

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 re-think solutions for helping people out of poverty. In recent years we have held forums in rural areas, the Upper Peninsula, in prisons, and in Michigan's biggest cities and most remote towns. We learned, from first-hand stories of triumph, many times over seemingly impossible circumstances, how individuals trapped in the loop of hopelessness can persevere. The evidence 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 Armstrong Cusack

Anne Armstrong Cusack
Chairwoman, Michigan Commission on Community Action and Economic



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 similarly 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.



CONTENTS

Generational Poverty.....	4
Testimonies	10
Cassie Sprague	11
Roberto Hernandez.....	12
Mone'cia Mwange	13
Maureen Rich	14
Rena Lake	15
Recommendations	16

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

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 Michigan residents during the next seven years.

Poverty Rate Data from 2000 to 2013:

Report Area	Poverty Rate 2000	Poverty Rate 2013	Poverty Rate Change 2000-2013
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

The Poverty Rate Data, as illustrated in the chart to the right, shows poverty rate increases from 2000 to 2013 for both urban and rural communities in Michigan. The poverty rate in 2013 for Wayne County, an urban county, is 9.3 percent higher than the national U.S. average. The poverty rate in 2013 for Clare County, a rural county, is 8.3 percent higher than the national U.S. average. While poverty is increasing in both urban and rural communities, the solutions to reducing it is not always the same.

**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 results in a decline in the labor force participation. The decline is partly due to the 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 incentives for work 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

Yet, for all the might and mind power put behind 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 re-birth, 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 data comparing Clare and Wayne Counties. While poverty is widespread throughout Michigan the chart shows a significantly higher amount of people living in urban poverty as compared to their rural counterparts. The second chart compares the race demographics from each of the reporting areas. A higher number of black or African American people are living in poverty in Wayne County as compared to a higher amount of white people living in poverty in Clare County.

The recommendations of this report will help to not only address the disparities of poverty in the entire state but also to find solutions unique to each community. There is incentive for everyone in Michigan to support solutions for moving individuals and families from prolonged poverty toward social independence and financial stability.

Population and Poverty Comparison Chart for Clare and Wayne Counties from the American Community Survey Data (2008):

Report Area	Total Population	Population in Poverty	Percent of Population in Poverty
Clare County	30,266	8,013	26%
Wayne County	1,784,144	437,561	25%

Demographics of the Population in Poverty:

Report Area	White	Black or African American	Native American / Alaska Native	Asian	Native Hawaiian / Pacific Islander	Some Other Race	Multiple Race
Clare County	7,727	19	81	0	0	7	179
Wayne County	138,024	264,926	2,088	9,331	48	10,341	12,803
Michigan	1,014,213	465,340	13,488	34,891	579	31,697	65,774

Data Source: Citation: U.S. Census Bureau: A Compass for Understanding and Using American Community Survey Data (2008).



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."

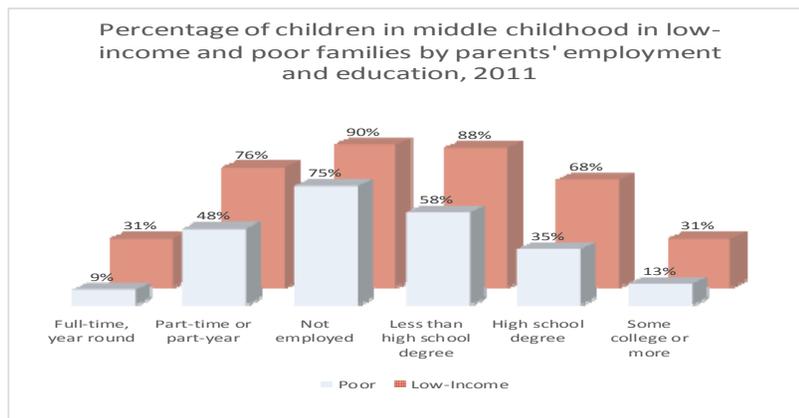
Source: Michigan League for Public Policy President and CEO Gilda Jacobs comments from the 2014 subcommittee testimony.

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.

As educational skills and degrees are obtained, parents employment opportunities increase.



Source: National Center for Children in Poverty (www.nccp.org) Basic Facts About Low-income Children: Children Aged 6 through 11 Years, 2011

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.

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.

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

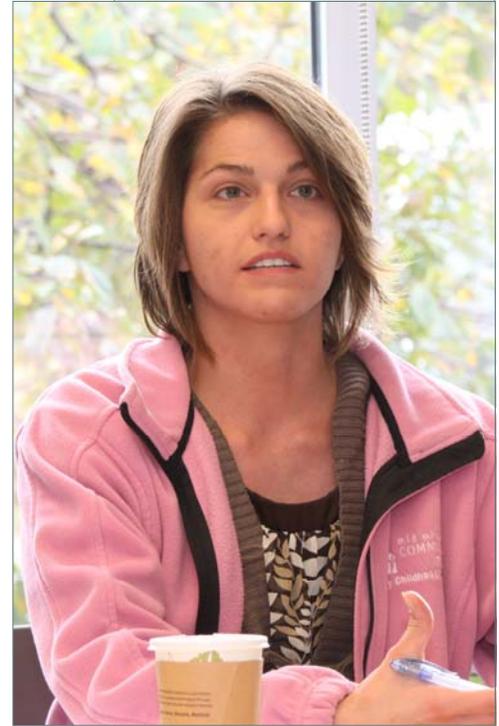
Cassie Sprague does data entry for the Community Action Agency and is working on finishing her own home and reducing her reliance on state programs. Sprague's family was among the area's earliest settlers in the area. She endured a painful relationship and divorce that resulted in being homeless with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

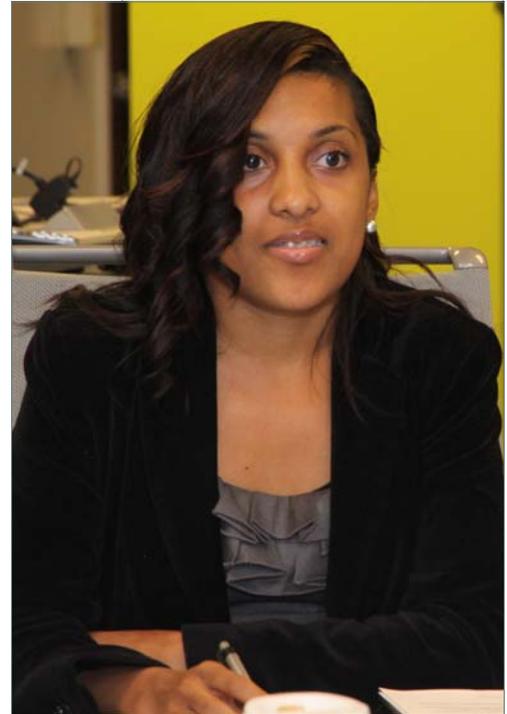
And it may have been the only option.

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 Detroit, Michigan

MAUREEN RICH

The assistance Michigan’s impoverished residents receive, both from DHS 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 to the current conditions in accessing services, as resident Maureen Rich points out, the access to programming is challenging and confusing, including incomprehensible and redundant forms, illogical qualification standards, miscommunication and long waits.

rampant, and suicide somehow is 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.

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

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

RENAE LAKE

Renae 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.

Renae 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.



Renae 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, 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 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 childcare
Lack of Michigan Identification Cards	<ul style="list-style-type: none"> Increase the number of low-income people who are able to secure State identification 	

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 percent 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 rate reform
Inefficient Service Delivery	<ul style="list-style-type: none"> • Seek pilots to merge data bases, 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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