HELPING PEOPLE AND PLACES MOVE OUT OF POVERTY

Progress and Learning 2010

Table of Contents

OVERVIEW 1

HISTORY 3

MRBF GRANTS AND PRIs 3

MID-COURSE REVIEW 5

INTERPRETING PROGRESS AND LEARNING 6

LEVERAGING MRBF RESOURCES 13

UNDERSTANDING OUR CHANGING REGIONAL AND NATIONAL CONTEXT 14

MOVING FORWARD 15

CONCLUSION 21

Appendices

1. MRBF Mission, Beliefs, and Theory of Change 22

2. MRBF 10-year Outcomes 24

3. Grantees’ Impact on Local Community Networks or Infrastructure 25

4. Grantees’ Impact on State Policy 28

5. Effectiveness and Sustainability of State and Regional infrastructure Organizations 33

6. Progress on Core Strategies in Priority States 34


8. Thinking about Poverty Alleviation and How Conditions Changed Since 2005 by Mil Duncan on her interviews with nine national and regional experts on poverty 44
**THE OVERVIEW**

Since 2005, MRBF has invested $34.8 million in grants and PRIs to help people and places in the Southeastern U.S. move out of poverty. In 2010, we are reflecting on progress toward ten-year goals and our learning in order to inform the next phase of our work. The evidence indicates reasonable progress toward our long-term goals and indicates no dramatic changes are needed.

*The following paper presents evidence of progress, learning about what accelerates and impedes progress, and suggestions for going forward. This overview summarizes key points.*

**Interpreting Progress and Learning**

We are definitely seeing impact. With 64 organizations submitting final reports on grants totaling $9.9 million and nine PRIs submitting annual reports (less than one-third of all investments so far), direct impact on people includes over 900 new homeowners, 500 people placed or advanced in jobs, 1,600 new or retained businesses and over 9,000 jobs created or retained. State policy wins by groups supported by MRBF have produced $4.7 billion in funding for education and community development and stopped a lot of bad legislation. State policy wins on tax reform and minimum wage have put at least $215.4 million into the pockets of low-wealth people. We see two communities with significant new infrastructure. One is helping hundreds of disconnected youth get and stay on pathways to education and achievement. Another is connecting lower-wealth homeowners in New Orleans to $75 million in rebuilding money. Six communities are developing promising new infrastructure for moving people out of poverty. Our learning about what accelerates and impedes progress focuses on four factors: leadership, strategy, place and resources.

**Leveraging MRBF Resources**

We are making progress on mission investing, with a significant increase in PRIs, one market-rate investment, an updated investment policy, and increased staff and board knowledge and skills. PRI outcomes are reported along with the grant outcomes.

In Southern philanthropy, we are far from a lively conversation about the difference between charity and helping people and places move out of poverty. Through the network officer role, we are developing funding partners in Southern states and engaging in regional partnerships. We can point to other foundations that have begun to explore mission-related investments. While we cannot take credit, they are using MRBF as a resource. We could do more to develop the Foundation’s capacity for influence and strategic communications.

**Understanding our Changing Regional and National Context**

We commissioned two consultants: one to describe how the economy has changed since 2005 and one to interview ten national and regional colleagues on our behalf. The lead stories are the “Great Recession” and the restructured economy with fewer middle-income jobs and more low-wage jobs. President Obama’s election and commitment to issues related to poverty have changed the political environment. State policy continues to be an arena where important decisions affect low-wealth people and communities, with emerging opportunities and challenges related to the state fiscal crisis, implementation of federal policy, and long-term issues such as tax reform, education reform and economic development policy. Incarceration of
young men of color and immigration are important issues. Positive signs are the return migration of expatriate Southerners and the generational shift in organizational leadership in the South.

**Moving Forward**

Our key assumptions about pathways out of poverty and about MRBF strategy hold true. Top-down/bottom-up connections and work across lines of difference are rare but do appear to accomplish more than single organizations working alone. Our analysis that poverty is associated with both personal actions and structural realities holds true and reinforces that there is no silver-bullet solution to any person or community moving out of poverty. MRBF investment in both immediate impact and long-term capacity makes sense. And finally, our shift in thinking from a focus on organizations to a focus on places makes sense. Two areas where we might rethink our assumptions are: 1) a deeper analysis of poverty as a structural part of our economy; and 2) thinking about what accountability to low-wealth people and communities means.

The evidence points toward continuing the fundamental elements of our current strategy, including openness to many approaches to reducing poverty; focus on integrated, layered approaches; a “pyramid” approach to supporting organizations and networks; a place-based focus and network officer role; and patience for long-term change and capacity building. In addition, our learning suggests that we might deepen our work in four areas in order to achieve our desired long-term outcomes: 1) invest more in leaders and their development; 2) build MRBF’s organizational capacity for influence; 3) support more Southern place-based philanthropy with an equity focus; and 4) encourage new ideas for working on poverty. None of these areas initiate a new program, except the Babcock Fellows Program which the board approved in concept in 2009. They all build on our existing work and capacity.

The staff recommends doing less in some geographic places in order to focus more MRBF human and financial resources for greater impact in different ways. This sharpened geographic focus is a choice unless we do not fill the vacant program position. If we do not fill the position, it becomes a necessity. Because we are a place-based funder, doing less literally means doing less in geographic places. The staff recommends doing less in: 1) N.C., 2) the Gulf Coast, and 3) local communities outside priority states.

**Conclusion**

The evidence points to no dramatic changes. We see progress toward our goals and our strategy remains sound. We are positioned to make progress, especially with investment in our capacity for influencing philanthropy.
HISTORY

In 2004, the Babcock Foundation reflected on our past decade of work and set strategic direction for the next five to ten years.

Some Things Did Not Change in 2004:
- MRBF’s core values, as presented in our statement of mission and beliefs
- Commitment to the Southeastern U.S., with South Carolina, rural Georgia, Alabama, the Gulf Coast and Appalachia being priority states or regions
- Commitment to learning by doing, and integrating what we learn into what we do next

Some Things Did Change in 2004:
- We focused more sharply on helping people and places move out of poverty.
- We focused on strategic “bottom-up/top-down” connections to achieve larger scale impact.
- We focused on “layered” strategies. We believe that progress for people and places is accelerated when multiple local, state, regional and national players reinforce each other by working on complementary or collaborative strategies.
- We eliminated separate MRBF program areas (Organizational Development, Grassroots Leadership Development, Community Problem Solving, State Policy, Enterprise and Asset Development.) We committed to one unified grantmaking program based on our beliefs and theory of change. We committed to integrating lessons from our old programs into our ongoing work.
- We coined the term “network officer” to describe our program officers’ roles as learners, partners, connectors and weavers in MRBF priority states and regions.
- We made a commitment to increase the amount of MRBF total assets deployed toward mission through mission investing.

We Developed Several Foundational Documents to Guide Our Action, Learning and Accountability:
- A statement of beliefs and assumptions about how people and places move out of poverty (our mission statement and theory of change) See Appendix 1
- Application guidelines
- MRBF long-term outcomes, which answer the question, “In ten years, what difference will MRBF’s $80–100 million have made? For what outcomes do we hold MRBF accountable?” See Appendix 2
- A set of grantee outcomes to track across all grants and map to MRBF long-term outcomes

MRBF GRANTS AND PRIs

MRBF’s total investment in moving people and places out of poverty since 2005 is $34,800,000.

These investments are spread across the Southeast and concentrated on building individual assets, community assets, and civic engagement; changing policy and systems; and increasing organizational capacity. Almost 80% are investments in organizations that work statewide, across multiple counties, or a sub-region such as Appalachia or the Delta. Only about 18% are to local organizations and even fewer are to organizations that work across the entire Southeast.
Existing Grants and PRIs, February, 2010

- $30,643,903 in 262 grants to 187 organizations
- $4,150,000 in 17 PRI’s to 14 organizations
MID-COURSE REVIEW

Why Now
Since 2004, our learning about pathways out of poverty and about foundation strategy to impact poverty has accelerated. Our grantees and foundation colleagues are valued learning partners. We constantly incorporate what we are learning into our next decisions, and we keep a running list of questions and puzzlements. In 2010, at roughly the five-year mark into our “moving people and places out of poverty” strategy, we now have enough experience and data to reflect on lessons and outcomes and to make informed decisions about going forward. In June, the board and staff will review progress and changing context, focus on what we have learned, and begin discussion of next steps. In October, we will decide how to move forward.

Questions to Guide Our Review
Our questions focus on four topics:
1. INTERPRETING PROGRESS AND LEARNING using MRBF long-term outcomes framework of impact on people, communities, state policy, and state/regional infrastructure organizations
2. LEVERAGING MRBF INVESTMENTS
3. UNDERSTANDING OUR CHANGING REGIONAL AND NATIONAL CONTEXT and the opportunities and barriers those changes present for moving people and places out of poverty
4. MOVING FORWARD by revisiting our beliefs and assumptions and deciding next steps
MRBF is supporting organizations that are making a difference in people’s lives and communities. As summarized in the Overview, hundreds of people are preparing for, getting and advancing in jobs. They are starting and growing small businesses, creating jobs, becoming homeowners, and gaining access to non-predatory financial services. Policy wins are putting millions of dollars into people’s pockets and communities.

The following section presents early results from 64 organizations representing 32% of the total $30,643,900 in MRBF grants, as well as early returns on some PRIs. It is reasonable to expect significantly higher impact as more organizations report in the future.

MRBF is contributing to these results, which the organizations achieve with support from multiple investors. In most cases, our grant or PRI is between 5% and 35% of the organization’s total financial support. Our support, especially general operating grants, is critically important for the organizations to leverage other funding and opportunities for impact.

Our Mid-Course Review Questions

■ What does our and the grantees’ experience tell us about what accelerates or impedes progress on direct impact on people?
■ What does our and the grantees’ experience tell us about what accelerates or impedes progress on building the community infrastructure, policy, and state and regional networks required to affect poverty over time, especially in our priority states?

What We Expected to Accomplish in 10 Years

1. Direct Impact on People: A significant number of people have increased their income and/or built assets. MRBF will have supported the work of approximately 250 organizations that directly helped low-wealth people increase their income and build assets (personal and financial) toward the ultimate goal of getting and staying out of poverty. Note: We could report a rough count of the number of people who increased their income and/or built assets in various ways at some point in the ten years; we could not count the number who got and stayed out of poverty.

2. Local Community Infrastructure: Five to seven local communities have established new networks or infrastructure that are helping large numbers of people increase income and build assets. Some will focus on one approach (e.g. asset development policies, workforce intermediaries, educational opportunities, economic development projects) and others will link two or more approaches together. “Large” is relative to the size of the community.

3. State Policy: State policies are passed, funded and implemented in every MRBF priority state that actually do help large numbers of low-wealth people and communities increase income and assets (e.g. tax reform, economic development policy, education policy.)

4. State and Regional Infrastructure Organizations: At least 12 state or regional infrastructure organizations or networks are effective at working on poverty and are financially sustainable. “Effective” means they can show impact on increasing people’s income and assets, are connected to influencing policy and systems, and are connected to low-wealth communities. “Sustainable” means they are positioned to be effective at least through the next decade because they have strong and deep leadership, a dependable and adequate financial base, and strong relationships with key partners; they apply their resources strategically toward the most promising opportunities for impact.

What Grantees Have Accomplished in Five Years: A Snapshot

Direct Impact on People — What grantees have accomplished

The organizations supported by MRBF are indeed helping a significant number of people increase their income and/or build assets. The Direct Impact items on the following page are based on final reports from only 21 grantees and 9 PRIs. These data gives us a very early snapshot from a few organizations reporting after just one to three years. These are very rough numbers, dependent upon grantee reporting.
Homes (10 grantees and 1 PRI reporting)
- 922 new homeowners
- 361 new homes built
- 781 existing homes rehabbed
- 1,137 rental units built

Education (6 grantees reporting)
- 519 people completed job training (certificate or degree; not 4-year)
- Increase in college enrollment (3 grantees with disparate data)

People into Jobs (3 grantees reporting)
- 135 people placed in jobs
- 364 people advanced in jobs and got pay increases

Businesses and Jobs (9 grantees and 5 PRIs reporting)
- 1,450 new or expanded businesses
- 130 retained businesses
- 9,230 jobs created or retained

Non-Predatory Financial Services (9 grantees and 6 PRIs reporting)
- 8,788 people, businesses, homeowners, nonprofits receiving financial services

Land Assets Retained (2 grantees reporting)
- $9.9 million in assets retained

Growth in Savings Accounts (3 grantees reporting)
- $1,116,411 saved (IDAs)

These numbers reflect only a few quantifiable outcomes. The true story behind achieving these results is hidden in years of hard work by the people building their income and assets and by the organizations helping them. Some strategies such as education and job placement/advancement require deep and long investment in individual people, thereby yielding both small numbers and deep impact on moving people out of poverty. Other strategies such as access to non-predatory financial services yield big numbers, but for most people attempting to escape poverty must be coupled with deeper and longer strategies such as job training, entrepreneurship supports, or homeownership supports in order to change people’s lives.

Local Community Infrastructure—What grantees have accomplished
Community infrastructure is the underlying base of organizations and institutions (public, nonprofit and private) in communities that help people move out of poverty. Most community infrastructure focuses on one pathway out of poverty (e.g. stable housing, workforce development.) Our long-term outcome sets a high bar for new community infrastructure that helps large numbers of people move out of poverty, with “large” being relative to the size of the community. This is risky, courageous and long-term work for folks leading the community work and for funders.

We currently see two communities with significant new infrastructure affecting large numbers of people, which is reasonable progress toward our goal of five to seven communities. In no case do we see whole places moving out of poverty, which is not a realistic expectation given the broader context of our economy and the nature of poverty. By 2015, we expect to see a few communities with effective and sustainable new infrastructure affecting large numbers of people, but these communities will still be exceptions rather than the rule. This is essential work for deep and long-lasting impact on people, and it is very challenging work for communities to create and sustain. Following is a snapshot of progress. Appendix 3 gives more detail.

Organizations/Networks Showing Evidence of Large-Scale Impact
- Nashville, Tennessee: Oasis Center—Comprehensive services to hundreds of youth, with structure for advocacy with and for disconnected youth; local policy impact
- New Orleans, Louisiana: Jeremiah Group—Permanent structure for connecting low-wealth homeowners to $75 million for rebuilding

Organizations/Networks with Promising Potential for Large Impact
- Savannah, Georgia: Step-Up Savannah—Diverse, large partnership with city-wide poverty agenda
- Atlanta, Georgia: Georgia STAND-UP—Community Benefits Agreement for jobs related to future Beltline construction; programs to connect people to training and union jobs
Organizations/Networks with Modest Impact

- Abingdon, Virginia: Appalachian Sustainable Development—Organic foods business infrastructure; mainstream support for a local asset-based economy
- Biloxi, Mississippi: Hope Community Development Agency—Housing and neighborhood redevelopment capacity; loan fund for businesses
- Monroe, Louisiana: Northern and Central Louisiana Interfaith—Workforce intermediary connecting people to jobs
- Charleston area, South Carolina: Lowcountry Housing Trust—CDFI for affordable housing

Organizations/networks that tried and failed to reach potential

- Tallulah, Louisiana: Louisiana Delta Coalition for Education and Economic Development—Community college and new industry
- Gwinnett County, Georgia—Latino Community Development Credit Union—Credit union

Too Early to Tell:

- Eastern Kentucky: Community Foundation of Hazard and Perry Counties—Community foundation
- Eastern Kentucky: Eastern Kentucky FEAT—Eco-tourism and economic transition

We’ve also seen examples of impact on local policy. In West Virginia and Kentucky “coal country,” advocates have stopped unsafe mining permits and won municipal water for homes with wells contaminated by mine waste. These actions protect people’s health and also help maintain the value of their homes and land, which may be their largest asset. In Asheville, advocates defeated a policy to have police enforce immigration laws. Advocates in Charlottesville got the city council and school board to adopt a minimum living wage of at least $11.44 an hour. These are just examples we’ve gleaned from grantee reports. There are probably many more we don’t know about.

State Policy—

What grantees have accomplished

Our long-term outcome is that state policies are passed, funded and implemented in every MRBF priority state that actually do help large numbers of low-wealth people and communities increase income and assets. Again, this is a high standard. We see the following signs of incremental progress while advocates work toward long-term goals such as tax and constitutional reform, new economic development policy, and increased investment in low-wealth people and communities. See Appendix 4 for details. In all states, advocates spend a fair amount of time stopping bad legislation.

Incremental Tax Reform

Saved low-wealth people at least $124.4 million in tax burden (e.g. higher threshold for income tax, reduced grocery tax) AL AR TN VA

Increases in state minimum wage

AR increase added $91 million to the wages of 56,000 people AR KY

Community Development:

Secured over $100 million SC LA

Education Funding and Reforms

Secured over $4.6 billion AR MS NC VA

Immigration

Secured $32 million TN

The impact cited here is the culmination of years of hard work. Progress on long-term policy goals takes many forms. We now know enough from our experience and from national research to map incremental progress. The map would include incremental policy wins, a solid or growing base of popular support, track record of mobilizing the base when opportunity strikes, messaging that keeps the issue alive and draws support, credible and trusting relationships with legislators, and strategic partnerships with likely and unlikely allies.

State and regional infrastructure organizations—

What grantees have accomplished

Our ten-year goal is at least 12 state and regional infrastructure organizations or networks effective at working on poverty and financially sustainable. Again,
we are making progress toward this ambitious goal. The effectiveness part of the equation is attainable; the financially sustainable criterion is a huge challenge. Only those organizations whose core programs produce reliable income streams, such as CDFIs and social enterprises, can ever achieve any measure of self-sufficiency. Others, such as organizing and policy groups, will always be dependent upon government, corporate, individual and foundation funding. Given the paucity of support for social and economic justice work from funders in the South, we are dependent on national funders.

Of our 27 state and regional infrastructure partners over the past few years, four are highly effective and sustainable now, four appear to have potential to grow, 17 deliver solid performances, and two have gone out of business due to funding and personnel changes. See Appendix 5 for a complete list.

Highly Effective and Sustainable Now: 4

Promising Potential to Grow Impact and/or Sustainability: 4

Solid Performance Organization: 17

Not Sustained or Uncertain Future: 2

Progress in Priority States
See Appendix 6 for brief progress reports on our core strategies in the priority states/regions of Alabama, Georgia, South Carolina, Appalachia and the Gulf Coast. Our concentration of Network Officer time and layering of grants in a core strategy are helping increase capacity for large-scale impact. Particularly in states with more mature strategy, we are seeing promising results. Potential and obstacles for impact are specific to each state.

What Accelerates and Impedes Progress on Moving People and Places Out of Poverty

What works for achieving direct impact on people, building community infrastructure to combat poverty, changing state policy, and strengthening infrastructure organizations falls into four buckets: 1) Leadership, 2) Strategy, 3) Place, and 4) Resources.

Leadership matters.
Leadership is key to effectiveness, primarily at the CEO level, but also board, senior staff, political and community levels. Characteristics of effective community, organizational and network leadership include:

- Vision: Ideas, “light in the eyes,” courage and “sparkplug” energy to tackle something new; ability to articulate vision and get buy-in
- Creative and Entrepreneurial: Focused on impact, accountability and sustainability; tries new approaches to old problems; puts resources together in new ways; sees new opportunities; learns from experience
- Strategic Thinking and Action: Skills and experience at strategic analysis; ability to assess what is realistically required to reach specific big goals; ability to execute strategy alone and with partners; skilled at adapting strategy to changing circumstances
- Expertise: Solid expertise in their field of practice; management and financial expertise
- Collective Orientation: Skilled at networking and collaboration across sectors; ability to expand their own and partners’ organizational perspective and role beyond what they can accomplish alone; builds the talents of others
- Tenacity: Staying power to be effective for the long haul
- Effective Leadership Transition: Individuals and organizations are deeply thoughtful and intentional about when it’s time for a leadership transition and follow best practice; organizations embrace the next generation of leadership talent

Strategy Matters.
Impact is enhanced when organizations make conscious, smart, strategic choices. Some organizations choose to accelerate progress in one particular area (e.g. College Summit with education or Appalachian Community Enterprises with business development.) Other organizations choose to be the infrastructure for accountable, equity-based economic development because nothing else exists in their geography to do this job. An example at the community level is Greene Sumter Enterprise Community in Alabama. An example at the sub-regional level is
MACED in Appalachia. The key is for board and staff to analyze clearly the external environment and the organization’s strengths and weaknesses to play strategic roles as opportunities and challenges unfold.

The most promising efforts take integrated approaches. Most people attempting to escape poverty need some combination of two or more of the following approaches: education and job training, stable housing, access to jobs, access to non-predatory financial services, opportunities to start and grow businesses, or supports for low-wage workers (such as child care, transportation, and health care.) They need patient support over time to build their confidence and skills. See Providence Community Housing as an example of integrated approaches.

Strategic partnerships across lines of difference are essential for getting policy wins and for community change. In policy work, two kinds of partnerships are critical: 1) partnerships between budget/policy analysis organizations and grassroots advocacy organizations; and 2) partnerships between social and economic justice activists and mainstream allies. Examples are the partnerships for constitutional reform in Alabama and for education reform in Arkansas. Both types of partnerships are rare. Most states lack key infrastructure

### Providence Community Housing

Providence Community Housing in New Orleans is an example of an integrated approach. It started out with the focused purpose of rebuilding a public housing community after Hurricanes Katrina and Rita. Very soon into the project, Jim Kelly, Providence’s CEO, started working with the low- and moderate-income community of Treme surrounding the public housing site to increase homeownership and quality of life for the broader community. One thing led to another as community residents got engaged in rebuilding their neighborhood. In addition to housing, people wanted jobs. Providence began working with labor unions for construction jobs and with local businesses on returning or relocating to the community. Now, community residents get assistance with basic education and learn problem solving, interpersonal and communication skills to get prepared for job training and jobs. The next step for some young people is an apprentice program in the construction trades, which leads to decent jobs and puts them on the path to a more secure future. Woven throughout this integrated approach is people building their hope and confidence, and then making choices about their and their community’s development.

### Strategic Partnerships

Strategic partnerships among policy advocates produce results. Over the past few years, low-wealth, working families in AR have seen an increase in the state minimum wage, a cut in the grocery tax, a higher threshold for paying income taxes, access to preschool programs for all eligible children and increased opportunity to participate in IDA programs. The Arkansas Public Policy Panel and Arkansas Advocates for Children and Families are key partners in each of these policy wins. The Panel is deeply connected to grassroots leaders across the state who develop and push a legislative policy agenda. Advocates for Children is a budget and policy research organization held in high regard by legislators for providing them sound and thorough information on critical issues. The two organizations work together and with a changing cast of partners depending on the particular issue. Currently, they are working on issues related to the educational achievement gap between white children and children of color and economically advantaged and disadvantaged children. They are working with legislators, the state Department of Education, the teachers’ union and low-wealth people, translating perspectives and promoting solutions among all the interested parties.
for either policy analysis or grassroots advocacy. At the community level, public/private partnerships such as we saw in Savannah are essential to reach large numbers of people. These partnerships are strengthened by the ideas and accountability provided by organized low-wealth people. This mix within partnerships is also exceedingly rare. They can be nurtured by outside funding, but must be created and sustained by funding from inside the community.

Strong formal and informal strategic connections across local, state and national partners increase impact and sustainability. North Carolina and Tennessee immigration advocacy networks are an example. The partners include local grassroots groups, state advocacy and community development organizations, national advocacy organizations, and national funders. Grassroots groups develop leadership and mobilize people, while state and national organizations assist with policy research and analysis, strategic communications and lobbying.

Change and serendipity happen; adaptability is critical. Sometimes disaster, such as a devastating hurricane or plant closing, provides the impetus for new approaches and new leadership. Sometimes, external opportunities and challenges change, and organizations must adapt in order to maintain their impact. South Carolina Association of CDCs is an example. It successfully took advantage of federal funding to stabilize neighborhoods hit by the foreclosure crisis, and in the process is building its own and a few of its members’ sustainability by establishing new earned-income streams. Sometimes organizations are positioned to take advantage of growth opportunity. An example is Lowcountry Housing Trust, which started on a modest growth trajectory a few years ago and is now seizing opportunities in the current housing market to grow. Sometimes by surprise, the stars line up just right and skilled people quickly mobilize smart strategy and extant capacity to succeed. For example, Alabama tax reform advocates had been at work for over a decade mobilizing grassroots, legislative and partner relationships to increase the tax threshold for low-income people. Suddenly in 2005, when advocates believed the bill would not pass yet again, the Senator championing the bill saw a less contentious than usual environment, introduced the bill, and it passed with support from the advocates. The bill increased the income tax threshold from $4,600 to $12,600, which lowered taxes for low-wealth Alabamians and put money back into their family budgets.

Place matters.
What works is place-based, dependent on leadership, community infrastructure, local and state policy, local/regional economy and culture etc. Building new and sustainable community infrastructure to tackle issues related to poverty requires impetus, sustained leadership and core resources from within the community. These resources are rare and stretched thin in most communities, especially rural places. Money and expertise from outside the community can support but not replace essential community resources.

Obstacles to Building Infrastructure

A stymied attempt to build new education and employment opportunities in Tallulah, Louisiana illustrates factors that undermine building new community infrastructure, including lack or loss of trust among partners, a key leader and organization facing challenges, over-reliance on external resources, political and cultural environment, and bad timing. With support from state and national juvenile justice advocates and several years of hard work, African American leaders in Tallulah, Louisiana closed down a notoriously awful juvenile justice facility in the town. Their vision was to convert the prison facility into a regional community college as a concrete opportunity for their young people and a symbolic alternative to the incarceration of young African American men. They saw opportunities to link the community college to regional employers and to develop an abandoned industrial facility into a manufactured housing business, which would also rely on the community college to train employees. They were making slow but promising progress winning
In communities with a long history of oppression and racism, generations of African Americans and low-wealth people have been shut out of control of their communities. It takes a very long time to break through barriers to personal efficacy, civic engagement and equity-based economic development. Appalachia and the Alabama Black Belt are examples. Leadership and expertise are scarce when there are few community organizations or other structured opportunities for people to develop their talents. Rural Georgia is a prime example.

The possibility for top-down/bottom-up connections varies dramatically across the Southeast, depending on the presence of players at both levels and their strategic connections. See sidebar for examples.

Enlightened public and private sector buy-in is particular to each community and state, as we saw in Savannah. Across the South, it varies from somewhat helpful to obstructionist, playing out historical and cultural patterns unique to place.

Various states are reacting differently to the new federal activism on poverty and economic recovery. For example, in North Carolina and Tennessee, the governors and high-capacity on-the-ground groups are actively pursuing federal funding. In South Carolina and Kentucky, the state is inactive, but a few high-capacity non-profits are successfully competing for federal funds. In Mississippi and Georgia, state leadership is hostile to federal funds and the states lack high-capacity groups (outside of Atlanta) to compete successfully.

Resources matter. Public and private sector resources are essential and scarce for large-scale impact. The reality in several states is that politics and culture produce little effective government or private sector investment in helping low-wealth people and communities build income and assets, either through public/private sector programs or investment in nonprofit infrastructure. Again, North Carolina, with its tradition of relatively progressive state government, is an exception to the norm in our

Possibility for Connectivity

Progress accelerates in places when informal and formal networks of local, state and regional entities connect ideas, capacity and money. An example is NC’s strong policy advocacy infrastructure, which includes layers of partners such as grassroots organizing, budget and policy analysis, public education on critical issues, lobbying, a messaging/communications presence, and community organizations to implement good policy. In contrast, Georgia’s infrastructure for top-down/bottom up connections is weak. GA Budget and Policy Institute’s impact is impeded due to the dearth of policy partners and organized grassroots advocates. Likewise, Appalachian Community Enterprises and its partners could be more effective if GA had a strong state organization to increase policy and programs supportive of small business development. The emerging Central Appalachian Network faces a similar environment and has developed a peer learning network to bring regional and national attention to sustainable development as a legitimate economic development strategy.
A striking example is the strength of North Carolina’s community college system compared to other states in the region, and even nationally.

Social and economic justice advocates are outgunned by traditional lobbyists and special interest groups. Capacity for messaging, strategic communications, and new tools such as electoral data bases and new social marketing/networking technology is essential and rare with social and economic justice advocates. We don’t have a realistic handle on how much it really costs to get a big policy win. Prime examples are the contrasting capacity of the forces pro and con constitutional reform in Alabama and diversified economic development in Kentucky and West Virginia.

Weak and inconsistent philanthropic support for policy advocacy and for community change greatly impedes progress. The most effective infrastructure organizations are connected to national resources and dependent on national funding. Examples are TN Immigrant and Refugee Rights Coalition, which is connected to grassroots advocates and a national network of immigrant advocacy organizations and funders, and Federation of Appalachian Housing Enterprises, which is connected to community-based organizations, national organizations, and federal agencies. Only North Carolina provides significant in-state support that helps to sustain multiple high-capacity policy research and grassroots organizing organizations specializing in a range of social and economic justice issues (e.g. the state budget, community economic development, immigration, education, children and family issues, etc.)

Place-based philanthropy can be an important and under-developed part of community infrastructure for working on equity and poverty. By place-based philanthropy, we mean locally governed and financed philanthropies that invest in their local communities. Very few communities have this resource dedicated to work on equity and poverty, but a few examples are emerging in the South. The leadership provided by place-based philanthropy is equally or more important than their money.

The organizations and networks supported by MRBF are making a difference in the lives of people and communities, on small scales and on larger scales. We are learning about what accelerates and impedes progress. We are seeing the critical importance of leadership, strategy, place and resources. After looking at leveraging MRBF resources and how the context for work on poverty has changed since 2005, we will put the pieces together and consider implications for moving forward.

**LEVERAGING MRBF RESOURCES**

**Our Mid-Course Review Question**

- What does progress on leveraging Babcock Foundation resources tell us about opportunities and challenges to using the Foundation’s financial assets and influence?

**What We Expected to Accomplish in Ten Years**

1. A percentage (to be determined later) of MRBF’s total financial assets are invested in mission-related investments that meet our investment policy requirements; MRBF has influenced other Southeastern foundations to commit assets to mission-related investments.

2. In Southern philanthropy, there is a lively conversation about the difference between charity to provide services to poor people and helping people and places move out of poverty. Three to five Southern funders have increased their investments in helping people escape poverty.

**What We Have Accomplished in Five Years and Staff Reflections**

**Mission Investing**

MRBF investment policy now includes guidelines for both PRIs and market-rate mission-related investments. We have not allocated a specific percentage of assets for mission investing but have integrated mission investing values into our policies. We have set a goal of making $6 million in PRIs and have significantly increased our PRI portfolio and internal capacity for managing PRIs.
We currently hold 13 PRIs totaling $4,150,000. We continue to look for PRI opportunities and will continue to grow the portfolio in accordance with our investment policy. We hold one market-rate mission investment of $6,000,000 (3.9% of our total assets) and will look for more in accordance with the new investment policy. Impact of the PRIs is included in the outcomes report accompanying this review.

Influencing Other Southeastern Foundations
We are far from a lively conversation about the difference between charity and helping people and places move out of poverty. We can point to other foundations that have begun to explore mission-related investments. While we cannot take credit, they are using MRBF as a resource.

A primary strategy is the network officer role, which is focused on developing funding partners in priority states. This strategy yields the most success. Dawkins’ presence in South Carolina was key to forging an emerging partnership of conservation and community economic development funders and nonprofits. Sandra’s work in Appalachia is central to an emerging partnership of national, regional and local funders and nonprofits. Gladys’ and now Lavastian’s presence in Alabama Giving has supported in-state funders to work together on an advocacy strategy for increasing education funding and encouraged one community foundation to support Alabama ARISE, a key organization in tax and constitutional reform.

For the past several years, MRBF staff and board members have led sessions at the Southeastern Council of Foundations annual meeting on topics related to mission investing and moving people out of poverty. We are involved in three sessions at the 2010 conference and will continue to seek spots on the SECF agenda to advance our theory of change about moving people out of poverty. Gayle’s 2010 goals include ramping up our influence. The mid-course review of impact and what works begins our focus on this goal. (More on this later in this paper.)

Partnering with Foundations Outside the South
While not included in our long-term goals, leveraging MRBF resources through partnerships is a priority. We are currently active in three partnerships (Gulf Coast Funders for Equity, Appalachia Funders Network, and CDFI capacity in the Southeast.) We are exploring four other potential partnerships. The Learning and Partnerships committee reviews the partnerships list regularly to give advice and keep the board and staff in sync on emerging partnerships. This will continue to be a priority.

UNDERSTANDING OUR CHANGING REGIONAL AND NATIONAL CONTEXT

Our Mid-Course Review Question
- What has changed in the regional and national economic, political and social environment since 2005? What opportunities and barriers do these changes present for people moving out of poverty?

The economic and political environment is very different now. We asked John Quinterno, a labor market expert, to describe the changed economy. Mil Duncan, Director of the Carsey Institute at the University of New Hampshire and national expert on poverty, interviewed six national and three regional colleagues on our behalf. Their full reports are Appendices 7 and 8.

The economy is the lead story. As Quinterno summarizes, “Compared to a decade ago, the South has fewer jobs and more unemployment. A smaller share of the prime-age workforce is employed and individuals with jobs, especially low-paying ones, have seen little wage growth. In most states, median household income has fallen, and the share of low-income families has risen. Poverty rates have returned to levels last seen 15 years ago. The difficulties of the last decade are spilling into the current one due to the severity of the recession and the likelihood that the recovery will be a ‘jobless’ one.”

It would be hard to escape knowing the effects of the “Great Recession” and the prospects of a ‘jobless’ recovery, which are constant headline news and an up-close-and-personal reality to so many people. The deeper story is the changing structure of the economy. The South’s manufacturing economy has been disappearing for a generation. The new national and regional reality is that six in ten of the fastest growing occupations require only on-the-job training and will
pay very low wages. As Duncan summarizes, “…we are seeing a permanent loss of middle-skill jobs that pay middle-class wages, as well as fewer ladders to better jobs. The nature of the labor market and dearth of quality jobs concerns organizers, policy analysts, and development practitioners alike.” Quinterno reports that 35% of all Southerners live in low-income households ($43,668 for a four-person family.) The overwhelming share of these families includes at least one person who is working, and often more than one. The face of poverty includes the working poor, the newly poor and the long-term poor—with fewer opportunities for jobs that pay enough to keep a family out of poverty.

Several of the experts Duncan interviewed pointed out very important battles ahead at the state level over implementation of federal programs, with several Southern governors resisting change. State policy opportunities and battles are also unfolding around the social safety net, education, and economic development policy, all against the backdrop of the states’ fiscal distress and inadequate, unfair tax policies. The three regional interviewees all emphasized the importance of changing how people think about critical issues such as education and economic development and about how local and state government can approach these areas. People have to be able to imagine a different way from what they’ve always known.

Three issues arise across the interviews: the devastating impact of the incarceration of young men of color; the implications of immigration for anti-poverty work; and the importance of education from early childhood through post-secondary and job training. They also mentioned two positive signs: the return migration of expatriate Southerners who play positive roles in the communities where they resettle; and the generational shift in organizational leadership as younger leaders who are more comfortable moving across race and class replace the old guard. The regional interviewees made the case for investment in organizational capacity building and leadership development in the region.

Duncan sums up her interviews, “Not surprisingly the interviewees spoke about alleviating poverty for people and places very much from the perspective of their own work, whether policy related, advocacy oriented, or development focused. But each expert

recognized the importance of a mix of these approaches. Everyone pointed to the fundamental need for human capital development, including building basic educational attainment, workforce skills and leadership capacity in policy, organizing and community development.”

**MOVING FORWARD**

**Our Mid-Course Review Questions**

- Which parts of our beliefs and theory of change about how people and places move out of poverty are testing out to be accurate assumptions and where might we rethink our assumptions?
- Are our current strategy and inputs adequate for achieving our long-term outcomes? What might we do more or less of? What might we try that we are not already doing?

**Background: 2004 Decisions**

In 2004-05, we stated our beliefs about how people and places move out of poverty and our theory of change. *See Appendix 1.*

In a nutshell, MRBF’s strategy for making a difference (from our theory of change) is to invest grants, PRIs, a portion of the Foundation’s assets, and its human resources in:

- Organizations and networks with track records of success related to our beliefs about how people and places move out of poverty.
- Networks or layers of connected organizations that can achieve more together than each organization can alone.
- State and regional infrastructure organizations that are necessary for long-term impact on poverty.
- Learning at the Foundation, with grantees, and in philanthropy that increases impact on poverty.
- Financial investments that advance the Foundation’s broad mission.

We concentrate more of our staff time in priority states where we identify core strategies for MRBF investment. We also support opportunities for impact across the Southeast.
We Have Chosen Not To:

- Focus on one particular pathway out of poverty (e.g. workforce development, jobs, community development.)
- Run separate grants programs, such as our old OD and Community Problem Solving programs.
- Run a grants initiative with specific Foundation-defined outcomes and approaches.

MRBF Assumptions That Appear to Hold True Five Years Later

Few other foundations think, do and learn about poverty as we have for the last five years. MRBF’s willingness to name poverty, race and class explicitly in its words and actions is a public expression of the Foundation’s historic values. Our theory of change includes learning with grantees and other partners on these tough, complex issues of persistent importance to MRBF and to our region. The following assumptions in our theory of change appear to hold true.

Top-Down/Bottom-Up Connections and Work Across Lines of Difference Are Rare But Do Appear to Accomplish More Than Single Organizations Working Alone.

We draw a couple of lessons and a question:

- Working across lines of difference requires a lot of time and a degree of sophistication that is rare. Where multiple like-minded groups exist, organizing them to get something done is a big enough task. Reaching out to groups who are not like-minded is extremely difficult and rare. See sidebar examples from South Carolina and Alabama.
- Connectors and translators are essential, and also rare. All community work and much policy work is based in relationships. Larger-scale impact requires people and organizations that play translator and connector roles across lines of race, class and political difference. Connectors bring human, organizational, financial, and technical resources together and connect them toward shared strategy or ends. Scott Douglas from Greater Birmingham Ministries has played a connector role in Alabama. Translators help people and organizations from different perspectives understand and support each other. Wilbur Cave of Allendale, South Carolina runs a CDC, Allendale Alive. He effectively translates among community residents, the public and private sectors, and sits in the South Carolina State Legislature.

An open question related to working across differences is, “How much diversity is too much to get the job done?” Step-Up Savannah is a living example. A great strength of the effort is the number and diversity of people involved, which has put moving people out of poverty on the front-burner in a city-wide strategy with great potential for impact. The question is whether the relationships and focus

Working Across Lines of Difference

Working across lines of difference is a long-term endeavor. An emerging example is the SC conservation and community economic development collaborative. After three years of the funders and nonprofits building relationships, these two very different sectors have agreed to support each other’s state policy objectives and are looking for additional ways to work together for the mutual benefit of low-wealth communities and the environment. A longer-standing example is the core players MRBF supports for AL tax and constitutional reform (ARISE, Greater Birmingham Ministries, Voices for Alabama’s Children), who share an end goal: a sound and equitable state constitution. But their missions, strategies and constituencies vary, so bringing their resources to bear towards a common end requires a lot of time and trust building. They also know their ultimate success depends on working with groups who approach constitutional reform from different perspectives, such as business groups, academics, and the judiciary. In both examples, actually developing strategy together and staying together over many years of hard work is extremely difficult and highly dependent on the skill and personalities of the people involved.
Our Analysis that Poverty Is Associated with Both Personal Actions and Structural Realities Holds True.

This interplay of personal factors (e.g. good choices, hope and efficacy) and structural factors (public policy, the economy, cultural practices) leads to two very important conclusions:

- There is no one silver-bullet solution to moving any person or place out of poverty. Progress requires different combinations of pathways for each person or place depending on their circumstances. No one pathway or strategy (e.g. education, stable housing, jobs, child care, savings) alone is sufficient; people and places require webs of opportunity and support to move out of poverty.

- An essential part of effective strategy is matching strategy to specific people and places. For example, different approaches work with people caught in generational poverty or people who have dipped into situational poverty, for instance, by losing a job. Different approaches work in city neighborhoods with possibilities to connect to a modest economy or in rural areas with no economic engine. Context matters enormously in applying what works.

MRBF Investment in Both Immediate Impact and Long-Term Capacity Makes Sense.

Moving people and places out of poverty is a long-term endeavor. We face several hard realities. First, our economy is structured to require poverty. Every time one person advances out of a poverty-level job, somebody else takes their old job. This is not going to change any time soon, if ever. Second, for individual people, moving out of poverty usually takes years of effort. Often, their children realize the greater benefit. Even when people make good choices and have opportunity, progress can be slow and tenuous. Third, changing structures such as state and local policy can take years, even a generation. The impact on people can be huge, but it can take a very long time to change policy. Given these realities, we need people, organizations and networks in the region for long-term, highly effective work on poverty.

Our Shift in Thinking from a Focus on Organizations to a Focus on Places Makes Sense.

Prior to 2004, we talked about organizational impact and capacity building—one organization at the time. We now talk about impact and capacity in places, with an emphasis on networks of organizations or “layering” of grants. This significant shift in thinking and strategy has succeeded in focusing the Foundation’s resources and increasing our ability to track outcomes, while maintaining MRBF’s historic openness. We are seeing impact from this approach. We don’t know if it is more or less impact than MRBF’s impact prior to 2004 because we lack a parallel outcomes tracking system for grants prior to 2004. We do know that MRBF is more knowledgeable about specific places in the region (e.g. Appalachia, Gulf Coast, South Carolina, Alabama, Georgia) and a more valuable partner in those places.

MRBF Assumptions We Might Rethink Now

Two topics merit our deeper thinking.

Deeper Analysis of Poverty As a Structural Part of Our Economy

The hard truth is that our economy requires poverty. The latest evidence is our economy shedding middle-income jobs and adding low-wage jobs that keep people trapped in poverty, but poverty has always been structured into our economy. Our 2004-5 discussions and resulting statement of mission and beliefs acknowledged structural barriers and historic disinvestment patterns that contribute to keeping people stuck in poverty. We concluded that “Changes in systems and policies—local, state and/or national—are almost always necessary.” But we stopped short of delving into poverty as a structural element of our economy and implications for people getting and staying out of poverty. What does this reality mean for people’s hope? What does it mean for realistic expectations for moving places out of poverty? What other strategies does it suggest, such as work supports for the working poor or microenterprise and small
business development as a source of supplemental income? We cannot assume that employment is a sure pathway out of poverty, or that everyone who wants and is prepared for a decent job will be able to get one.

**Accountability**
What does accountability to low-wealth people and communities look like, and how is it important? From 1994-2004, we held a high standard for accountability to low-wealth people and communities. We expected grantees to have low-wealth people from the communities they served on their boards and staffs. Our thinking was that direct accountability to low-wealth people was necessary for 1) programs to be most effective; and 2) developing self-efficacy and democratic participation among grassroots leaders. Since 2004, we relaxed our standard. We expect all organizations to demonstrate respectful relationships with low-wealth people that ground their work in community realities. We do not require organizations to have low-wealth people on their boards and staffs, though most do. This question of accountability and participation merits more thought. What have we gained and what have we lost in this change? What are helpful ways to think about accountability given MRBF’s values?

**Going Forward: Keep Doing What Works**

Our learning suggests that we keep doing these things that are working:

**Balanced Focus and Openness**
We are focused on MRBF mission, beliefs about poverty and outcomes. We are open to many approaches to making a difference on poverty because most people need multiple, sustained supports to get and stay out of poverty. We find people and places with momentum and get into relationship with them to learn what works where and in what circumstances.

**Integrated, Layered Approaches**
Continue to concentrate MRBF investment in multiple organizations in places where economic, social and/or political transition is happening or where opportunity and momentum exist. Also, take risks on highly-promising individual people/organizations with the mindset and potential to develop partners in order to achieve greater impact together. Continue supporting multiple organizations working in networks, and provide some “glue” support to enable them to work together. Invest in capacity building for organizations and networks.

**Place-Based Focus and Network Officer Role**
We understand that what works in one place won’t necessarily work in another. Our deep understanding of places helps us spot opportunity, analyze potential for success, and make smarter investments. As reflected in our 2009 grantee survey, grantees appreciate our connecting them to ideas and resources, advising on strategy, and learning with them. Working with grantees and other funders in our priority states, we can leverage MRBF resources for greater impact. Just as importantly, MRBF’s values call us to work with deep respect for the realities faced by our partners doing on-the-ground work.

**Our “Pyramid” Approach to Supporting Organizations and Networks**
- Place bets on new ideas, new ways of working and emerging networks. If they show success, support them to take root. Examples of successes are Black Belt Community Foundation and Louisiana Disaster Recovery Foundation. An example of a failure is our investment in developing a community college and new industry in Tallulah, Louisiana. Examples where we don’t yet know results are The Benefits Bank, which is attempting to access work supports for low-wage workers, and Central Appalachian Network, which is attempting to develop market-based solutions for local economies.
- Provide steady, sustaining, core funding for effective anchor organizations, especially those such as policy groups that will never have income streams to reduce their reliance on grants and contributions. Examples are South Carolina Association of CDCs and Georgia Budget and Policy Institute.
- Use multiple tools (e.g. grants, PRIs, technical assistance) to help a few of the most promising anchor organizations grow. So far, MACED is the only organization at the top level of our investment pyramid, but we have strengthened a few CDFIs
with grants and PRIs. We are getting smarter about analyzing potential for sustainable growth and matching MRBF investment to opportunity. We need to continue developing our toolkit to help organizations grow, such as engaging Nonprofit Finance Fund to help selected grantees and us learn more about financial systems required to support growth.

Long-Term Policy Change
Big changes such as tax reform, economic development policy, and immigration reform can take ten to twenty years. A strong infrastructure of grassroots and policy organizations with visionary and capable leadership needs to be in place over a very long time. Now is an opportune time to invest in state policy. The recession and state fiscal crises require new solutions. Change will happen. The opportunity is to get traction behind policies that benefit low-wealth people; the challenge is to stop policies that would make moving out of poverty even harder.

Direct Services to People
We understand that delivering direct services to individuals can be a powerful complement to large-scale impact and/or systems and policy change. An example is homeownership counseling connected to large-scale neighborhood development and non-predatory mortgages. Another example is work supports for low-wage workers (such as tax credits, child care subsidies, or education loans) connected to asset building, educational opportunity or job advancement. We will not support direct services to people that are not tightly connected to larger-scale impact or policy change.

Going Forward: Do More, Try Something New
Our learning suggests that we deepen our work in the following areas in order to achieve our desired long-term outcomes. All of these areas build on our existing work and capacity. The only new program is the Babcock Fellows Program, which the MRBF board approved in 2009 for development in the second half of 2010.

Invest More in Leaders and Their Development
Leadership tops the list of factors that accelerate or impede progress on poverty. We need to think more deeply about MRBF’s role in nurturing and advancing leadership for work in the region consistent with the Foundation’s values and with what we and our partners are learning about moving people and places out of poverty. The region needs more visionary, entrepreneurial leaders who can craft and implement strategy, build organizations and partnerships, work across differences, play connector and translator roles, adapt to changing circumstances, consistently make progress with partners toward large-scale outcomes, and stay accountable to low-wealth communities—just to name a few qualities. The generational transfer of leadership is real in our region and presents opportunities for more effective organizations with greater impact. We need more leaders who are people of color. Thirty-six percent of organizations supported by MRBF are led by African American or Latino CEOs. A significant part of the talent pool in our region is not supported to move into leadership roles. We need them. Opportunities exist for us to partner with others to invest in new leadership. The Babcock Foundation Fellows program is a beginning.

Build MRBF’s Organizational Capacity for Influence
In order to achieve our long-term goals for influence in philanthropy, we need to get as clear and strategic about the Foundation’s influence as we are about MRBF program strategy. Three things are clear to the staff: First, we are experts on philanthropy. We are not experts on the specific pathways out of poverty (e.g. housing, jobs, education, non-predatory financial services.) We know as much as anybody in the country about how philanthropy can work on issues of poverty. We have a perspective and set of experiences that make us good partners and influential within philanthropy. We have practices and skill sets for peer learning and applying what we learn. These are MRBF assets we are not currently using as powerfully as we could—and as we successfully used to promote investment in OD. Second, we need deeper strategic thinking. Who, exactly, do we want to influence towards what thinking or behaviors? Who do we want to influence us? What’s our theory of change about influence? What is our strategy? Third, our existing capacities lay the foundation for going forward, but are no longer
sufficient in today’s world to accomplish our long-term goals of influence in philanthropy. We need expert help in areas such as strategic communications and social networking. We need to invest in new systems, such as a significant website redesign and other online presence. These significant investments of human and financial resources should follow a crystal-clear analysis of purpose and impact to advance MRBF’s mission.

Support More Southern Place-Based Philanthropy with an Equity and Poverty Lens
New opportunities and partners exist now to grow philanthropic resources in the region. The Danville Regional Foundation and the Cameron Foundation are strong learning partners and advocates within philanthropy. The Alabama Black Belt Community Foundation and the Community Foundation of Hazard and Perry Counties in Kentucky represent a new form of community foundation. A few traditional community foundations such as Spartanburg and Greater Atlanta are moving more resources into work with a social and economic equity lens. The Southern Partners Fund is doing exciting work under new leadership. MDC has a successful approach to helping traditional foundations move toward embracing an equity lens. The Center for Rural Strategies is working on building rural philanthropy nationally. MRBF knows as much as any funder about place-based philanthropy from our years of experience. We could play peer and convening roles to connect resources, advance peer learning and build a network of advocates within Southern philanthropy.

Encourage New Ideas for Work on Poverty
We could invest more in new ideas that work by supporting people, organizations and networks to try new things, learn from them, incorporate what they learn into ongoing practice, and spread ideas. We have supported visionary people to start new community foundations accountable to their communities. We have supported CDFIs to develop and test new products. We are helping a very few organizations try bold new approaches, such as Frontier Housing’s partnership with Clayton Homes to make manufactured housing an asset rather than a liability. We could support more new solutions from people we don’t now know by doing several things, including the Babcock Fellows program, partnerships with others such as Corporation for Enterprise Development and Echoing Green who already invest in innovators, building a regional network of people and organizations trying out new ideas, and highlighting new ideas in our communications. Increased MRBF capacity for influence and communications dovetails with these activities.

Consider Doing Less
The staff recommends doing less in some geographic places in order to focus more MRBF human and financial resources in different ways for greater impact. Doing less is hard for “a bunch of overachievers,” as Kevin Boldec from the Center for Effective Philanthropy called us when interpreting our grantee survey last year. But we are capable of doing less—or at least doing different. We no longer support one organization working in isolation, no matter how compelling the need or mission. This discipline has been a challenge for both the board and the staff. We have done less of specific things as we learned over the past five years, such as our decision to support housing work only when it is connected to other pathways out of poverty. We are fairly adept at learning and making adjustments as we go, so nothing we are currently doing is a failure to be stopped.

There are two reasons to consider doing less at this mid-course point:

1. We have fewer financial resources.
   In 2005, we expected our grants budget to grow up to $10 million per year. In the wake of the 2008 stock market crash, our new projection is around $6 million annually. For the past few years, our grants expenditures have been in the $6–7 million range. We have enough money to keep doing what we are currently doing. The human resources picture is different. If we fill the vacant program position, we can maintain our current level of activity with a little room for growth. The staff is considering different options to get maximum value from the program position. One option is to redefine it as a networking/communications position. If we do not fill the position, doing significantly less becomes a necessity. We cannot sustain the work loads of the last few months.
2. MRBF staff thinks our human and financial resources might accomplish more with a little more focus. If we fill the vacant program position, the decision to do less is purely a strategy decision. We are a place-based funder looking for opportunities to layer and connect people, organizations and pathways out of poverty (e.g. economic development, education, housing, workforce development, work supports.) Therefore, doing less means less in some places in order to focus more resources on fewer places where need and opportunity for impact coexist. The staff recommends doing less in three ways:

- North Carolina: Do much less in North Carolina. 12% of our total grant dollars ($3.6 million) and quite a bit of staff time continue going into North Carolina. This matches the amount of money we have put in to the priority multi-state regions of Appalachia and the Gulf Coast ($3.8 million and $3.6 million) and far exceeds our investment in any priority state, with Alabama trailing at $1.4 million. Even though we spend almost no Network Officer time in NC, the total Program Officer and other staff time required to manage the current level of North Carolina inquiries and grants is significant. Overall, our financial and human investment in North Carolina is similar to our priority states, even though we have said that North Carolina is not a priority for MRBF. The staff suggests that we develop tighter criteria and a monetary cap for North Carolina grants.

  Rationale: Other funders exist to support North Carolina efforts. Our rationale of supporting new developments that can be replicated in other states is faulty. MRBF support contributes to success in North Carolina but seldom translates into capacity or impact in other states.

- Gulf Coast: Do much less in New Orleans. Focus on the Mississippi Gulf Coast. Concentrate our Louisiana investment in Louisiana Disaster Recovery Foundation and the Equity and Inclusion Campaign. Gladys will prepare a full strategy paper for our October board meeting.

  Rationale: Post-Katrina funding has concentrated on New Orleans, and continues to do so. Our presence in New Orleans adds little relative value. The MS Gulf Coast has been largely ignored by the big national funders, although there is opportunity to build new infrastructure for impact on poverty there, centered around Hope Community Development Agency and a few other emerging players. Louisiana Disaster Recovery Foundation shares MRBF’s values and is establishing a track record of success. They will be raising endowment and regranting funds to sustain the foundation. We could form a closer partnership with them for on-the-ground work in Louisiana, which would free up our network officer time.

- A third possibility for doing less is to get even more restricted on support to local efforts. Only make local grants in priority states where 1) local efforts connect to statewide networks, or 2) local efforts are testing new ideas that could connect with statewide efforts or introduce new approaches. Do not make local grants in non-priority states. Concentrate on growing place-based social and economic justice philanthropy to support local efforts.

CONCLUSION

At this mid-course point, the evidence points to no dramatic changes. We see progress toward our long-term goals of direct impact on people now and building community infrastructure, policy and anchor organizations for the long term. MRBF’s values, relationships, board and staff are held in high esteem among our nonprofit and philanthropic colleagues. Our strategy remains sound because it constantly evolves based on our learning. We have identified some specific areas where we can do more or less based on this mid-course review. We are now positioned to make more progress on our long-term goal of influencing philanthropy, but will need new capacity.
APPENDIX 1

Mission and Beliefs of the Mary Reynolds Babcock Foundation

The Mary Reynolds Babcock Foundation assists people in the Southeast to build just and caring communities that nurture people, spur enterprise, bridge differences and foster fairness. Our mission is to help people and places to move out of poverty and achieve greater social and economic justice. We support organizations and networks that work across race, ethnic, economic and political differences to make possible a brighter future for all.

We believe in the responsibility and power of individuals—including youth and young adults—to improve their own lives and to act collectively to increase opportunity for themselves and their communities. All human beings have the potential to be productive citizens, yet individual responsibility is not enough. Social and economic transformation in low-wealth communities requires changes in historic disinvestment patterns and removal of structural barriers.

We value democracy and inclusiveness. We believe in working with people in low-wealth communities to shape their own destiny. We believe that working across differences is essential for sustaining our democracy and for expanding economic opportunity.

We hold the following beliefs about how people and places move out of poverty.

- People have better chances at escaping poverty when they believe in themselves, make good choices, and have access to fundamental opportunities, which include excellent education, social networks that connect them to work and to the larger society, living-wage jobs, and fair financial institutions.
- Ownership of assets such as homes, businesses and savings is essential for moving and staying out of poverty.
- These basic societal advantages require a solid infrastructure and consistent investment in order to secure these advantages in low-wealth communities. Changes in systems and policies — local, state and/or national — are almost always necessary. Long-term public and private investment is also essential.
- Connections are vital. Grassroots, community-led organizations must be connected with key institutions in their states, the Southeast or across the nation in order to achieve large-scale, lasting changes. On a bigger level, local economies must be connected to regional economies.
- Young people can take on leadership roles that improve their own lives, make contributions to their communities, and prepare them for lives of active citizenship.
- Large-scale, lasting change requires skilled individuals and effective organizations working for social and economic justice with a broad range of allies.
- Change takes time. Changing the conditions that cause persistent poverty is incremental, non-linear and long-term work that is dependent upon a combination of sound strategy, serendipity and intuition.

The Foundation seeks partners who share our mission and beliefs, and we honor the impact, integrity and creativity of people across our region already engaged in this work. We currently make grants to local, statewide and regional nonprofits in the Southeastern United States that have track records of helping low-wealth people build assets and transform economic conditions in their communities.
APPENDIX 2

Mary Reynolds Babcock Foundation Long-Term Outcomes  Board approved October 2008

The Question

In ten years, what difference will MRBF’s $80–100 million have made? For what outcomes do we hold MRBF accountable?

These outcomes flow from our theory of change about how people and places move out of poverty. We believe that progress for people and places is accelerated when policy, community infrastructure and statewide and regional institutions reinforce each other—in other words, when work at these various levels is “layered.” We will assess progress on the following outcomes and the interplay among these outcomes.

People and Places

1. A significant number of people have increased their income and/or built assets. MRBF will have supported the work of approximately 250 organizations that directly helped low-wealth people increase their income and build assets (personal and financial) toward the ultimate goal of getting and staying out of poverty. Note: We could report a rough count of the number of people who increased their income and/or built assets in various ways at some point in the ten years; we could not count the number who got and stayed out of poverty.

2. Five to seven local communities have established new networks or infrastructure that are helping large numbers of people increase income and build assets. Some will focus on one approach (e.g. asset development policies, workforce intermediaries, educational opportunities, economic development projects) and others will link two or more approaches together. “Large” is relative to the size of the community.

Policies and Systems

3. State policies are passed, funded and implemented in every MRBF priority state that actually do help large numbers of low-wealth people and communities increase income and assets (e.g. tax reform, economic development policy, education policy.)

4. At least 12 state or regional infrastructure organizations or networks are effective at working on poverty and are financially sustainable. “Effective” means they can show impact on increasing people’s income and assets, are connected to and influencing policy and systems, and are connected to low-wealth communities. “Sustainable” means they are positioned to be effective at least through the next decade because they have strong and deep leadership, a dependable and adequate financial base, and strong relationships with key partners; they apply their resources strategically toward the most promising opportunities for impact.

Leverage

5. A percentage (to be determined later) of MRBF’s total financial assets are invested in mission-related investments that meet our investment policy requirements; MRBF has influenced other Southeastern foundations to commit assets to mission-related investments.

6. In Southern philanthropy, there is a lively conversation about the difference between charity to provide services to poor people and helping people and places move out of poverty. Three to five Southern funders have increased their investments in helping people escape poverty.

An Assumption About How We Work

Innovation and learning are important. MRBF took enough risk to claim high success on 1/3 of our investments, moderate success on 1/3 and disappointment/failure on 1/3. We engaged with partners and colleagues to learn from all investments, including failures, and advanced knowledge about what works in which contexts.

Using These Outcomes

The point here is not to check “yes” or “no” in ten years. The purposes are: 1) to establish clarity in our expectations for the difference MRBF will make; and 2) to have a management tool for reflecting on progress and making adjustments along the way. The outcomes we track across all grantees map to these long-range outcomes.
**APPENDIX 3**

Grantees’ Impact on Local Community Networks or Infrastructure

*MRBF Goal: Five to seven local communities have new networks or infrastructure that are helping large numbers of people increase income and build assets.*

Organizations/Networks Showing Evidence of Large-Scale Impact

<table>
<thead>
<tr>
<th>Place</th>
<th>New Infrastructure</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashville, TN</td>
<td>Comprehensive continuum of opportunity serving hundreds of youth (homeless shelter through college access)</td>
<td>Sustaining youth civic engagement</td>
<td>leadership</td>
</tr>
<tr>
<td>Oasis Center</td>
<td>Local policy and systems change</td>
<td>Increasing public and private investment in youth</td>
<td>successful merger/partnerships</td>
</tr>
<tr>
<td></td>
<td>“Translator” function on disconnected youth</td>
<td>Retention and completion of post-secondary education</td>
<td>youth organizing and youth development expertise</td>
</tr>
<tr>
<td></td>
<td>Local law limiting predatory lending</td>
<td></td>
<td>translator role</td>
</tr>
<tr>
<td></td>
<td>College counselor positions protected from school budget cuts</td>
<td></td>
<td>public/private sector investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Orleans, LA</td>
<td>Permanent structure for connecting low-wealth homeowners to $75million for rebuilding their homes</td>
<td>Implementing the specifics to make it work</td>
<td>grassroots leadership development and organizing</td>
</tr>
<tr>
<td>Jeremiah Group</td>
<td></td>
<td></td>
<td>public/private investment and allies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+/- new work for Jeremiah; building new expertise and organizational structures</td>
</tr>
</tbody>
</table>
### Organizations/Networks with Promising Potential for Large Impact

<table>
<thead>
<tr>
<th>Place</th>
<th>New Infrastructure</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savannah, GA</td>
<td>Diverse, large partnership</td>
<td>Local/state policy</td>
<td>+ leadership</td>
</tr>
<tr>
<td>Step-Up Savannah</td>
<td>City-wide poverty agenda</td>
<td>Impact on large numbers of people related to jobs and savings, EITC filing</td>
<td>+ public $$$</td>
</tr>
<tr>
<td></td>
<td>Large-scale affordable housing and neighborhood development projects</td>
<td>Affordability childcare facility</td>
<td>+ public/private partnerships</td>
</tr>
<tr>
<td></td>
<td>Employer attention to low-wage workers</td>
<td></td>
<td>+/- divergent interests and goals in diverse partnership</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>Community Benefits Agreement for jobs related to Beltline construction</td>
<td>Keeping momentum because Beltline project on hold due to economy</td>
<td>+ leadership</td>
</tr>
<tr>
<td>Georgia STAND-UP</td>
<td>Program to connect people into training and union jobs</td>
<td>City Council approval of a local hiring policy</td>
<td>+ neighborhood organizing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizing stakeholders</td>
<td>+ public/private partnerships</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- the economy</td>
</tr>
</tbody>
</table>

### Organizations/Networks with Modest Impact

<table>
<thead>
<tr>
<th>Place</th>
<th>New Infrastructure</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abingdon, VA</td>
<td>Mainstream support for asset-based economic development</td>
<td>A sustainable business model</td>
<td>+ leadership</td>
</tr>
<tr>
<td>Appalachian</td>
<td>Organic foods business infrastructure</td>
<td></td>
<td>+ market-based</td>
</tr>
<tr>
<td>Sustainable</td>
<td></td>
<td></td>
<td>+ public/private partnerships</td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
<td>+ connections to national networks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- challenge to build supply and demand sides of market</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- financial sustainability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biloxi, MS</td>
<td>Rebuilt large number of homes; capacity to continue at scale</td>
<td>Sustainable model with less reliance on volunteers</td>
<td>+ leadership</td>
</tr>
<tr>
<td>Hope Community</td>
<td>Structures for civic engagement in rebuilding neighborhoods</td>
<td>Expanding geographic footprint</td>
<td>- dependent on one leader</td>
</tr>
<tr>
<td>Development Agency</td>
<td>Structure for using volunteer labor and resources</td>
<td>Deepening leadership</td>
<td>+ local, national and regional partnerships</td>
</tr>
<tr>
<td></td>
<td>Loan fund for businesses</td>
<td></td>
<td>+ connections with grassroots organizations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- governor/state politics</td>
</tr>
</tbody>
</table>

---

**HELPING PEOPLE AND PLACES MOVE OUT OF POVERTY**  
MARY REYNOLDS BABCOCK FOUNDATION  
(Appendix 3 – 2)  
26
## Organizations/Networks with Modest Impact (continued)

<table>
<thead>
<tr>
<th>Place</th>
<th>New Infrastructure</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monroe, LA Northern and Central LA Interfaith</td>
<td>■ Workforce intermediary connecting people to jobs</td>
<td>■ Adding more employers and sectors (health care)</td>
<td>+ leadership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>■ New training programs (health)</td>
<td>+ expertise</td>
</tr>
<tr>
<td></td>
<td></td>
<td>■ Sustainability</td>
<td>+ public/private partnerships, including employers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+ grassroots leadership development and community organizing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+ community college involvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- sustainability</td>
</tr>
<tr>
<td>Charleston area, SC Lowcountry Housing Trust</td>
<td>■ CDFI for affordable housing</td>
<td>■ Growth partners</td>
<td>+ leadership</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+ connection to national networks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- few in-state investors</td>
</tr>
</tbody>
</table>

## Organizations/networks that tried and failed to reach potential

<table>
<thead>
<tr>
<th>Place</th>
<th>New Infrastructure</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tallulah, LA LA Delta Coalition for Education and Economic Development</td>
<td>■ Nothing lasting; attempted to develop a community college and manufactured housing industry</td>
<td>■ Effort defunct</td>
<td>- bad timing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- local/state politics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- leadership</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- organizational capacity not matched for strategy</td>
</tr>
<tr>
<td>Gwinnett Co, GA Latino Community Development Credit Union</td>
<td>■ Nothing lasting; attempted to develop a credit union</td>
<td>■ Effort defunct</td>
<td>- leadership</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- local/state politics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- infrastructure for supporting Latino asset building is weak in the region</td>
</tr>
</tbody>
</table>

### Too Early to Tell

- Hazard/Perry Co., KY: community development and philanthropy
- Eastern KY FEAT: working on eco-tourism/economic transition
## APPENDIX 4
### Grantees’ Impact on State Policy

**MRBF Goal:** State policies are passed, funded and implemented in every MRBF priority state that actually do help large numbers of low-wealth people and communities increase income and assets.

<table>
<thead>
<tr>
<th>State</th>
<th>Goal</th>
<th>Achievements</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
</table>
| AL    | Tax and constitutional reform | - Income tax threshold raised from $4600 to $12,600, resulting in $40 million in tax savings for 800,000 households with annual incomes less than $20,000  
- Property tax for education increased | - Reducing grocery sales tax  
- Constitutional reform  
- Increase revenues for health care | - AL politics  
- strong lobbying by well-funded opposition  
- fiscal condition of the state  
+ growing and diverse coalition  
+ policy research and grassroots organizing capacity |
| GA    | Tax reform            | - Defeated elimination of property taxes  
- Defeated tax & expenditure limitation bill  
- Governor vetoed tax breaks for corporations that would have resulted in a $1 billion loss of state revenue and reduced funding for programs that help low-income people  
- Expanded Medicaid to foster children up to age 21 | - Incremental tax reform to increase state revenue to assure funding for safety net programs  
- Cigarette tax  
- Temporary Assistance for Needy Families re-authorization for work supports  
- Implementation of recommendations from Working Poor Families Project report  
- Implementation of national healthcare reform | - Powerful conservative leadership  
- Politics of geography  
- Weak underfunded civic engagement infrastructure  
- Pro-corporate culture  
+/- State fiscal crisis  
+ Strong budget & policy analysis  
+ Leadership at budget & policy analysis org. educating law makers  
+ State population growth and growing diversity |
<table>
<thead>
<tr>
<th>State</th>
<th>Goal</th>
<th>Achievements</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
</table>
| SC    | Community economic development | - Local housing trust fund enabling act  
- $1.5 million for CDCs | - Funding for housing trust fund  
- Extension of the Community Economic Development Act | + strong legislative relationships  
- state fiscal crisis  
- weak governor |
| KY    | Minimum wage | - Increased minimum wage from $5.85 to $7.25 | - Tax reform  
- Non-predatory lending  
- Economic development policy | - coalition partners  
split over values and theory of change  
- Kentucky politics  
- state fiscal condition |
| LA    | Rebuilding after hurricanes | - $25 million for state housing trust fund  
- Changes in the Road Home program that resulted in aid to tens of thousands of homeowners  
- $75 million from LA Recovery Authority for mortgage assistance for low-wealth homeowners  
- Preserved funding for rental housing development in hurricane affected areas | - More funding for state housing trust fund  
- Policy to support green rebuilding in hurricane impacted communities and jobs for low-wealth people in the green sector | - strong legislative champions and on-the-ground organizations  
- state fiscal crisis  
+/- links to federal policy |
| AR    | Asset building Education reform | - Increased minimum wage which added $91 million to the wages of 56,000 low-wage workers  
- Cut grocery tax and raised threshold for income tax removing over $17 million annually in tax burdens on low-income people  
- $1.1 million increase for IDA programs | - Policy to reduce education achievement gap  
- Policies to reduce poverty | + Governor  
+ strong and diverse partners  
+/- Biennial legislature  
+ Policy research and grassroots organizing capacity |
<table>
<thead>
<tr>
<th>State</th>
<th>Goal</th>
<th>Achievements</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
</table>
| AR     | (cont’d)   | - Increased pre-school programs funding to $111 million to provide access to pre-school programs for all eligible children  
- Defeated attempt to cut restaurant workers and other tipped employees out of the minimum wage increase |                                                                                       |                                                      |
| MS     | Education  | - Full funding for MS adequate education program totaling $4.4 Billion in FYs 2008 and 2009 
- First ever statewide dropout prevention guidelines 
- Defeated charter school legislation that would have funded re-segregation of schools | - Annual policy for full funding of adequate education 
- Funding for early childhood education | + education policy expertise 
+ strong civic engagement on education  
- weak legislative leadership  
- state budget crisis  
- strong conservative governor |
| NC     | Education  | - Increased funding for disadvantaged students ($23 million over 2 years) and low-wealth schools ($7 million over 2 years) 
- Established recurring budget ($13 million) for dropout prevention 
- New rights to suspended students to make up exams and class work, and to notify parents of student suspensions | - Adequate funding especially for disadvantaged students 
- Fairness in discipline policies and high-stakes testing | + legal and policy expertise 
+ network of local grassroots partners  
+ respect and presence among lawmakers  
+ relatively progressive state politics  
- state budget crisis |
<table>
<thead>
<tr>
<th>State</th>
<th>Goal</th>
<th>Achievements</th>
<th>Still Working On</th>
<th>Key Factors +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>TN</td>
<td>Tax reform</td>
<td>- Lowered food tax by 0.5%, resulting in $40 million tax savings for all Tennesseans</td>
<td>- Comprehensive tax modernization, including income tax on top wage earners</td>
<td>+ broad-based coalition, including small business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Close tax loopholes for out-of-state corporations</td>
<td>+ communication and messaging</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Increase revenue by lifting sales tax cap on luxury items</td>
<td>+ trusted research and analysis</td>
</tr>
<tr>
<td></td>
<td>Immigrant integration</td>
<td></td>
<td>- Comprehensive immigration reform (federal)</td>
<td>+ experienced staff with relationships in legislature</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Access to higher education for immigrant youth</td>
<td>+/- state fiscal crisis</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Defeating anti-immigrant bills</td>
<td>- Gov.’s no income tax pledge</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- org. leadership transition and funding challenges</td>
</tr>
<tr>
<td>VA</td>
<td>Education</td>
<td>- Increased spending for early childhood programs by $35 million, serving 7,000 additional 4-year-olds</td>
<td>- Increased funding for at-risk students</td>
<td>+ leadership on board and staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- State board adopted alternative to out-of-school placements for disciplinary action</td>
<td></td>
<td>+ strong and diverse network of local groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Stopped anti-tax efforts to cut public education budget</td>
<td></td>
<td>+ effective messaging</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+ support of business community</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- anti-immigrant sentiment, with national orgs targeting Tenn.</td>
</tr>
<tr>
<td>State</td>
<td>Goal</td>
<td>Achievements</td>
<td>Still Working On</td>
<td>Key Factors +/-</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| VA (cont’d) | Tax and economic policy           | ■ Revised tax rates, exempting 150,000 low-wage workers from income tax, saving them $27.4 million in taxes annually  
 ■ Limits on payday lending  
 ■ $6 million increase in child care subsidies | ■ Comprehensive tax reform                                                           | + well-developed infrastructure of local grassroots groups linked to diverse issue coalitions  
 + healthy grassroots fundraising and earned income  
 + progressive state politics  
 + links to national issue networks |
APPENDIX 5

Effectiveness and Sustainability of State and Regional Infrastructure Organizations

MRBF Goal: At least 12 state and regional infrastructure organizations or networks are effective at working on poverty and are financially sustainable.

Highly Effective and Sustainable Now  ▶ on map
Federation of Appalachian Housing Enterprises, Berea, KY
Latino Community Credit Union, Durham, NC
Mountain Association for Community Economic Development, Berea, KY
Southern Bankcorp, Arkadelphia, AR

Promising Potential to Grow Impact and/or Sustainability  ▶ on map
Louisiana Disaster Recovery Foundation, Baton Rouge, LA
Central Appalachian Network, Berea, KY
Natural Capital Investment Fund, Shepherdstown, WV
Appalachian Community Enterprises/GA Green Loan Fund, Cleveland, GA

Solid Performance Organization  ▶ on map
Alt.consulting, Pine Bluff, AR
ARISE Citizen’s Policy Project, Montgomery, AL
AR Advocates for Children, Little Rock, AR
AR Public Policy Panel, Little Rock, AR
Enterprise Corporation of the Delta, Jackson, MS
Federation of Southern Cooperatives, East Point, GA
GA Budget and Policy Institute, Atlanta, GA
Kentuckians for the Commonwealth, London, KY
Mid-South Delta LISC, Greenville, MS
MS Center for Justice, Jackson, MS
NC Justice Center, Raleigh, NC
Rural Advancement Foundation International, Pittsboro, NC
Southern Echo, Jackson, MS
SC Association of CDCs, Charleston, SC
TN Immigrant & Refugee Rights Coalition, Nashville, TN
Tennesseans for Fair Taxation, Knoxville, TN
Virginia Organizing Project, Charlottesville, VA

Not Sustained or Uncertain Future
KY Economic Justice Alliance, Lexington, KY
Southern Rural Development Initiative, Raleigh, NC
APPENDIX 6

Progress on Core Strategies in Priority States

MRBF focuses network officer time in five geographic areas: Alabama, Georgia, South Carolina, Appalachia and the Gulf Coast. The board and staff review progress and strategy in each priority state/region every year or two. Strategy papers on Appalachia and Alabama are included in the June 2010 board meeting agenda. Below are summaries of progress on core strategies in each state/region.

ALABAMA

Total Investment in Core Strategy Since 2005
$1,420,000 in grants; no PRIs

Core Strategy
Tax and constitutional reform

Key Organizations
Alabama ARISE/ARISE Citizen’s Policy Project, Greater Birmingham Ministries, Alabama Appleseed, Alabama Poverty Project, and Voices for Alabama’s Children. Alabama Citizens for Constitutional Reform is a key player and MRBF applicant in the June grants cycle.

Progress
Progress towards tax reform is slow and is best characterized by incremental policy advancements over the course of several years. Constitutional reform progress is also slow moving but can be measured by level of support for reform by public opinion polls and increased levels of civic engagement. For the first time, constitutional reform is an active issue in the 2010 gubernatorial race, with both candidates supporting their own versions of reform. Progress includes:

- Increased the income tax threshold from $4,600-$12,600 in 2007
- Developed the Constitution Convention Coalition, a network of diverse institutional partners in support of a constitutional convention, from 5 to 31 organizations
- Organized the College Council for Constitutional Reform which grew from 2 to 17 campuses-This is a major mechanism for educating young adults on constitutional reform and organizing young voters of different racial and socio-economic backgrounds

- The Senate passed bill to allow Constitution Convention, the legislative session ended before the House could vote
- Latest polling shows 52% of the public are for “allowing the people to vote to have a Constitution Convention” while 34% of the population oppose allowing a vote

Weaknesses and Threats in Alabama
- Ultra conservative political climate dominated by the interests of large corporations; successful but inaccurate messaging that tax reform will harm lower- and middle-income families, small businesses and public schools
- Social and political culture that emphasizes fear and mistrust of government
- Steep learning curve for the public on complex tax and constitutional reform issues
- Capacity of constitutional reform partners is hampered by lack of funding and staffing
- Constitutional reform partners are sometimes splintered over strategy, tactics and issues of racial inclusion and power sharing, but are forming more strategic relationships for working together.
- Finite level of in-state philanthropic support for tax and constitutional reform
- Unclear strategy for moving tax reform forward in the short-term

APPALACHIA

Total Investment in Core Strategy Since 2005
$3,852,100 in grants; $1,200,000 in PRIs

Core Strategy
Enterprise development, civic engagement
and economic development policy (recommended revision: Economic transition)

**Key Organizations**
Mountain Association for Community Economic Development (MACED), Natural Capital Investment Fund (NCIF), Mountain BizWorks, Meritus Ventures, Appalachian Sustainable Development, Central Appalachian Network, Kentuckians for the Commonwealth (KFTC), Ohio Valley Environmental Coalition

**Progress**
Investments in key infrastructure organizations have paid off in direct impact on individuals through small business development and access to financial services. Steady progress is being made toward increased civic engagement and policy advocacy, but specific policy wins have been few. Specific impact is as follows:

**Impact on individual assets**
- New & retained business – 1,242 micro, small and growth businesses
- New and retained jobs – 2,427 jobs
- Access to financial services – 3,141 people have access to fair financial services, $8.5 million in loans/investments to businesses

**Impact on local community infrastructure**
- Modest impact in Abingdon, Virginia, with mainstream support for asset-based development and infrastructure to support local food system

**Impact on regional infrastructure organizations**
- Two highly effective and sustainable organizations — MACED, FAHE
- Two promising organizations—Central Appalachian Network, NCIF
- One solid performance organization—KFTC

**Weaknesses and threats in Appalachia:**
- Political forces are fierce to maintain the status quo, support the coal industry and withhold public funding for economic diversification.
- Local politics are characterized by patronage and nepotism, and grassroots leaders fighting the status quo risk the loss of jobs for them and their families.
- The region lacks sustained investment in entrepreneurs and community leaders who can break out of old economic development models and offer innovative alternatives.
- Philanthropic resources within the region are scarce, and organizations are heavily dependent on national foundations and federal funding.

**GEORGIA**

**Total Investment Since 2005**
$2,265,950; no PRIs

**Core Strategy**
In October, 2009, MRBF adopted a developmental, placed-based strategy focused on urban/rural connections for jobs and economic security, job creation through small business and microenterprise development, and non-profit capacity building. After a year of evaluation, we did not see a single core strategy with strong momentum for statewide impact. We have identified a group of key organizations with potential to develop their networks to have significant impact in specific places in Georgia. These organizations represent critical emerging infrastructure need in Georgia.

**Key Organizations**
Georgia Strategic Alliance for New Directions and Unified Policies (GA STAND-UP), Step-Up Savannah, Appalachian Community Enterprises, Edge Connection, Georgia Living Wage Coalition, Albany Community Together, Georgia Budget and Policy Institute

**Progress**
Progress in the context of Georgia can be measured by the creation and sustained existence of organizations focused on protecting and helping low-wealth people build assets in a very challenging state environment. Even with capacity needs and weak networks, the organizations report the following measurable progress on specific outcomes:
New & retained business—234 businesses
New & retained jobs—656 jobs
Job Advancement—40 people graduated and placed in career path jobs starting @ $16.78 an hour
Savings—over $2.7 million in EITC funds claimed by families
Public policy—Medicaid coverage extended to foster children through age 21, defeated elimination of property taxes, defeated tax & expenditure limitation bill

Weaknesses and Threats in Georgia
Organizational capacity for scalable asset-development is limited to 2-4 places throughout the state
Organizational capacity for grassroots organizing particularly in rural areas is weak and not connected to emerging policy advocacy infrastructure
Limited philanthropic resources for asset development, social and economic justice
Political climate is dominated by social and economic conservatism

GULF COAST

Total Investment in Core Strategy Since 2005
$3,587,433 in grants; three PRIs totaling $400,000

Core Strategy
Rebuilding with the inclusion of resident voices

Key Organizations
Louisiana Disaster Recovery Foundation, Hope Community Development Agency, Gulf Coast Funders for Equity, local housing developers, local, statewide and Gulf Coast advocacy organizations

Progress
New Orleans has built strong capacity since the Hurricanes of 2005, with housing and business redevelopment steadily progressing. Rural redevelopment in LA, MS and AL is slow. MS nonprofit infrastructure remains weak. Impact over the past five years is as follows:

134 new homes constructed, with 107 homes under construction and 148 sites acquired for affordable housing; 550 homes rehabilitated

Recovery of 2,457 small businesses
$17,222,423 in new loans and investments to homeowners and businesses
$38 million in grants and PRIs for affordable housing assisting 4,476 families to return to safe, affordable housing
57 construction jobs created through YouthBuild Louisiana
$75 million soft-second mortgage pool for low-wealth homeowners in New Orleans
Preservation of funds for rental housing development in New Orleans
Ensured that local nonprofits were integrated in recovery planning efforts

Our Investments in Rebuilding with the Inclusion of Resident Voices in the Gulf Coast Have Also Helped Accomplish the Following:
Additional lending capital for rebuilding affordable housing and small businesses.
The development of new philanthropic resources for organizations in LA through Louisiana Disaster Recovery Foundation and the Gulf Coast through Gulf Coast Funders for Equity.
The development of policy infrastructure inclusive of low-wealth voices that impacts federal disaster policy through the Equity and Inclusion Campaign.
Strengthening of the infrastructure for civic engagement by low-wealth people across the Gulf Coast
On-going job creation through redevelopment efforts
Creation of a state housing trust fund in Louisiana
Nonprofit infrastructure strengthened in New Orleans

Weaknesses and Threats
Rebuilding likely to take another 10 years.
Ongoing threats by natural and man-made disasters.
Disaster fatigue by public and private funding sources that may decrease support for on-going redevelopment
State policy environments in all three states
are dismal. All three states face huge deficits and mounting debt. In Mississippi, the governor diverted $600 million in federal affordable housing support to the development of a port. The state of Alabama initially denied that Hurricane Katrina hit the Alabama Gulf Coast.

**SOUTH CAROLINA**

**Total Investment in Core Strategy Since 2005**
$2,493,000 in grants; one PRI totaling $250,000

**Core Strategy**
Community economic development

**Key Organizations**
South Carolina Association of CDCs; Lowcountry Housing Trust, local CDCs

**Progress**
Progress is steady but slow. In September of 2008 the SC Association of CDCs produced its first impact assessment of wealth creation by its members. Approximate 10-year impact is as follows:

- Housing rehabilitation: 460 units with economic impact of $18 million
- New homes: 296 with economic impact of $25.2 million
- New rental units: 449 with economic impact of $47.1 million
- Individual Development Accounts: 779 people saved $1 million
- Commercial space: 184,000 sq. ft. with economic impact of $5.5 million
- Jobs created or retained: 3,590 at avg. $8/hour; economic impact of $59.7 million
- Total economic impact 1998-2008: $156.5MM

In Addition, Our Investments in Community Economic Development in South Carolina Have Helped Accomplish the Following:

- The State Association, eight CDCs and Lowcountry Housing Trust received a total of $15 million from the federal Neighborhood Stabilization Program to buy, rehabilitate and sell or rent foreclosed houses across the state.
- Lowcountry Housing Trust is growing its capacity as a CDFI and has financed hundreds of units of affordable housing in three years. It is also leading an effort to build CDFI capacity statewide.
- The Center for Heirs Property Preservation saved 50 parcels of family land in three years and engaged land owners in local planning meetings. It partners with the SC Association of CDCs for business development and with Lowcountry Housing Trust for housing rehab and new construction.
- Municipalities have become aware of the benefits offered by high-capacity CDCs and are requesting programs and services exceeding the ability of the CDCs to deliver.
- Community economic development organizations have won state legislation in a very tough political environment. Wins include annual grants and tax credits for community and economic development for a few years, and then annual battles to renew the appropriation. During the 2007-08 legislative session, the Local Housing Trust Fund Enabling Act was passed; funding this legislation is a high priority for the CED community. These organizations have also helped sustain a long and unsuccessful effort to reform predatory lending in SC.
- For the first time ever, conservation and community economic development funders and nonprofits are beginning to work together.
- The area around Beaufort and Jasper Counties shows huge potential for job creation, conservation-based affordable housing and business development. Economic development entities are being created to guide this work and provide partnership opportunities to local CDCs and others.
- The Benefits Bank is being implemented statewide. Sustained funding is a challenge.

**Weaknesses and Threats in South Carolina Community Economic Development**

- Capacity for housing and small business lending is very weak in South Carolina’s nonprofit organizations. MRBF is a partner in attempting to build this capacity.
The stakes are high with the $15MM in federal foreclosure money. So far, the CDCs and Lowcountry Housing are meeting their performance goals.

The Association of CDCs is aware of its growing number of low-capacity members in rural areas and the clustering of high-capacity members in the three largest cities. They know they must improve their ability to measure impact and report outcomes to state and federal agencies. They are developing a new strategic plan.

The state policy environment is dismal. The state is broke, the governor is ineffective, and extremely conservative legislators prevail.
The South’s Difficult Decade: Jobs, Employment, Income, & Economic Hardships, 2000-2009
John Quinterno

Even before the onset of the “Great Recession” in December 2007, the 2000s had proven to be a difficult decade for Southerners, especially low-income ones. The decade began with a recession (2001) that gave way to a weak expansion (2001-2007) that ended in the most severe downturn of the postwar era.

Compared to a decade ago, the South has fewer jobs and more underemployment. A smaller share of the prime-age workforce is employed, and individuals with jobs, particularly low-paying ones, have seen little wage growth. In most states, median household income has fallen, and the share of persons living in low-income families has risen. And the decade cost the region many of the gains made during the 1990s; in many states, for example, poverty rates have returned to levels last seen 15 years ago.

Contrasting the 2000s to the 1990s illustrates the link between strong labor markets to economic opportunity. A full-employment economy and supportive public policies allowed individuals to find jobs and better make ends meet during the 1990s, and the reversal of those conditions contributed to the economic difficulties of the 2000s.

Alarmingly, the difficulties of the last decade are spilling into the current one due to the severity of the recession and the likelihood that the recovery will be a “jobless” one. Absent change, the South’s low-income people and places will continue to struggle.

To better understand the challenges, this briefing paper uses public datasets to document regional trends in employment, jobs, wages, income, and hardships.

A Decade without Job Growth
The business cycle that stretched from 1990 to 2001 was a period of rapid job growth in the South. The total number of payroll positions grew by 4.1 million (24%) with every state posting double-digit growth rates.

The 2001 recession ended that growth. While the downturn was relatively short and shallow at the national level, it exacted a heavy toll from southern communities, especially rural ones. Between March and November 2001, the South lost, on net, 338,000 positions or 1.6% of its total jobs base.

Unfortunately, job growth never returned to the 1990s pace. During the business cycle that ran from 2001 to 2007, southern payrolls netted 858,000 positions – a 4.1% increase. Yet those modest gains have been lost during the recession that began in 2007. Since then, the region has shed, on net, 1.4 million positions or 6.5% of its total jobs base.

The ongoing recession has erased the job growth that occurred during the expansion. Overall, the South ended the decade with 12.4% or 480,000 fewer jobs than with which it started. Apart from North Carolina and West Virginia, every state posted net job losses during the decade (Figure 1).
A Decade of Rising Joblessness

The South’s inability to create enough jobs to accommodate its growing workforce led to a jump in joblessness. Over the decade, unemployment rates more than doubled in all but two states. In 2000, no state had an unemployment rate above 5.6% (Mississippi), but by 2009, no state had a rate below 7.1% (Louisiana).

Yet the unemployment rate actually understates joblessness. More useful is the underemployment rate, which counts the share of the (adjusted) labor force that is unemployed, working part-time on an involuntary basis, or marginally-attached to the labor market. Rates rose during the 2000s, and by 2009, underemployment equaled or exceeded 15% in all but two southern states.

Although joblessness is a broad problem, it harms some groups more than others. During the recession, men, African Americans, and young adults have been particularly affected. In 2009 the underemployment rate among African Americans exceeded 20% in every state but Louisiana (Figure 2). Similarly, national data show that men have accounted for 70% of all job losers and that a quarter of the unemployed are age 25 or younger.

Weak job markets also have reduced employment among prime-age workers (ages 25-54). In every southern state, a smaller share of that population was employed in 2009 than in 2000; in Alabama the share of such workers with a job fell from 79% to 69%. This matters for two reasons. First, workers in this age range tend to be quite productive. Second, such individuals head the vast majority of households with children.

A Decade of Industrial & Job Change

During the 2000s, the South’s industrial and occupational profile continued to shift from manufacturing towards service and retail. Just consider that, by mid-decade, service and retail industries accounted for 70% of all private-sector jobs.

The development of an economy based on service and retail industries has knocked the economic legs out from under many working Southerners and from many small metropolitan and rural communities. The traditional manufacturing community of Hickory, North Carolina, for example, lost 53.1% of its manufacturing employment base between 2000 and 2009.

Such trends likely will continue. The U.S. Bureau of Labor Statistics (BLS) estimates that national manufacturing employment will contract at an rate of 0.9% between 2008 and 2018, while service employment will expand at an annual rate of 1.2%. It is important to note that employment trends appear to be stabilizing. If forecasts hold, service fields will account for 78.8% of national employment in 2018, up from the 2008 level of 77.2%. Put differently, the employment profile of the future will resemble closely the current one, though the types of goods and services produced by those fields likely will evolve.

The Role of Education & Skills

Emphasizing on education and workforce skills has been one response to economic change. Education and skills indeed increase the odds of finding a quality job, but many of the occupations expected to have the greatest number of openings require little formal education. According to the BLS, just four of the ten occupations expected to have the most openings between 2008 and 2018, require postsecondary education; the rest require on-the-job training (Figure 3).
The Role of Small Business

Another common response to industrial and occupational change is to emphasize entrepreneurship and small business development. Such strategies are favored based on the belief that small businesses are engines of job growth.

During the 2000s, the South did see an uptick in small business activity. Between 2000 and 2006, the latest year for which data are available, the number of southern firms with nine or fewer employees rose by 4.5%. Similarly, the number of non-employer firms, meaning those with no paid employees, grew by 38% between 2000 and 2007. Other Southerners likely engaged in entrepreneurship on a less formal basis.

When looking at small businesses, it is important to keep four points in mind. First, most small firms have no paid employees. Similarly, even firms with employees (nine or fewer) accounted for just 10% of region’s payroll employment in 2006. Second, many small businesses have modest sales. In 2007, the average southern non-employer firm had receipts of just $43,000. Third, many small firms with employees offer wages and benefits lower than those found in larger firms. Finally, firms in distressed communities often struggle with profitability. Given the labor market problems discussed earlier, this likely has been a constant concern.

A Decade of Wage & Income Stagnation

Coupled with changes in public policy, the combination of weak job growth, widespread joblessness, and industrial limited wage growth during the 2000s.

Thanks to a full employment economy and the adoption and expansion of public policies supporting low-wage workers (e.g. increases in the minimum wage and federal EITC), the 1990s were a time of rapid, fairly equitable wage growth across the South. Adjusting for inflation, the median hourly wage in the South rose by 9.7% over the course of the 1990s, climbing from $12.93 to $14.28. All wage groups saw significant increases with workers in the lowest two wage tiers enjoying the largest increases in percentage terms.

This pattern ended in the 2000s (Figure 4). Since 2000, the median hour wage, adjusted for inflation, rose by 5.5%, inching up from $14.28 to $15.07. Wage growth slowed markedly for workers in the bottom half of the wage distribution while the top two income groups experienced the largest gains in both dollar and relative terms. As a result, wage inequality widened. Between 2000 and 2009, workers in the highest wage group went from earning 4.1 times per hour as much as those in the lowest group to earning 4.5 times as much; in contrast, this wage gap narrowed over the course of the 1990s.
Because most households derive most of their annual incomes from wages, slow wage growth serves to tamp down household incomes. During the 1990s, the inflation-adjusted annual income of the typical household rose in every state, but during the 2000s, median household income fell in six states and grew slightly in the other three.

A Decade of Rising Economic Hardships

Weak wage and income growth contributed to a rise in economic hardships during the 2000s. This is not surprising given that the majority of families with children—including an overwhelming share of low-income families—work. Sluggish growth in the bottom of the wage distribution increases the economic pressures placed on low-income families and increases the odds that some will slip into poverty.

Between 2000 and 2008, the latest year for which data are available, the share of Southerners living in poverty, as measured by the outdated federal poverty level (which was $21,834 for a four-person family) rose steadily, climbing to 15.4% from 13.4%. Additionally, poverty rates rose in every southern state except for Arkansas and West Virginia. Consequently, much southern progress against poverty has been reversed, and poverty rates in many states now stand at levels last seen 15 years ago.

Owing to data limitations, the poverty measure does not yet capture the hardships caused by the recession in 2009. Using Food Stamp caseload data as a proxy, however, suggests that poverty is rising. Between January 2009 and February 2010, the number of persons receiving food assistance grew by 1.4 million—a number roughly equal to the population of metropolitan Nashville, Tennessee. In February 8.6 million southerners participate in the Food Stamp program: this equals the combined populations of Louisiana and Kentucky.

The 2000s also saw jumps in the number of persons with low-incomes, defined as twice the federal poverty ($43,668 for a four-person family). The share of such persons rose, and by 2008, 35% of all southerners were living in low-income households. Specifically, 15.4% of Southerners had incomes below the poverty level while 19.7% had incomes between one and two times of the poverty level (Figure 5). Persons in that category likely are living in households tied to low-wage work and they account for the bulk of low-income persons in every state.

### Figure 4:
*Percent Change in Hourly Wages (in 2009$), By Decile, South, 1990s vs. 2000s*

<table>
<thead>
<tr>
<th>Percentile</th>
<th>1990-99</th>
<th>2000-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>10th</td>
<td>3.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>20th</td>
<td>3.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>30th</td>
<td>4.4%</td>
<td>5.5%</td>
</tr>
<tr>
<td>40th</td>
<td>5.7%</td>
<td>7.4%</td>
</tr>
<tr>
<td>50th (Median)</td>
<td>6.5%</td>
<td>7.1%</td>
</tr>
<tr>
<td>60th</td>
<td>7.1%</td>
<td>8.7%</td>
</tr>
<tr>
<td>70th</td>
<td>10.8%</td>
<td>11.4%</td>
</tr>
<tr>
<td>80th</td>
<td>10.1%</td>
<td>9.7%</td>
</tr>
<tr>
<td>90th</td>
<td>9.7%</td>
<td>9.9%</td>
</tr>
<tr>
<td>100th</td>
<td>15.3%</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

### Figure 5:
*Share of Low-Income Persons, by State and Income Category, Southern States, 2008*

<table>
<thead>
<tr>
<th>State</th>
<th>% Low Income Persons (below 2x poverty level)</th>
<th>% Persons Below Poverty Level</th>
<th>% Persons Between 1x and 2x Poverty Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL</td>
<td>35</td>
<td>14.3</td>
<td>20.7</td>
</tr>
<tr>
<td>AR</td>
<td>40.2</td>
<td>15.3</td>
<td>24.9</td>
</tr>
<tr>
<td>GA</td>
<td>35</td>
<td>15.5</td>
<td>19.5</td>
</tr>
<tr>
<td>KY</td>
<td>38.3</td>
<td>17.1</td>
<td>21.2</td>
</tr>
<tr>
<td>LA</td>
<td>40</td>
<td>18.2</td>
<td>21.8</td>
</tr>
<tr>
<td>MS</td>
<td>42.3</td>
<td>18.1</td>
<td>24.2</td>
</tr>
<tr>
<td>NC</td>
<td>35.2</td>
<td>13.9</td>
<td>21.3</td>
</tr>
<tr>
<td>SC</td>
<td>36.3</td>
<td>14.0</td>
<td>22.3</td>
</tr>
<tr>
<td>TN</td>
<td>38.4</td>
<td>15</td>
<td>23.4</td>
</tr>
<tr>
<td>WV</td>
<td>35.7</td>
<td>14.5</td>
<td>21.2</td>
</tr>
</tbody>
</table>

*Source: March Current Population Survey*
Looking Ahead to a New Decade
Unfortunately, the trends of the 2000s have spilled into the new decade. The ongoing recession has taken a heavy toll from southern labor markets, and while broad economic conditions have stabilized, a full employment recovery appears years away, due to sub-par economic growth and the federal government’s reluctance to act.

For its part, organized philanthropy could play three roles in fostering an equitable recovery. First, it could inform the public debate by supporting the kinds of regional-specific research absent from standard economic and analyses. Second, philanthropy should underwrite effective and innovative responses to local problems and spotlight effective programs. Finally, philanthropy should support the advocacy needed to ensure that disadvantaged people and places truly benefit from the eventual recovery.

This paper was prepared for the Mary Reynolds Babcock Foundation by South by North Strategies, Ltd. John Quinterno was the principal author. Thanks to Gayle Williams for her guidance.

All data in this report were compiled from public sources by South by North Strategies, Ltd. Sources available upon request.
In 2005 the Babcock Foundation adopted a ten year plan to move people and communities out of poverty, and now, five years in, the leadership is taking stock of their work and how changes in the nation and the region affect their strategy. This report summarizes the thinking of nine diverse national and regional experts who provided their insights on new understanding about poverty alleviation and how the world has changed in the last five years. Four interviewees are national policy leaders, two are with national organizing and advocacy intermediaries, and three work in community economic development in the Foundation’s region.

Not surprisingly the interviewees spoke about alleviating poverty for people and places very much from the perspective of their own work, whether policy related, advocacy oriented, or development focused. But each expert recognized the importance of a mix of these approaches. Everyone pointed to the fundamental need for human capital development, including building basic educational attainment, workforce skills and leadership capacity in policy, organizing and community development.

Current Economic, Social and Political Conditions and Changes Since 2005
The economic downturn has had a profound impact on poor people and communities. Our interviewees saw many accomplishments of the previous decade wiped out, as people lost their jobs and homes, and even progress developing organizational capacity and infrastructure unraveled. Unemployment in the region has increased dramatically. States and local governments are experiencing severe fiscal stress across the country and the region, and in response are cutting programs that benefit low income families and communities. This pressure will exacerbate as federal stimulus dollars no longer provide a cushion.

But beyond the current Great Recession, our experts expressed deep concern about how the changed structure of the economy affects poverty alleviation and efforts to build opportunity. Many worry we are seeing a permanent loss of middle skill jobs that pay middle class wages, as well as fewer “ladders” to better jobs. The nature of the labor market and the dearth of quality jobs concern organizers, policy analysts, and development practitioners alike.

Before the recession the region was seeing slight improvements in poverty rates and unemployment rates. But even then poverty was very high, and child poverty especially severe, with one out of four children growing up poor. A recent Carsey Institute report found very high young child poverty in the rural South in 2008, where one out of three children under six is growing up poor. New neuroscience and child development research shows how much young child poverty can diminish longer term achievement and stability, so these are deeply troubling conditions. In many ways the rural South is like the nation’s distressed inner cities, with

---

1. Gordon Berlin, President MDRC, New York, NY
   Nick Johnson, Director, State Fiscal Analysis Initiative, Center on Budget and Policy Priorities, Washington, DC
   Thomas Shapiro, Professor of Sociology and Director of the Asset Institute, Heller School, Brandeis, Waltham, MA
   Douglas Besharov, Professor of Public Policy, University Maryland, College Park, MD
   Deepak Bhargava, Executive Director, Center for Community Change, Washington, DC
   Joe Brooks, Vice President for Civic Engagement, PolicyLink, Oakland, CA
   Karl Stauber, President, Danville Regional Foundation, Danville, VA
   Bill Bynum, CEO of the Delta Enterprise Corporation and Hope Community Credit Union
   Justin Maxson, President, Mountain Association for Community Economic Development, Berea, KY

2. The Carsey Institute examined changes in unemployment in the clusters of counties in Appalachia, Alabama and Mississippi where we surveyed over 3,500 residents in 2007 and 2008, and these chronically poor communities have suffered high unemployment in recent years, above the national average and greater than other rural regions we are tracking. See Appendix.
low education, often high numbers of single parent households, and the social problems of crimes and drugs that accompany deep poverty.

Our experts cited four recent social and demographic changes with implications for the foundation’s work. First, everyone said there is growing recognition, across ideological and political lines, that incarceration of young men of color has been very hard on families and communities. Second, several pointed to the arrival of new immigrants affects the labor market, the profile of the poor and the nature of many poor communities, with implications for antipoverty work. Third, in the South, development practitioners saw a positive sign that there have been increasing numbers of return migrants who may have a positive role in deepening community capacity in the larger, less remote communities where they are settling. And finally, a few mentioned the generational shift, perhaps long overdue, that is occurring in organizational leadership and activism, as young leaders, who are more comfortable moving across class and race, replace the old guard.

Clearly there have been tremendous political changes since 2005. There is a strong commitment in the Obama Administration to policies that make work pay, and we saw several of these get a boost in the Recovery Act, including expansion and reform of the Earned Income Tax Credit (EITC) and Unemployment Insurance, the new Making Work Pay program, and improved Child Tax Credit Policies. New federal initiatives like the Promise Neighborhoods and Choice Neighborhoods programs, the Social Innovation Fund, educational reform programs, and child obesity initiatives are underway to improve opportunities for poor children and conditions in poor communities, and offer both lessons for non-profits and partnership opportunities for foundations. Everyone sees the passage of Health Reform as a game-changer for those working on building opportunity for low income workers and families. Several experts pointed out the very important battles ahead over implementation – especially at the state level where there will be many choices that can be more or less progressive in their impact.

Finally, the impact of Katrina and Rita not only created severe destruction to communities in the foundation’s region. The programs and collaborative work that emerged in response to the devastation and to the newly available resources have implications for our understanding of development challenges and opportunities for capacity building in the region. People collaborated well, and used resources effectively, showing that when there are resources and they are used with good accountability, the needed organizational capacity can be developed in the region.

Current Thinking on Ways to Support Low Income Children and Families

Our policy and advocacy experts agree there is a growing consensus about what policies are effective to help low income working families: those focused on (1) making work pay (and possible, I would add), (2) quality early childhood education, and (3) helping youth make a successful transition to adulthood. Several pointed to compelling new results from experimental programs and interventions that provide models for a range of effective programs—from the Harlem Children’s Investment Zone to YouthBuild, Citizen Schools, Youth Villages, charter schools like Green Dot and KIPP, and Home Visiting, to name a few.1 Our experts all talked about the ongoing need to make public education work for poor children. Several felt we are learning more about the greater challenges facing fragile, deeply disadvantaged long term poor families, who are often those hardest hit by the growth in incarceration of young males of color. And, as noted above, they all feel a new urgency to address the implications of a restructured economy and labor market. To summarize, these experts agree that:

- Policies that make work pay are critical and have been shown to be effective, though we have not done enough on child care or benefits for single males and noncustodial fathers;
- The labor market is changing as the economy restructures, and more work needs to be done to ensure there are jobs with good wages and benefits as well as safe conditions; workforce skill training needs attention; and
- Reducing incarceration through alternative

1. Several of the Obama administration initiatives mentioned above are efforts to replicate some of these effective programs.
sentencing and implementing effective re-entry programs are important and do-able;

- Fragile families, many of whom are single parent families and also feel the impact of incarceration of a family member, need deeper and different support, including not only education and mental health and substance abuse programs, but also help with basic relationship and communication skills;
- Public schools have failed poor children and stronger school leadership in poor neighborhoods has been shown to make a difference even in the toughest places.

Finally, many of our experts cautioned against too much focus on asset building as an end in itself. While they agree assets are valuable, and assuring financial literacy and protection from predatory lenders is vital, most say programs for building assets directly through savings accounts have not achieved scale. Some would urge more policy work to achieve that scale; others argue that in the context of limited resources, efforts should be dedicated elsewhere.

**Making Work Pay, Improving Job Quality and Workforce Development in a Changing Labor Market**

Policies to make work pay, from the federal and state earned income tax credits to child tax credits, child care subsidies, and the new “make work pay” program in the stimulus package, are widely seen as the poverty policy with the biggest impact. Results from the New Hope experiment in Milwaukee show that making work pay programs not only help working adults provide for families and stabilize relationships, but also improve outcomes in school for their children. These are real accomplishments in recent years, and the Foundation’s support for policy analysis and advocates for better policy is well placed.

There are good prospects for making the improvements introduced in the stimulus package permanent under this administration, and ending the Bush tax cuts for the wealthy should provide revenue to support them. However, states’ poor fiscal conditions will threaten programs for low income families, and in the near future there will be many state level battles over whether to address budget shortfalls with progressive new revenue strategies or regressive taxes and taking back tax relief for low income workers and families. There are examples of some good progressive steps – Virginia has a new state EITC, which, while not refundable, helps; Louisiana enacted a small refundable tax credit; North Carolina enacted a temporary income tax increase on high income families. Successful efforts combine good policy analysis with strong communication in a well developed, adequately funded campaign.

Advocacy for the safety net is still important, including food stamps and making sure unemployment insurance reaches low wage workers. Low income working families struggle to afford child care and find high quality caregivers, and the lack of programs to help single males and noncustodial fathers has a negative impact on those men and on their ability to be good partners and fathers. The child support program in particular is poorly designed and has had unintended negative consequences for these families.

The changes in the structure of the economy, as middle skill manufacturing and production jobs disappear to increased productivity or plants moving overseas for cheaper labor costs, worry everyone. Between 2005 and 2008, the ten southern states lost over 311,000 manufacturing and production jobs. Half of all jobs created over the next eight to ten years will be low wage, such as home health care workers and other service workers. Even when production jobs remain, wages for new hires are sometimes 50 percent less than for those already employed. This labor market trend may mean that policymakers need to consider restructuring EITC, forgiving payroll taxes for low wage workers, even paying employers.

Organizers want to see a robust overall strategy to ensure full employment that targets the poor and communities of color and restores job quality and job safety. Several talked about advocating for public jobs, along the lines of the WPA, CCC and CETA, including community sponsored jobs in weatherization, other “green jobs,” and child care that go to low income workers. Organizers in Tennessee and Ohio have pushed for direct job creation in weatherization.

4. See Appendix
and seen some success. While several interviewees endorsed ongoing efforts to raise the minimum wage and facilitate collective bargaining, one argued that collective bargaining will not reach down to the very poor. But they all said they want to believe that it is still possible to boost wages and improve the quality of jobs. When the economy was better there were some successes, as in Arkansas.

There was widespread interest in doing more to develop the workforce skills of low income workers, even though such programs do not deliver immediate results. Some thought such a strategy would appeal to the business sector. Everyone spoke about the need for workforce development for the poor, but the verdict on how well we do on job training was mixed. Some argued that evaluations that appeared to find poor results were themselves flawed, and that programs like Job Start and many of the post welfare reform programs work better than the prevailing wisdom suggests. There is recognition that community colleges are paramount here, especially in creating programs to train low skill workers for future green jobs and health jobs.

**Incarceration**
All our experts brought up the high levels of incarceration and the damage it does to families and communities. There is more work now on alternative sentencing laws, though programs to improve ex-prisoners re-entry into families and communities are also ongoing. There are good ex-offender programs out there, and Public Private Venture studies show we can make a real difference with modest investment. Others cite work supported by Mott, and projects by the Pew Center and the VERA Institute.

**Fragile Families**
Several experts made a distinction between the needs of the long term poor—who are often suffering from mental and physical health issues, substance abuse, moving a lot, and entangled in incarceration—and the new or working poor who benefit from the making work pay policies. These fragile families need extra support to get into the workforce and would benefit from relationship and communication skills. Their children are those in the lowest performing schools.

**Effective Schools**
Our experts are impressed by charter school results, the effectiveness of small schools, and by the growing evidence that strong, energetic principals can make a difference in seemingly intractable tough conditions in bad schools. Everyone emphasized the need to make public schools work for poor children in poor communities as fundamental to poverty alleviation.

**Asset Building**
Asset building encompasses policy work to advance programs like Individual Development Accounts and Child Saving Accounts that would provide broad support for low income children and families, policy work to protect low income families from predatory lenders, policy work to end asset restrictions on eligibility for key social support programs, and local and regional organizations’ efforts to improve financial literacy and help low income families get “banked” and become savers, and then homeowners. Given this wide range of activities that fall under asset development, it is understandable that there are mixed reviews and a range of ideas about how much assets should be the focus of foundation resources and organizations’ program activities. While those focused on policy and advocacy are not enthusiastic about asset-oriented policies by and large, those focused on development define their work as asset building.

**Community Economic Development in the Southeast**
Development practitioners and place-based organizers who focus on getting the economy working for low income workers and their families emphasize the need for both human capital development and building the leadership and capacity of local organizations. Their community economic development work requires a comprehensive and multi-faceted approach. The interconnected strategies include investment transactions, technical assistance, organizational capacity building, and changing the frame for regional development through policy work. They each said, in different ways, how important it is for people to imagine themselves and their communities in a better place, so a deliberate part of their work is dedicated
to changing how people think about development and how local and state government approach it. There is consensus then, on three key elements:

1. Insist on better education and create a strong culture that values it and holds educational institutions accountable.
2. Capacity building by anchor institutions to create the organizational infrastructure that can support community economic development.
3. Developing policy that moves resources to low income communities and changing the way people think about development and their own future.

They cite the legacy of underinvestment in the rural South, and the ongoing impact of historical economic powers that still dominate how things work in the region and how people think about their economy. In Appalachia the power of the coal industry to shape the politics of development is a huge obstacle to sustainable development. Historically rural development efforts have focused on attracting branch plants, and some see attracting entrepreneurs as the right strategy for the future. Those entrepreneurs need support, especially when efforts are directed toward low income people. In some cases entrepreneurial strategies in poor rural areas do not reach the poor, but rather benefit those who are already doing pretty well. To reach scale, our development experts want to influence how state development dollars flow.

**Education**

Development practitioners are not directly involved in education, though investment in elementary school and community colleges is part of the Danville Regional Foundation’s strategy. But time and again our development practitioners cite the lack a strong education system and the constrained human resources as their primary obstacle. (A lack of adequate financial resources, from banks and large foundations, is the other oft cited problem).

**Organizational Capacity Building**

These development practitioners’ recurring theme is the need to build capacity. They argue there is capacity potential, but it requires long term investment. Even microenterprise development becomes a kind of capacity building that creates “agency” where it did not exist before. They see their roles as anchor institutions to help build organizational capacity in their region, and doing so is what is most needed – more than transactions, more than support for small grassroots groups, though these local organizations are valuable. “Invest in leadership and community institutions’ capacity” was a recurring theme for development actors and for organizers.

**Policy and Framing the Development Options**

And, finally, policy work to reframe how development is understood by both government officials and people in the region is important for achieving long term change.

**Summary and Implications for the Work of the Foundation**

The recession has taken a heavy toll on the region and the work of the Foundation’s grantees and partners, and there is concern that the changed structure of the economy and the labor market will hurt poor and low income workers. The Foundation’s investment in state policy work, and advocacy to support good “making work pay” and safety net policies, is important and to be commended.

The changing labor market may mean that the foundation should pay increased attention to workforce and job training.
Health reform is a huge change on the landscape and will have lasting impact on low income families and workers. There will be important debates at the state level, and the Foundations’ state policy grantees and partners have an important role to play in ensuring the decisions benefit low income people.

Incarceration, especially of young males of color, has had a terrible impact on poor families and communities. But there is good work underway across the country on alternative sentencing and supportive re-entry. The Foundation might want to help its partners learn about this work, if they are not already involved in it.

More is known about programs that work to support children and youth, both in and out of school. The Social Innovation Fund is a federal effort to replicate good programs that work and some think the Foundation may want to identify efforts that are funded in the region and support the nonprofits involved. There also may be opportunities for the Foundation to make regional partners more aware of effective programs that could be replicated in the South.

The Foundation’s support for anchor institutions and organizational capacity building is highly valued. If anything, the message from our interviewees would be to do as much of this capacity building and leadership development as possible.

To a person, the interviewees expressed sincere admiration and appreciation for the Babcock Foundation’s approach to grant making and supporting partners in the region.
Figure 1: Middle-income group is relatively small in southern areas, and lower-income group is larger.

Figure 2: Self-employment is lower in poor southern areas, and disability is higher.
Figure 3: Educational attainment is lower in southern areas.

Figure 4: There are fewer newcomers in these poor southern communities.
Figure 5: There is greater reliance on social assistance in these poor communities.

- **Alabama**
  - Lost Job
  - Disability/SSI
  - TANF
  - Food Stamps

- **Kentucky**
  - Lost Job
  - Disability/SSI
  - TANF
  - Food Stamps

- **Mississippi**
  - Lost Job
  - Disability/SSI
  - TANF
  - Food Stamps

- **All Other**
  - Lost Job
  - Disability/SSI
  - TANF
  - Food Stamps

Figure 6: Those in poor areas worry about a lack of recreational opportunities and the prevalence of crime and drugs.

- **Alabama**
  - Recreation
  - Crime
  - Development
  - Decline
  - Health
  - Poverty
  - Schools
  - Housing
  - Drug mfg & sales
  - Jobs

- **Kentucky**
  - Recreation
  - Crime
  - Development
  - Decline
  - Health
  - Poverty
  - Schools
  - Housing
  - Drug mfg & sales
  - Jobs

- **Mississippi**
  - Recreation
  - Crime
  - Development
  - Decline
  - Health
  - Poverty
  - Schools
  - Housing
  - Drug mfg & sales
  - Jobs

- **All Other**
  - Recreation
  - Crime
  - Development
  - Decline
  - Health
  - Poverty
  - Schools
  - Housing
  - Drug mfg & sales
  - Jobs
Figure 7: Fewer people are involved in organizations in the poorer areas.

Figure 8: More people in poor areas say they will move away.
Table 1: February unemployment rate (not seasonally adjusted) for CERA survey counties.

<table>
<thead>
<tr>
<th>State</th>
<th>County</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Change 2005-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Choctaw</td>
<td>7</td>
<td>5.5</td>
<td>4.8</td>
<td>6.7</td>
<td>11.4</td>
<td>12.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Alabama</td>
<td>Clarke</td>
<td>6.5</td>
<td>5.8</td>
<td>5.5</td>
<td>6.3</td>
<td>13.1</td>
<td>18.3</td>
<td>11.8</td>
</tr>
<tr>
<td>Alabama</td>
<td>Marengo</td>
<td>6.3</td>
<td>4.4</td>
<td>4.2</td>
<td>6.1</td>
<td>11.3</td>
<td>14.1</td>
<td>7.8</td>
</tr>
<tr>
<td>Alabama</td>
<td>Wilcox</td>
<td>9.2</td>
<td>7.5</td>
<td>8.2</td>
<td>10.6</td>
<td>21.7</td>
<td>27</td>
<td>17.8</td>
</tr>
<tr>
<td>Colorado</td>
<td>Chaffee</td>
<td>6.2</td>
<td>5.5</td>
<td>3.9</td>
<td>4.9</td>
<td>7.5</td>
<td>7.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Colorado</td>
<td>Park</td>
<td>5.6</td>
<td>4.5</td>
<td>4.2</td>
<td>4.5</td>
<td>7.0</td>
<td>8.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Kansas</td>
<td>Jewell</td>
<td>3.3</td>
<td>3.2</td>
<td>2.8</td>
<td>3</td>
<td>3.4</td>
<td>4.3</td>
<td>1</td>
</tr>
<tr>
<td>Kansas</td>
<td>Osborne</td>
<td>4.7</td>
<td>3.4</td>
<td>4</td>
<td>3.1</td>
<td>4.5</td>
<td>5.1</td>
<td>0.4</td>
</tr>
<tr>
<td>Kansas</td>
<td>Republic</td>
<td>5</td>
<td>4.1</td>
<td>3.4</td>
<td>3.1</td>
<td>4.1</td>
<td>4.1</td>
<td>-0.9</td>
</tr>
<tr>
<td>Kansas</td>
<td>Smith</td>
<td>4.3</td>
<td>3.2</td>
<td>3.2</td>
<td>2.7</td>
<td>5.9</td>
<td>4.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Harlan</td>
<td>8.8</td>
<td>9.3</td>
<td>9.2</td>
<td>9.7</td>
<td>10.7</td>
<td>13.4</td>
<td>4.6</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Letcher</td>
<td>8.2</td>
<td>8.7</td>
<td>8.8</td>
<td>7.7</td>
<td>9.1</td>
<td>13</td>
<td>4.8</td>
</tr>
<tr>
<td>Maine</td>
<td>Oxford</td>
<td>6.4</td>
<td>6.3</td>
<td>6.7</td>
<td>6.7</td>
<td>10.8</td>
<td>11.4</td>
<td>5</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Coos</td>
<td>4.6</td>
<td>4.3</td>
<td>5.6</td>
<td>5.2</td>
<td>9.4</td>
<td>9.7</td>
<td>5.1</td>
</tr>
<tr>
<td>Vermont</td>
<td>Essex</td>
<td>5</td>
<td>5.3</td>
<td>5.7</td>
<td>7</td>
<td>10.5</td>
<td>11.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Maine</td>
<td>Hancock</td>
<td>8.4</td>
<td>8.2</td>
<td>8.2</td>
<td>8.2</td>
<td>12.1</td>
<td>12.3</td>
<td>3.9</td>
</tr>
<tr>
<td>Maine</td>
<td>Washington</td>
<td>11.2</td>
<td>9.6</td>
<td>9.3</td>
<td>10.4</td>
<td>13.1</td>
<td>13.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Michigan</td>
<td>Alger</td>
<td>9</td>
<td>9.6</td>
<td>9.6</td>
<td>11.0</td>
<td>14.0</td>
<td>16.1</td>
<td>7.1</td>
</tr>
<tr>
<td>Michigan</td>
<td>Chippewa</td>
<td>11.6</td>
<td>10.9</td>
<td>10.8</td>
<td>10.9</td>
<td>13.4</td>
<td>16.5</td>
<td>4.9</td>
</tr>
<tr>
<td>Michigan</td>
<td>Luce</td>
<td>9.2</td>
<td>9.3</td>
<td>8.9</td>
<td>8.7</td>
<td>12.1</td>
<td>15.9</td>
<td>6.7</td>
</tr>
<tr>
<td>Michigan</td>
<td>Mackinac</td>
<td>23.1</td>
<td>21.1</td>
<td>21.7</td>
<td>23.0</td>
<td>27.9</td>
<td>30.9</td>
<td>7.8</td>
</tr>
<tr>
<td>Michigan</td>
<td>Schoolcraft</td>
<td>14.8</td>
<td>13.8</td>
<td>14.2</td>
<td>13.8</td>
<td>16.9</td>
<td>18</td>
<td>3.2</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Coahoma</td>
<td>13</td>
<td>11.3</td>
<td>11.3</td>
<td>9.4</td>
<td>13.3</td>
<td>17.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Quitman</td>
<td>12.4</td>
<td>9.4</td>
<td>9.8</td>
<td>9.3</td>
<td>12.4</td>
<td>16.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Tunica</td>
<td>15.2</td>
<td>12.2</td>
<td>12.4</td>
<td>11.9</td>
<td>17.6</td>
<td>21.1</td>
<td>5.9</td>
</tr>
<tr>
<td>Oregon</td>
<td>Clatsop</td>
<td>7.1</td>
<td>6.5</td>
<td>5.5</td>
<td>5.3</td>
<td>9.9</td>
<td>10.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Washington</td>
<td>Pacific</td>
<td>7.8</td>
<td>7.1</td>
<td>7.5</td>
<td>7.4</td>
<td>14.3</td>
<td>14.5</td>
<td>6.7</td>
</tr>
<tr>
<td>Washington</td>
<td>Clallam</td>
<td>7.9</td>
<td>6.6</td>
<td>6.6</td>
<td>7.7</td>
<td>10.3</td>
<td>11.7</td>
<td>3.8</td>
</tr>
<tr>
<td>Washington</td>
<td>Grays Harbor</td>
<td>8.7</td>
<td>7.7</td>
<td>7.8</td>
<td>7.7</td>
<td>13.0</td>
<td>14.9</td>
<td>6.2</td>
</tr>
<tr>
<td>Washington</td>
<td>Jefferson</td>
<td>7.1</td>
<td>5.7</td>
<td>5.4</td>
<td>5.6</td>
<td>8.8</td>
<td>10.8</td>
<td>3.7</td>
</tr>
</tbody>
</table>