryan's plan to strip struggling families of agency, the HOPE plan would instead empower them by making government and nonprofit agencies legally accountable to participants for keeping up their

part of the bargain.

Everyone who receives government help – which means everyone in America, from bankers who get government bail-outs, to truckers who ride over government roads, to defense contractors, to students who obtain Pell Grants or Stafford Loans, to farmers who obtain federal subsidies, to recipients of anti-poverty benefits – should have responsibilities in exchange for their government aid.

In the case of HOPE, this new civic compact of mutual responsibility would be a boon to both people in poverty and middle-class taxpayers, restoring each side's faith in the other.

Now, isn't the HOPE approach much better than the social services status quo? Low-income Americans will be happier because they can, all by themselves, receive help in one centralized location instead of dozens of places. They can plan their own futures. They can fly wherever they want, however they want – reducing depression with their newfound freedom.

Government and nonprofit agency workers will be happier because they are more effective. Taxpayers will be happier because their dollars will be used more wisely.

Moreover, HOPE would empower families by giving them the necessary tools to take charge of their own futures – allowing them to obtain concrete tools to “pull themselves up by the bootstraps.” By promoting personal responsibility and a more efficient government, as well as increased economic opportunity and easier ways to get government aid, HOPE advances both conservative and liberal priorities. By superseding today's stultified ideological debate, HOPE would actually be radically centrist, prompting massive progressive

changes in American society, but would do so based on mainstream values widely embraced by the public. It should be a model for all our governmental policies and a ladder to achieve the American dream, bringing the entire populace together again.

Building upon the Assets Empowerment Agenda, a HOPE program can transform national anti-poverty activities by incorporating both a liberal focus on economic mobility and investments in proven programs and a conservative focus on personal responsibility and reduced bureaucracy. Most critically, HOPE would enable struggling families to simultaneously obtain both economic resources and a long-term vision for prosperity and happiness. This proposal would help low-income Americans dream big dreams again, and access the resources and tools necessary to make those dreams a reality.

### **LIKELY OBJECTIONS FROM BOTH THE LEFT AND THE RIGHT**

Some conservatives will no doubt fear that an approach like HOPE would make it easier for low-income people to get government assistance, thereby increasing dependency and government spending. But HOPE would reduce government bureaucracy and paperwork, and ensure that more of the money spent goes to helping families instead of bureaucracies, all of which are professed conservative goals.

Some conservatives believe that getting government help should be a difficult, shameful process, and making it less so would only increase dependency on government. But it's inconsistent for the Right to argue for government to be less intrusive in the lives of most Americans but more intrusive in the lives

of low-income Americans. Plus, by freeing up parents' time to give them more ability to work, study, and spend time with their families, HOPE is "pro-family," "pro-work," and "pro-education" and thus would reduce long-term dependency.

*HOPE would also end the arbitrary benefit cliffs that kick in when families marginally increase their incomes as they struggle to enter – and remain in – the middle class.*

Some liberals may also be wary because, at first blush, HOPE accounts and action plans appear to be similar to the punitive contracts and safety net slashing block grant proposals advanced by Paul Ryan and other conservatives. But God is in the details, and, in reality, the HOPE accounts and actions plans would be 180 degrees different in both intention and implementation from conservative schemes. Yes, the delivery mechanism sounds similar, but we should not fixate too much on delivery mechanisms. After all, the Internet is a delivery mechanism that can deliver either text from the bible or pornography – it's the content, not the delivery mechanism – that truly matters.

The content of HOPE is nearly the mirror opposite of the content of the Ryan plan. Ryan has used his anti-poverty plans as a cover for decimating existing government benefits for low-income families. In contrast, HOPE would provide anti-poverty benefits far above the current levels (out of new pots of money, not shifted from other anti-poverty programs) so true self-sufficiency could be achieved. Unlike the Ryan and other GOP proposals that would

replace existing federal programs, the HOPE accounts and plans would be in addition to existing government efforts. Unlike Ryan's proposal, which assumes that his proposed opportunity grants can somehow succeed even if the rest of the safety net is slashed and the economy is still failing, this proposal assumes that HOPE accounts and plans can be effective in tandem with a strong safety net and the broad-based economic growth that creates jobs and raises wages. HOPE would also end the arbitrary benefit cliffs that kick in when families marginally increase their incomes as they struggle to enter – and remain in – the middle class. Ideally, the HOPE initiative would be funded robustly enough by the government and the philanthropic sectors so that all those ends could be achieved.

Liberals may also worry that HOPE might undercut public employees and their unions, which provide liberal candidates with vital troops, votes, and donations. Given the union-busting campaigns undertaken by Scott Walker, John Kasich, and other GOP governors, such concerns are understandable. So let me make it crystal clear that the HOPE proposal is based on the assumption that most public employees are dedicated, underpaid, and have a right to organize to defend their interests. Some social workers would keep jobs similar to their existing ones in order to answer questions about HOPE over the phone or from clients who still prefer face-to-face meetings. While HOPE would indeed eliminate most other government positions that currently handle paperwork and client interviews, this proposal recommends that employees holding those positions be transitioned over time into more useful functions such as training and placing low-income adults into living-wage jobs, staffing universal pre-K programs,

or aiding shut-in seniors. Public employees themselves would be happier if they spent less time filling out paperwork and more time directly aiding the public.

*The best way to push back against possible cuts is to fight for more funding, which is why progressives should be clear that the HOPE system would need more money than the current system.*

Some liberals worry that merely suggesting that government programs can be improved or that low-income Americans have personal responsibility for their own futures reinforces conservative messages, effectively giving “aid and comfort to the enemy.” Some might argue more broadly that it’s inconsistent for anti-poverty advocates like Mariana Chilton and myself to effusively praise safety net programs like SNAP, but also point out their significant flaws. Those arguments are also reasonable, but ultimately they are not convincing. There’s nothing inconsistent in pointing out that programs significantly improve the lives of recipients but could help beneficiaries even more if they were modernized. Just as even generally solid relationships can always be improved by both sides thoroughly addressing life realities (including painful realities), so too, social services can be further improved through an unflinching examination of their current defects.

Some progressives might worry that funneling all anti-poverty funding into one program might make it easier in the future for conservatives to cut them. Yet the recent trend of omnibus budget deals has already allowed conservatives

to cut all anti-poverty programs at once with tools such as the sequestration process. Taking no action because you are afraid things could get even worse makes little sense. That’s sort of like when two people are in front of a firing squad, about to be executed, and one asks the other if they should ask for a cigarette, and the other responds: “Nah, I don’t want to make them mad.”

Taking the ostrich approach by ignoring both public concerns and real-life problems is a losing strategy, both substantively and politically. In contrast, FDR, the most successful progressive leader in U.S. history, called for “bold, persistent experimentation” because he understood that continually modernizing liberal programs was the best way to save them.

The most effective political defense is an offense. The best way to push back against possible cuts is to fight for more funding, which is why progressives should be clear that the HOPE system would need more money than the current system.

Because it would build public confidence in government safety net programs, HOPE could actually increase the public’s willingness to sufficiently fund them. If the public believed that more up-front expenditures would actually ensure long-term self-sufficiency for families, and thereby reduce the need for the programs and funding over time, they would be far more likely to embrace them.

In the end, though, the question that is most important is whether HOPE would make life better or worse – in both the short term and the long-term – for the people the programs are intended to help. So let’s ask low income

## DO YOU WANT TO REPLACE THIS...



## ...WITH THIS?



Americans a basic question:

Given low-income Americans' own frustrations with anti-poverty programs intended for their betterment, the answer would likely be a resounding "yes."

### **A CHANGE IS GONNA COME**

Hope doesn't mean you ignore past setbacks and the pain they brought, but it means that – deep down – you believe you can eventually overcome their legacy and fly away. Sam Cooke's "A Change Is Gonna Come," captures that faith beautifully.

The song begins with sorrowful strings and a slow, loping bass line, leading to the tale of a man born homeless by a river, who has been on the run his whole life. We can only imagine the realities from which he's been running. He says living is too difficult but he is scared of death, unsure of whether there's a heaven that will offer redemption. Haunting horns and a martial beat kick in, as Jim Crow laws prevent him from so much as spending time in public in his hometown. He then pleads for help from his brother, who responds by whacking him down. He contemplates

early death, a fate for so many men of color. But then, in a marked shift in lyrical and musical tones, he finds some previously buried storehouse of hope – and he concludes, in a soaring voice, that he is confident he will be able to persevere because he knows that change is coming.

In just a few lines, he goes from believing he may die soon, to believing his life might improve, to knowing he would prevail. What changed was that the narrator had decided to take matters into his own hands and move from passive suffering or begging into taking concrete, assertive actions that would enable him and his brothers to fly away to build a better life for themselves. He moved from depression to exhilaration by determining his own flight path.

America, you too can come to understand that, when even the most marginalized people demand that government and society enable them to empower themselves, hope and positive change are not only possible, but inevitable. When people have power over their own lives and agency to use their resources however they please, progress will come. My, yes, it certainly will.

---

# Endnotes

1. Paul Weinstein Jr, and Bethany Patten, "The Price of Paying Taxes II: How paid tax preparer fees are diminishing the Earned Income Tax Credit (EITC)," Progressive Policy Institute, April 2016, accessed June 10, 2016, [http://www.progressivepolicy.org/wp-content/uploads/2016/04/2016.04-Weinstein\\_Patten\\_The-Price-of-Paying-Takes-II.pdf](http://www.progressivepolicy.org/wp-content/uploads/2016/04/2016.04-Weinstein_Patten_The-Price-of-Paying-Takes-II.pdf)
2. Campbell Robertson, "For Alabama's Poor, the Budget Cuts Trickle Down, Limiting Access to Driver's Licenses," The New York Times, October 9, 2015, <http://www.nytimes.com/2015/10/10/us/alabama-budget-cuts-raise-concern-over-voting-rights.html> Given that Alabama now requires an ID to vote, this is another way to limit voting by low-income, non-white people.
3. Robert L. Woodson Sr. "Transcending the Poverty Industry," The American Interest, Appeared in: Volume 8, Number 1, August 10, 2012, <http://www.the-american-interest.com/2012/08/10/transcending-the-poverty-industry/>
4. "What I'm Reading: Mariana Chilton," Drexel Now, October 11, 2012.
5. Richard Fry and Rakesh Kochhar, "America's wealth gap between middle-income and upper-income families is widest on record." Pew Research Center, December 17, 2014, <http://www.pewresearch.org/fact-tank/2014/12/17/wealth-gap-upper-middle-income/>
6. U.S. Census Bureau, American Community Survey, 2011.
7. James Poterba and Todd Sinai, MIT and Wharton School of University of Pennsylvania, "Tax Expenditures for Owner-Occupied Housing: Deductions for Property Taxes and Mortgage Interest and the Exclusion of Imputed Rental Income," <http://realestate.wharton.upenn.edu/research/papers/full/611.pdf>
8. Michael Sherraden, "Stakeholding: Notes on a Theory of Welfare Based on Assets," Progressive Policy Institute, 1990.
9. To offset the fact that some wealthy children would also benefit from this, the U.S. should also restore inheritance taxes for the rich to the much higher rates they were in the past.
10. Joel Berg, "Good Food, Good Jobs: Turning Food Deserts into Job Oases, Progressive Policy Institute, December 2009.
11. Careful security and privacy protections would need to be put in place, so that only the family – and not the government, nonprofit, or banking partners – would be able to see or track private financial and appointment information.
12. Dear environmentalists: just kidding about the Santa Cruz mountains part. Please don't send protesters in rafts to surround my apartment.







The Progressive Policy Institute is a catalyst for policy innovation and political reform based in Washington, D.C. Its mission is to create radically pragmatic ideas for moving America beyond ideological and partisan deadlock.

Founded in 1989, PPI started as the intellectual home of the New Democrats and earned a reputation as President Bill Clinton's "idea mill." Many of its mold-breaking ideas have been translated into public policy and law and have influenced international efforts to modernize progressive politics.

Today, PPI is developing fresh proposals for stimulating U.S. economic innovation and growth; equipping all Americans with the skills and assets that social mobility in the knowledge economy requires; modernizing an overly bureaucratic and centralized public sector; and, defending liberal democracy in a dangerous world.

---

© 2016  
**Progressive Policy Institute**  
All rights reserved.

---

**Progressive Policy Institute**  
1200 New Hampshire Ave NW,  
Suite 575  
Washington, DC 20036

---

**Tel** 202.525.3926  
**Fax** 202.525.3941

---

**[info@ppionline.org](mailto:info@ppionline.org)**  
**[progressivepolicy.org](http://progressivepolicy.org)**