in Metropolitan Resilience in a Time of Economic Turmoil edited by Michael A. Pagano (Urbana : University of Illinois Press, 2014)

Building the Local Social Safety Net in an Era of Fiscal Constraint

MARGARET WEIR

UNIVERSITY OF CALIFORNIA, BERKELEY

Despite the complex funding responsibilities and administrative arrangements for the social safety net, municipal government engagement with that net is crucial to the health and well-being of all residents. This chapter introduces the strategies local governments use to build safety nets for their residents. They construct such nets by serving as 1) *connectors* to federal and state benefits and resources; 2) *system builders* among the diverse public and private local organizations that administer policy; 3) *program innovators*; and 4) *advocates* in state and national politics for a stronger safety net. By building effective public bureaucracies to administer social programs and by supporting outreach, local governments can ensure high take-up rates for federal benefits. When local governments act as system builders, they maximize their role as key implementers of federal programs, influencing the quality and reach of the safety net. As program innovators, local governments initiate new strategies that can provide models for other localities. Finally, when local governments act as advocates, they use their political connections to secure federal and state resources for programs serving low-income residents.

Yet, not all local governments are willing or able to strengthen the social safety net. The chapter distinguishes among *engaged local governments*, which seek to implement the strategies described above; *weak local governments*, which have little public capacity and struggle to implement any strategy to assist low-income residents; and *avoiders*, local governments that shun responsibility for the social safety net, often placing additional burdens on neighboring localities that provide services. In areas where the public sector is unwilling or unable to address the needs of low-income residents, advocates must turn to nonprofits and philanthropic organizations to create a social safety net.

Strategies for strengthening the social safety net include improving take-up of federal social benefits, especially in immigrant communities; building coherent regional systems for delivering services, strengthening the role of metropolitan planning organizations and community development financial institutions in creating regional systems for services; devising new federal programs to work with regional nonprofits and philanthropy to address the special problems of highly distressed suburbs and cities; and reengaging local governments as advocates for federal programs that support low-income residents, such as the Temporary Assistance for Needy Families (TANF) Emergency Fund, which allowed states to create subsidized jobs for TANF recipients.

Local governments approach their responsibility to provide for the health, safety, and welfare of their residents with conflicting impulses. On the one hand, they possess strong political and economic incentives to ensure a high quality of life that will attract and retain prosperous residents and businesses. Moreover, as research on fiscal federalism has posited for decades, local governments have little fiscal incentive to support redistribution to lower-income residents, even when politically pressured to do so. Yet, fiscal pressures are only one factor shaping local engagement with the social safety net. The federal government and the states—not local government—supply most of the funds for redistributive policies; moreover, key safety net programs—such as the TANF program, Supplemental Nutrition Assistance Program (SNAP, formerly called food stamps), housing programs, and child care—are administered by a diverse array of entities, including the federal government, state governments, county governments, local governments, and nonprofit organizations.

Federal and state funding and the engagement of multiple administrative channels present local governments with a menu of choices to ensure a high quality of life and build a strong social safety net. Local governments can seek to minimize pressures to engage in redistribution by limiting the population that relies on the social safety net. Localities choosing this route may seek to reduce demand for safety net services, or they may simply leave the safety net to nonprofits and other governments (such as the state, county, or township), thereby freeing local government to focus exclusively on improving the quality of life for its more affluent residents and businesses. Alternatively, local governments can use their limited fiscal resources, their political leadership, and their administrative capabilities to enhance the safety net, by taking up one of the four strategies mentioned above. The Great Recession reduced

local government choices as it tightened the local fiscal noose; but at the same time it made substantial new resources temporarily available through the American Recovery and Reinvestment Act (ARRA).

This chapter examines how local governments with distinct demographic profiles and resource bases have approached these challenges and how the worst fiscal crisis—and the sharpest increases in need—since the Great Depression have altered their perspectives. Although the term *local safety net* evokes images of cities, the rise in suburban poverty—by 2008, more than half the poor lived in suburbs—necessitates that any consideration of the local safety net also examine suburbs.[1] While an array of special districts, townships, and counties comprise local government, this chapter focuses on the strategies of general-purpose municipal governments, remaining attentive to the ways they intersect with other local governments and nonprofit organizations. The chapter first briefly presents the fiscal federalism argument and sketches the diverse financial flows and organizational responsibilities for the social safety net. The second section examines the strategies of three types of local governments: the engaged, cities and suburbs that deploy one or more strategy to strengthen the safety net even as they prioritize quality of life for the middle-class and affluent residents; the weak, very poor cities and suburbs that have limited public resources for building the social safety net; the avoiders, mainly affluent suburbs that shun the strategies described above and focus primarily on the quality of life for the middle class. The final section considers policy actions for the future, attentive to the resource constraints that accompany the end of the federal stimulus.

LOCAL GOVERNMENTS, REDISTRIBUTION, AND THE SOCIAL SAFETY NET

The classic arguments of fiscal federalism posit that local governments will shun redistributive programs but may have strong incentives to improve the quality of life.[2] Competition forces local governments to emphasize economic development and activities that attract and retain tax-paying residents and businesses. By diverting resources and imposing burdens on the affluent, redistribution jeopardizes these goals, leaving localities disadvantaged in interlocal competition. Improving the quality of life, on the other hand, can help attract and retain businesses and taxpayers.[3]

The stark claims of the fiscal federalism model have fueled a long and contentious debate about how much room local governments have to maneuver when supporting redistribution and whether redistributive goals and economic development can be made compatible. Empirical studies show that, indeed, the model overstates local economic constraints.[4] Big cities with large needy populations and electoral coalitions connected to low-income populations have historically found the fiscal slack to support some level of redistribution. For example, in 1999, Glaeser and Kahn found that large cities spent 2.5 percent of their budgets on local welfare expenditures compared with 0.7 percent in smaller cities. Large cities spent even more on public housing and health—7.4 percent of the budget compared with only 3.6 for smaller cities.[5] But big-city redistributive spending has fallen significantly since the 1970s, when cities first began to experience fiscal crisis and again in the 1980s when federal aid to local governments dropped sharply. Faced with restricted budgets and competition from edge cities, cities began to focus on improving the quality of life, aiming to attract tourists, retain residents, and in the 2000s to lure "the creative class."[6] As figure 1 indicates, city revenues received a severe blow from the Great Recession, which had come on the heels of a difficult decade for city finances.

As the small proportion of city budgets dedicated to redistribution suggests, even at the height of local spending on redistributive programs, the bulk of funding for social policy came from the states and, especially, from Washington. The federal government directly funds key safety net programs such as the Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), and housing choice vouchers; it offers other programs, such as the Social Services Block Grant (SSBG), the Community Development Block Grant (CDBG), Low-Income Home Energy Assistance, and the Child Care and Development Fund, as grants that go directly to cities, counties, and states. Washington also supplies a host of other grants, such as the Choice Neighborhoods Act, and competitive housing and education grants for which local governments must apply. The other key safety net programs—TANF and Medicaid—receive joint federal-state funding. The trend to rely on Washington accelerated during the 2000s, when state and local funding for the safety net declined, with the exception of Medicaid. In 2006, 61 percent of social-welfare spending came from the federal government; state and local governments funded the rest.[7] The Great Recession has reinforced the dominant federal role in financing the social safety net as ARRA offered supplemental funding for a range of safety net programs.[8]

Despite their relatively small role in funding social programs, local governments play a critical role in ensuring a strong social safety net. Four roles stand out: that of connector, system builder, program innovator, and advo-

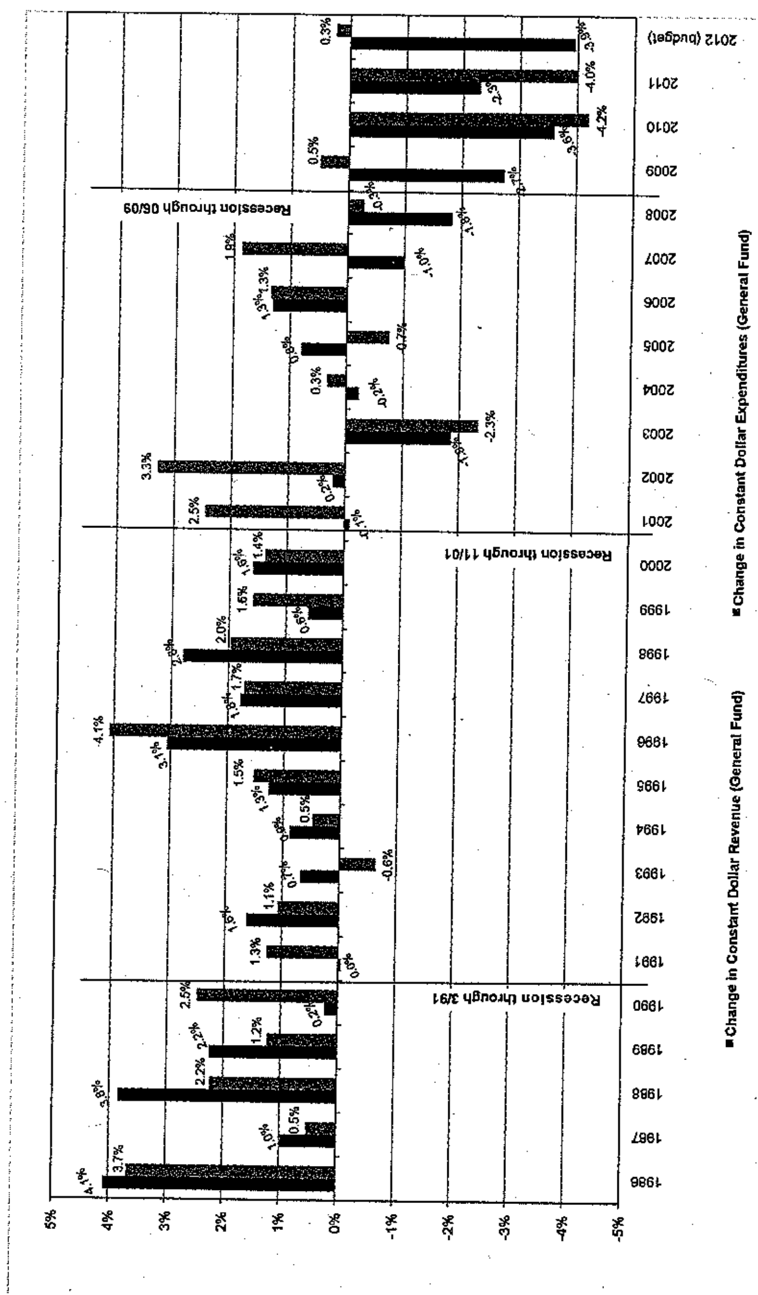

Figure 1. Year-to-Year Change in General Fund Revenues and Expenditures (Constant Dollars). Source: Christopher Hoene, Michael Pagano, and Christy McFarland, *City Fiscal Conditions in 2012* (Washington, DC: National League of Cities, 2012).

cate. A brief review of how these strategies have evolved lays the groundwork for considering the local safety net prior to and during the Great Recession. (Table 1 summarizes these strategies; examples are presented later in the chapter.)

In their role as connector, local governments can influence access to benefits. By building strong local public bureaucracies to administer social programs and by supporting outreach, local governments can ensure high take-up rates for federal benefits. On the other hand, by having unresponsive bureaucracies and discouraging rules, local governments can make the safety net difficult for residents to access.[9] Even in fully federal programs, such as SNAP, local governments play a key role because they pay part of the costs of administering the program, thus shaping access to benefits.

When local governments act as system builders, they maximize their role as implementers of federal programs. Local government influence over implementation determines much about the quality and reach of the safety net. For example, contrasts between the fate of post–World War II public housing in New York and Chicago highlight the role of local administration in weakening Chicago's public housing and strengthening New York's.[10] Yet, local governments rarely administer safety net programs alone. In most cases, they are one actor among many, including nonprofit organizations and other governments. The outsourcing of the safety net to nonprofits, which can be traced to the reliance of the Johnson administration's War on Poverty on nonprofit community action agencies, accelerated during the 1980s.

After the 1996 welfare reform, which substantially reduced the number of families qualifying for cash assistance, nonprofit services—such as child care and job training—became essential components of the work-oriented system of assistance.[11] As a result, the infrastructure for delivering safety net benefits has aptly been called a "policy field," which varies by policy and from community to community, depending on governmental arrangements and the strength of the nonprofit sector.[12] Within this array of diverse actors, local governments often play a pivotal role. They can assist nonprofit providers in finding and renovating space or they can reinforce "not-in-my-back-yard" (NIMBY) sentiments of local residents.[13] Local governments make important decisions about the distribution of block grants such as CDBG and SSBG. They can determine whether CDBG funds are closely targeted on the needs of low-income residents and select which agencies receive SSBG funds and for what purposes. Mayoral leadership is especially important in coordinating initiatives that require the engagement of multiple agencies and programs.[14]

Table 1. Local Government Strategies for Strengthening the Social Safety Net

Strategy	Actions	Policy Examples
Connector	Connect low-income residents to existing state and federal assistance	Chicago's campaign to expand EITC take-up rate
System Builder	Oversee new connections among local organizations to promote more effective service programs; combine state and federal income streams in new ways	New York City's EarlyLearn NYC merged child care, Head Start, and universal prekindergarten funds to support system redesign Chicago's Regional Housing Choice Initiative
Program Innovator	Launch new programs to support security and opportunity for low-income residents	San Francisco's health care access program Healthy San Francisco New York City's Social Impact Bonds
Advocate	Support nonprofit efforts to secure federal, state, and local funds; may require matching grants Lobby to secure additional state and federal funds for low-income residents or to change federal, state, and local programs to support more effective local action Support coalitions of nonprofits advocating for low-income residents	San Antonio's support for Choice and Promise Neighborhoods program Mobilization to increase Community Development Block Grant Funds

Local governments can also act as program innovators. During the Great Depression, New York's mayor Fiorella LaGuardia set the pace for introducing innovations to support poor New Yorkers.[15] After the 1970s, however, limited city resources and the political invisibility of low-income residents in many localities meant that only the wealthiest cities—or those with strong political support for the poor—introduced innovations that required significant spending. But even localities with limited resources can introduce smaller-scale innovations.

Finally, local officials can also act as advocates for their low-income communities. They can decide whether to apply for competitive state and federal grants, and they can use their political connections to secure additional federal, state, and local the resources for programs that serve low-income residents. Local governments can support nonprofits with matching funds, which are often required for federal grants. Such engagement signals to federal granting agencies a level of commitment and organization that makes successful implementation more likely.

Local governments have also used their political connections to lobby for increasing the pool of resources to assist low-income residents. During the Great Depression of the 1930s, local governments—especially big cities—pressed Washington for assistance to the poor, advocating for work and relief programs. Banded together in the U.S. Conference of Mayors, big cities constituted a powerful intergovernmental lobby. Although concerns about the safety net never topped the agenda of such organizations, the urban lobby could be counted on at that time to keep concerns about poverty and opportunity on the national agenda. However, as big cities lost population and responsibility for urban social programs devolved to the states beginning in the 1980s, cities lost much of their political clout in national politics.[16] Today local governments—even big cities—have become a much weaker force in national politics and are much less likely to prioritize the needs of low-income residents in their interactions with state and federal officials. As table 2 shows, most discretionary low-income block grants programs, which are most vulnerable to cuts and erosion in value, have declined substantially since 2001.

There is little systematic research detailing what local governments do to strengthen the local safety net or identifying which governments are more likely to launch particular kinds of initiatives. Many local governments are content to leave full responsibility for the social safety net to the state, counties, and in some states the townships, all of which already bear formal financial and administrative responsibilities for some aspects of the net. Others may decide to take leadership roles in addressing poverty. In 2007, the National League of Cities surveyed its members to chart local antipoverty initiatives. Although the survey's very low response rate (fewer than a hundred responses from the 1,600 local NLC members) limits its representativeness, more than half of the respondents reported having no antipoverty initiatives in place and no plans to devise such initiatives. Of those that reported launching an antipoverty scheme, typical plans included creating a coordinating agency; setting a target for action (such as Earned Income Tax Credit outreach); focusing on particular neighborhoods or groups; or other policy-specific initiatives, such as efforts to reach the unbanked.[17]

Just as there is no representative portrait of local antipoverty initiatives, there are no broad assessments that evaluate which types of local interventions are most effective at reducing poverty. Local economic development

activities have been criticized as ineffective because they are "swimming against the tide" of policy incentives that leave some places poorer than others.[18] Yet, many local government initiatives promote access to federally supported benefits that directly reduce poverty, such as affordable housing, medical care, food assistance, and cash benefits. Even though local governments devote a small proportion of their budgets to redistribution, their critical roles as connectors, system builders, innovators, and advocates make them essential partners in building a strong social safety net.

Table 2. Funding History of Major Discretionary Low-Income Block Grant Programs

Program	Year of inception	Funding in FY 2011 (millions)	Change in funding since 2001*	Change in funding since inception*
Preventive Health and Health Services Block Grant	1982	$80	-64%	-57%
Public Housing Capital Fund	1998	$2,040	-46%	-40%
Community Development Block Grants	1982	$3,336	-39%	-57%
Training and Employment. Services Block Grants	1982	$2,884	-38%	-55%
Home Investment Partnership Program	1992	$1,607	-29%	-32%
Maternal and Child Health Block Giant	1982	$661	-27%	-22%
Native American Housing Block Grant	1998	$649	-21%	-21%
Mental Health and Substance Abuse Block Grants	1992	$2,102	-20%	-5%
Child Care and Development Block Grant	1991	$2,223	-12%	89%
Community Services Block Grant	1982	$678	-11%	-18%
Education for the Disadvantaged (Title 1)	1981	$15,567	35%	128%
Low income Heating and Energy Assistance	1982	$4,701	86%	12%

* Adjusted for inflation

Source: Douglas Rice and Will Fischer, "Proposal to Greatly Expand 'Moving to Work' Initiative Risks Deep Cuts in Housing Assistance Over Time" (Washington, D.C.: Center on Budget and Policy Priorities, January 10, 2012), http://www.cbpp.org/files/1-10-12hous.pdf, accessed June 6, 2013; Office of Management and Budget documents, House Conference Report 112 331; and other sources.

LOCAL GOVERNMENTS AND THE GREAT RECESSION

The Great Recession presented local governments with a set of contradictory pressures. As local and state funds plummeted, the recession strained city budgets and the nonprofit sector at the same time that poverty rates soared.[19] The poverty rate grew from 12.3 percent of the population in 2006 to 15.0 in 2011.[20] Even so, between 2009 and 2011, federal stimulus funds shielded local governments from the full impact of the recession and offered opportunities to launch new programs and collaborations. Local governments responded in different ways to this conflicting set of pressures. The Great Recession confronted each of these localities with new strains that have tested traditional local responses and engendered experimentation. The engaged, the weak, and the avoiders all confronted the recession with different experiences, resources, and political will for implementing strategies to assist low-income communities.

Engaged Local Governments

Localities—and especially big- to medium-sized cities and some affluent suburbs—approach their responsibilities for enhancing the quality of life and addressing safety net issues with a mix of preferences and resources. For economic and political reasons, they may prioritize enhancing the quality of life for business, the middle class, and affluent residents; but they also are pressured politically to strengthen the safety net. Cities are likely to have significant numbers of low-income residents and especially be home to populations with incomes well below the poverty line. These localities experience strained financial resources but often possess a well-established public and nonprofit organizational infrastructure for assisting low-income residents. The recession has enhanced the fiscal strain and resulted in cutbacks of key services, diminishing the quality of life in the vast majority of these places. But, at the same time that the recession has battered the finances of these cities, federal ARRA funds have made possible some new initiatives. This combination of stress and new resources prompted many local governments to engage as connectors, system builders, innovators, and advocates for the safety net, even as others have taken actions that may undermine the net in the future.

CONNECTORS Cities have long played the role of connector, linking beneficiaries to federal and state benefits through local public bureaucracies. Some cities extended this role in the 1990s by initiating campaigns to encourage take-up of the Earned Income Tax Credit.[21] Initially brought together by the Center for Budget and Policy Priorities, a Washington-based nonprofit organization, some cities developed strategies for reaching constituencies eligible for the expanded benefits. In 2000, Milwaukee and Chicago launched outreach campaigns that became models for other cities. These campaigns typically engage a broad spectrum of organizations, including nonprofits and businesses, but the leadership of city officials is essential for their success. As urban outreach campaigns developed over time, they built a system of free tax preparation, the community Volunteer Income Tax Assistance (VITA) program (supported by the Internal Revenue Service), which helps protect low-income filers from being pressured to accept high-interest "instant-refund" loans offered by commercial preparers.

Cities have also launched outreach campaigns to encourage take-up of SNAP benefits, which vary widely across localities. For example, in 2011, the Food Research and Action Center estimated that in Detroit 97 percent of those eligible received benefits, compared with only 56 percent in Los Angeles and 40 percent in San Diego.[22] The relatively low take-up rates in cities with high immigrant populations points to the need for targeted outreach among immigrants. Yet cities also enact regulations that limit the take-up of SNAP benefits. Although in 2007 New York State ended the requirement that applicants for food stamps be fingerprinted, New York City continued to require fingerprinting as part of its effort to combat fraud. In 2012, the state ended the fingerprinting requirement in New York City, opening the door for increasing the take-up of benefits.[23] The expansion of the SNAP benefits as part of the ARRA made SNAP the most important safety net program during the Great Recession.

SYSTEM BUILDERS A host of local actors administer the local safety net. When local governments step into the role of system builder, they make it much more likely that these local actors can cooperate effectively toward the same goals. The well-established antipoverty organizations in many cities first appeared during the War on Poverty. Many urban community action agencies and community development corporations have had decades to build their organizational capacities and political credibility. Some community-based organizations, which Nicole Marwell calls machine-CBOs (community-based organizations), have nurtured close ties to state legislators that allow them to tap significant funding streams.[24] Big cities are also home to philanthropic institutions, many of which trace their origins to the Progressive Era. Large community foundations, such as the Chicago Community Trust, which focus on geographic communities, rarely have robust counterparts in the suburbs.[25]

Although federal and state government programs provide most of the funding for nonprofits, philanthropic dollars provide critical support for organization building and new initiatives, both of which are essential for effective safety net systems. Public institutions that serve the poor, such as public hospitals and subsidized public transit, are also largely found in cities, although the number of public hospitals has declined significantly over the past two decades.[26]

The local nonprofit infrastructure provides cities with a great resource for building partnerships to address the problems of low-income neighborhoods. Yet, in most cities this infrastructure has developed largely haphazardly and struggles to meet the growing needs created by the recession. Nonprofits found it difficult to stay solvent in this tightly restricted fiscal climate. A 2010 study by the Urban Institute revealed that 42 percent of nonprofits ran a deficit in 2009 as funds dried up or payments from state governments fell behind. Smaller nonprofits, which typically have little cushion, were hardest hit. A 2011 survey of human service nonprofits in Los Angeles County found that half were stable and half struggling.[27] The survey revealed that organizations providing basic services for the poor—including shelters and affordable housing—failed at twice the rate of other services. It also showed that organizations in neighborhoods with a high percentage of African American residents were far more likely to disband than were organizations in other neighborhoods.[28] Some local governments have made decisions that are likely to harm their nonprofit infrastructures. The city of Lynchburg, Virginia, for example, made headlines in 2010 when it decided to withhold CDBG funds from nonprofits and instead use them exclusively for city projects.[29]

While fiscal stress may result in a stronger organizational base by promoting mergers and efficiencies, this outcome is most likely when an umbrella organization can oversee a planned process of change. It is unlikely to occur spontaneously from below. However, few metropolitan areas contain organizations with the capacity or authority to promote wholesale reorganization. The survey of Los Angeles nonprofits, for instance, noted only "a few examples of innovative collaborations, partnerships, mergers, or social enterprise initiatives."[30] In some regions, associations of nonprofits sought to cope with the pressure by encouraging nonprofit organizations to merge or share functions. Yet, resistance to such strategies meant that some groups folded during the recession.[31]

The recession also sparked new partnerships among city governments, counties, and nonprofits that represent steps in the right direction. In many of these cases, local government did not act as the system builder but supported others actors, including nonprofits and counties. Given the housing crisis associated with the recession, many of these collaborations concerned

homelessness. For example, Fairfax County, Virginia, in suburban Washington, D.C., assumed the role of system builder in a major anti-homeless campaign that began in 2008. The county took the lead in building an effective partnership between the cities of Fairfax and Falls Church and a wide array of nonprofit organizations, faith groups, and corporate sponsors to launch an anti-homelessness campaign. The campaign, which became a national model, reduced homelessness by 16 percent in Fairfax despite the recession.[32]

Local governments have also supported collaborations initiated by private and nonprofit organizations. In Portland, Oregon, Habitat for Humanity—with the help of a major private donor—bought a number of foreclosed properties and abandoned lots. The city, with its strained finances, played little part in the initiative but plans to build public support around this sizeable private investment in affordable housing.[33] Across the country, the combination of local initiative and additional funds available through ARRA had a significant impact. The National Coalition to End Homelessness reported in 2011 that homelessness did not increase during the recession.[34]

The end of the federal stimulus funds requires that cities use existing funds as effectively as possible. Several cities have embarked on system building in hopes of making the most of diminishing funds. For example, in 2012, the city of Chicago launched a plan that aimed to end homelessness by redeploying existing city funds to provide permanent supportive housing, implementing strategies designed to prevent homelessness, and creating more effective administration through a partnership with Catholic Charities of the Archdiocese of Chicago.[35] The city also introduced new funding to promote a more coordinated system of early childhood education.[36] Similarly, in 2012, New York City redesigned its child care programs to make the system more effective.[37] The new program, EarlyLearn NYC, merged three funding streams (child care, Head Start, and universal prekindergarten), set new requirements on providers, and targeted funds more directly on low-income neighborhoods.

System building at the regional level is much more difficult because it involves the participation of multiple governments. Building regional systems for redistributive issues confronts especially formidable barriers since local governments often prefer to shield themselves from the costs of low-income residents. However, the Chicago region's proposed pilot program, the Chicago Regional Housing Choice Initiative, shows that regional collaboration around redistribution can occur under the right conditions.[38] This pilot program established a consortium among five local housing authorities to make housing choice vouchers more portable across the region. Overseen by the Metropolitan Planning Council, a business-linked civic organization, the initiative represented the work of a cluster of philanthropic and civic organizations, as well as the Chicago Metropolitan Agency for Planning (the region's metropolitan planning organization) and the Metropolitan Mayors Council (a forum that promotes collaboration among the region's mayors).

INNOVATORS Cities can also act as innovators in designing new approaches to strengthen the safety net. Not surprisingly, affluent cities with some fiscal slack are more likely to initiate significant innovations. In the past decade, San Francisco and New York have embarked on pioneering—but very different—strategies for assisting low-income residents. With the support of organized labor and a large contingent of liberal-minded residents, San Francisco launched the health care access program Healthy San Francisco in 2007. Funded by a tax on businesses that do not provide health insurance for their employees, the program offers health services to uninsured residents whose annual income is at or below 300 percent of the national poverty line. In 2003, San Francisco voters approved a citywide minimum wage that was higher than the state minimum and that rises every year to keep pace with inflation.[39] While San Francisco has followed a strategy championed by organized labor and its allies, New York City has pursued a path charted by transnational policy experts.[40] San Francisco's strategy seeks to improve the security of low-income residents, whereas the New York program aims to alter their behavior in hopes of opening new opportunities. In 2006, New York City created a Center for Economic Opportunity (CEO) to incubate bold new ideas about poverty reduction. The CEO has overseen a range of trial initiatives, including developing a new measure for poverty (which showed a higher number of elderly poor than the federal poverty measure). The CEO initiative that has received widespread attention was a pilot program of conditional cash transfers (CCTs), a poverty reduction strategy that had been implemented in the developing world. CCTs provide cash assistance to program participants who meet various behavioral requirements, such as sending children to school, ensuring that family members receive adequate health screening, or undergoing job training. After receiving inconclusive evaluation of the programs' success, however, the city decided not to renew the CCTs after the initial three-year pilot program.[41]

Yet New York continues to experiment with new strategies for social programs. In 2012, the city made headlines when it turned to social-impact bonds to fund a program that aims to reduce recidivism rates among young men.[42] Designed as a strategy to leverage additional funds for social purposes, social-impact bonds elicit investments from private or nonprofit organizations to support social programs. The investors receive a return on their funds only if the program succeeds. The strategy has been used in Britain and Australia,

but New York City's program marks the first U.S. use of social-impact bonds. In New York, the private bank Goldman Sachs offered a $9.6 million loan to support the program. Depending on the outcome of the program, it will lose money, make a profit, or come out even. The strategy raises a host of questions about how contracts will be drawn up and how programs will be evaluated. It also provokes a broader set of concerns. How does the prospect of private investment alter public calculations about investment in the safety net? How would increased reliance on private dollars to fulfill public roles affect the way public officials regard local, state, and federal regulation of the firms on which they rely for funds?

Other cities have innovated on a smaller scale, often with nonprofits taking the lead. The city of Seattle worked with the Neighborhood Farmers Market Alliance to enhance the use of food stamps at farmers markets with a program that doubled the value of purchases up to ten dollars a day. Philadelphia has likewise collaborated with a local nonprofit, the Food Trust, to provide supplemental funds for SNAP recipients who shop at farmers markets. These kinds of initiatives can be a win-win for cities since they require little local money or administrative time, and by publicly supporting the programs, city officials draw attention to them, increasing their chances of success.

ADVOCATES Finally, local governments can act as advocates in state and federal arenas to expand safety net programs; draw down additional federal dollars in order to assist low-income residents; or support regulations, such as the federal minimum wage and fair lending, that enhance the economic security of low-income residents.

During the recession, some urban leaders drew on their intergovernmental ties to improve conditions for their low-income residents. Faced with a combination of high unemployment in the construction industry and persistent poverty in many neighborhoods, Los Angeles mayor Antonio Villaraigosa launched a creative campaign to speed up a major rail construction project approved and funded by voters with a half-cent sales tax increase in 2008.[43] Assembling a coalition of state and local officials, the mayor and his allies convinced Congress to include a loan program of federally guaranteed bonds in the 2012 transportation bill. In Los Angeles, the accelerated construction schedule also created an apprenticeship program that set aside half of its slots for veterans of Iraq and Afghanistan and for residents of low-income zip codes.[44] As this case suggests, mayors and other local officials can also attach requirements to various types of federal dollars in ways that will improve conditions for lower-income residents and communities.

Local government support can make the difference in securing competitive federal grants targeted at poor neighborhoods. In order to win funding competitions such as the Obama administration's Choice and Promise Neighborhoods initiatives (directed at building housing and education, respectively), localities must show strong multi-sector community engagement around the plan. Although Promise Neighborhood grants have gone directly to nonprofits, local government engagement is an essential component of successful endeavors.[45] In San Antonio, mayoral leadership and city investment was critical to the collaboration among nonprofits, the San Antonio Independent School District, and the San Antonio Housing Authority that lay behind the successful grant application.

The urban voice is also critical in drawing attention to holes in the safety net. Simply by highlighting existing needs, local officials can draw attention to problems that might otherwise be ignored. Mayors have an incentive to shine a spotlight on national problems that otherwise might be ignored or labeled as urban issues alone. For example, the U.S. Conference of Mayors annual hunger and homelessness survey, released during the holiday season, aims to draw national attention to deficits in basic needs.[46]

Weak Local Governments

Some localities are home to a disproportionate number of low-income residents. Cities have traditionally shouldered this responsibility, although since 1990 the number of poor suburbs has grown. The Great Recession expanded the number of extreme-poverty neighborhoods (those with poverty rates above 40 percent) in the Midwest as well as in a number of Sunbelt cities.[47] Localities with high poverty rates, large clusters of concentrated poverty, and weak fiscal bases confront serious obstacles in strengthening the social safety net.

In places with little inherited infrastructure for addressing poverty, such as poor suburbs, local governments often lack the resources and administrative skills to improve the safety net. Recent research has shown that these areas rarely possess a strong base of nonprofit and philanthropic organizations that can help strengthen the safety net.[48] For example, in a 2010 study, Scott Allard and Benjamin Roth found that the ratio of poor persons to nonprofits was significantly less favorable in high-poverty suburbs than in lower-poverty suburbs.[49] Some poor cities, such as Cleveland, enjoy a strong nonprofit and philanthropic base, but others—especially those in the Sunbelt, such as Fresno, California—lack a tradition of philanthropy and nonprofit activity. The challenge for such places is to assemble a combination of public and nonprofit capabilities that recognize the "interdependent and mutually reinforcing" relationship between these sectors.[50] Yet, given

their weak starting point, these localities are unlikely to build such an infrastructure on their own, especially since they are faced with the pressures generated by the recession. Their productive interactions with external governments and agencies are essential for strengthening the safety net. An examination of some strategies these areas have adopted in response to the recession reveals the significant challenges involved in building the safety net in these weak places.

Detroit has taken the extreme step of dissolving several public agencies and transferring responsibilities to nonprofits. In 2012, the city transferred the functions performed by its Department of Human Services to outside social service agencies. A long history of corruption and mismanagement at the department, combined with pressure from the state and federal governments, lay behind the dramatic decision. The city also transferred workforce development activities from the Workforce Development Department to a nonprofit.[51] These moves will have an unknown long-term impact on the local safety net. In the short term, these decisions likely ensure more competent administration and the continued flow of federal funds. But over the longer term they may sideline human services on the city's agenda, leading to disengaged local officials and fewer resources for the local safety net. Likewise, delegating to nonprofits in itself cannot ensure more effective use of resources or guard against corruption. Strong public oversight is essential to effective nonprofit administration.

In other areas, diverse collaborations—involving a mix of governments and nonprofits—have emerged as a strategy for building capacity to address growing need. This strategy has been particularly useful in settings where multiple small poor suburbs face growing poverty. With 273 municipal governments, the Chicago area has long been one of the nation's most politically fragmented metros. Although the city remains home to the majority of the region's low-income residents, suburban poverty grew to represent nearly half of the metropolitan area's poor by 2010. In poor suburbs, such as those in the southern part of the region, decentralization, political fragmentation, and a complex tangle of responsibilities for the safety net has made it difficult to build capacity for funding and delivering human services.[52]

While a degree of coordination has emerged from below, initiative from above is needed to promote broader and more effective collaborations. Philanthropic organizations based in the city of Chicago have worked to build that capacity for over a decade, with generally limited results. The recession and the possibility of accessing new federal funds, however, spurred new collaborations. Supported by the Chicago Community Trust, in 2009, nineteen suburbs in Chicago's hard-hit south suburbs formed a collaborative to apply for federal funds through the Neighborhood Stabilization Program, part of the federal antiforeclosure initiative. The trust supplied the funds for the collaborative to hire a housing director to apply for grants.[53] Although difficult to create, this type of cross-municipality, cross-sector collaboration provides small suburban governments with the administrative capacity necessary to access federal funds.

Looking to nonprofits and establishing collaborations to solve the problems of the local safety net have become widely accepted nostrums. Yet it is clear from the experience of poor suburbs and very poor cities that neither comes easily. Sustained interaction with engaged outside groups and substantial new funds made available through federal stimulus funds accelerated the moves forward in the Chicago region. Yet, many outside groups encounter significant barriers when they attempt to build new capacities in poor places. Distrust and parochialism may scuttle collaborations even with the prospect of additional funds. Without the lure of new funds, it becomes harder to alter existing practices.

In some poor places, the organizational deficit is so severe that experienced city-based or regional agencies cannot gain a foothold. The southern suburbs of Atlanta in Clayton County, where poverty grew rapidly after 2000, had little organizational base for addressing the new needs, a deficit that has made it difficult for more experienced Atlanta-based organizations to step in. As a staff member at one Atlanta nonprofit described the problem, there are "just not enough energy and resources in Clayton to meet both the philanthropists and service providers in that middle ground."[54] Similarly, a Brookings–Federal Reserve study on concentrated poverty showed that such areas often had weak nonprofit sectors and little capacity to attract—and perhaps to use effectively—philanthropic dollars. For example, advocates in West Fresno rued their inability to compete effectively with the Bay Area and Los Angeles for philanthropic dollars but, at the same time, some acknowledged that they lack the capacity to use such funds effectively. Two newly established community development financial institutions in the area likewise noted problems in identifying projects ready for investment.[55] In the absence of adequate services, residents of poor suburbs near cities are likely to turn to already burdened city services, especially if they are recent transplants to the suburbs. But this option is not available to many low-income people. In poor cities, such as Fresno or Youngstown, Ohio, the poor have nowhere to go.

The difficulty of bringing philanthropic investment to poor suburban communities is highlighted in figures 2 and 3. These maps present data about the distribution of philanthropic human services grants from the largest private

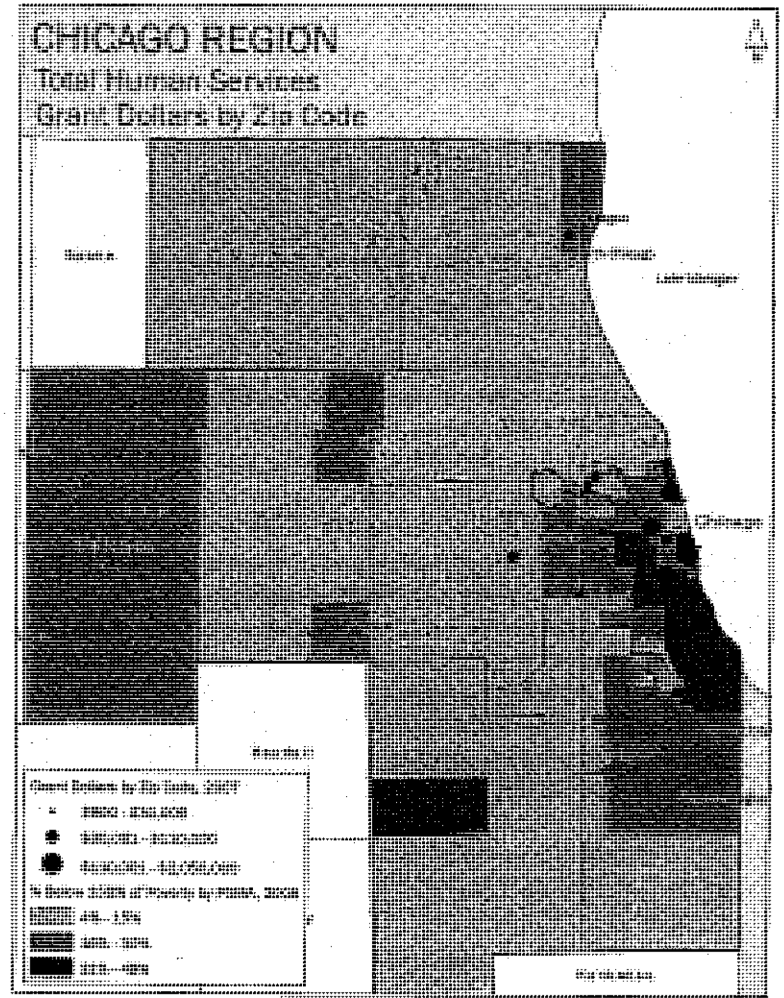

Figure 2. Human Services Philanthropic Grants in Chicago Metro, 2007. Source: Sarah Reckhow and Margaret Weir, "Building a Resilient Social Safety Net," *Urban and Regional Policy and Its Effects*, vol. 4, ed. Margaret Weir, Howard Wial, Harold Wolman, and Nancy Pindus (Washington, D.C.: Brookings Institution Press, 2012), 301. Philanthropic spending includes the largest private foundation in the region as well as all community foundations. For a full description of the methodology, see Reckhow and Weir, 319–20.

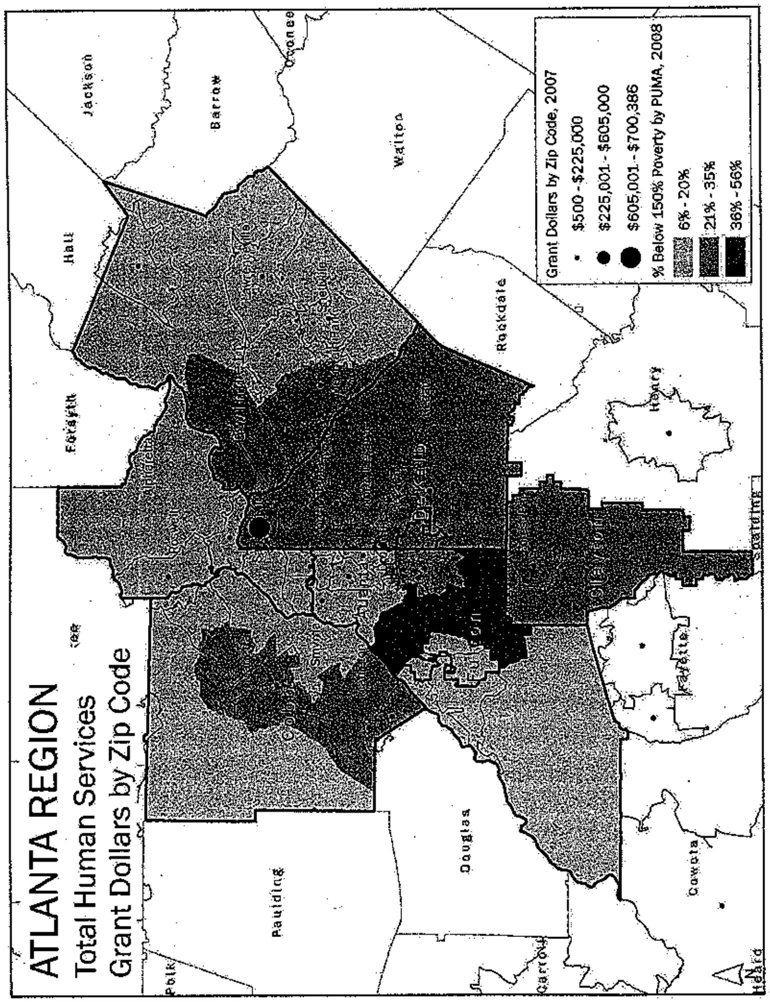

Figure 3. Human Services Philanthropic Grants in Atlanta Metro, 2007. Source: Reckhow and Weir, "Building a Resilient Social Safety Net," 299. Philanthropic spending includes the largest private foundation in the region as well as all community foundations. For a full description of the methodology, see Reckhow and Weir, 319–20.

foundation and community foundations in the Chicago and Atlanta regions for 2007. In both metropolitan areas, philanthropic resources concentrated in cities, to a much lesser extent in affluent and middle-class suburbs, and hardly at all in poor suburban areas.

The importance of sustained engagement and substantial outside funds—both to promote collaboration and to address need directly—suggests that the problems confronting these areas will not be easily solved.

The Avoiders

Perhaps the most common response of local governments is to limit the size of the population that relies on the safety net. The quest to separate residential communities by income is one of the oldest themes in the history of U.S. suburbanization.[56] For a century, the state laws governing municipal incorporation and zoning restricted the supply of affordable housing in most suburbs, preventing low-income people from moving into middle-class and affluent communities. Affluent localities prided themselves on providing a high quality of life for a population that relied on federal programs such as Social Security, Medicare, and the home mortgage deduction but had little need of a local social safety net. Roads, good schools, and perhaps parks were all these residents looked for from local government. These suburban localities have been largely successful in maintaining their status by resisting policies—such as inclusionary zoning and other affordable housing initiatives—that would make their communities more economically diverse.

Even so, demographic and economic changes meant that some traditionally middle-class and affluent localities saw an influx of lower-income residents during the 1990s and 2000s. Some of the shift can be traced to immigration. In an effort to find housing near job centers, growing numbers of low-income immigrants settled in affluent suburban communities, often relying on multiple wage earners in a single household to pay the housing costs.[57] The growing numbers of lower-income residents in affluent suburbs has also grown through what Alan Ehrenhalt has called "demographic inversion"—the relocation of well-off whites to the city and the movement of middle- and lower-income African Americans to the suburbs.[58] Finally, the recession has also boosted the number of needy residents in many suburban communities. Exurban localities, in particular, have experienced high foreclosure rates.

Middle-class localities have responded to the growth of low-income populations in several ways. Many have sought to reduce the number of low-income immigrants with measures including anti-immigrant ordinances;

enforcement of housing codes in order to limit the number of residents in a single dwelling; and police agreements with the federal government through the 287(g) program and the Secure Communities program.[59] Although anti-immigrant initiatives reflect fear and resentment of immigrants, they are often explicitly linked to concerns about disproportionate use of city services by low-income immigrants.

Local governments can also make it difficult for agencies that serve the poor—immigrant oriented or not—to locate in their area. They can enable and reinforce NIMBYism by failing to assist nonprofit organizations seeking to create new services. Services associated with the very poor—such as homeless shelters—often have a difficult time locating in affluent suburban communities.[60] Some middle-income or affluent suburbs that decline to support a safety net regard such activities as beyond the scope of government responsibility and therefore best left to religious organizations and volunteers. Nor has the quest of the affluent to separate from the poor abated. Fulton and DeKalb Counties in Georgia, for example, saw a spate of municipal incorporations after 2005 as the lower-income populations in these counties grew and county governments sought tax and service increases to address new needs.[61] Since they have historically had little need for safety net services, affluent and middle-class localities have weak nonprofit infrastructures.[62]

Yet affluent suburbs have the advantage of financial and institutional resources when advocates do try to build a local safety net. Especially when county governments offer support, efforts to create a stronger nonprofit capacity to address new needs have achieved some success even when local governments remain on the sidelines. For example, in the affluent suburban DuPage County in the Chicago metropolitan area, the DuPage Federation on Human Service Reform relied on the county, local philanthropy, and a local university for financial and administrative support as it built an infrastructure of support for the small but growing low-income population.

Even though some counties and nonprofits are collaborating to build a safety net infrastructure in affluent suburbs, these initiatives require stronger support from other levels of government. Efforts to build the safety net in the suburbs encounter specific difficulties. The dispersed character of poverty in the suburbs means that need is likely to be less visible than in cities. Simply providing information about the growth of poverty is an important undertaking for suburban nonprofits. The dispersion of the poor and the lower density of suburban life mean that ensuring effective transportation to services is a critical element of the safety net. Moreover, because suburbs lack the inherited base of services available in cities, they may decide to forego

some services or find them too hard to create anew. For example, access to specialist health care has been particularly difficult for low-income residents in the suburbs. In the absence of adequate services in the suburbs, those in need may rely on already overburdened city services, a phenomenon some researchers have referred to as "suburban free riding."[63]

STRATEGIES FOR THE FUTURE

As local governments confront strained finances and high levels of need that have lingered well after the recession officially ended, what strategies should they consider for the future? The agenda of possible policy strategies calls on local governments to engage actively as connectors, system builders, innovators, and advocates. But the strategies for enhancing the social safety net and the quality of life in cities are not just tasks for local government; they require activating other sectors and levels of government and building new kinds of regional collaborations. The following are among the critical areas for action and policies where local initiative is needed:

Eliminate local barriers to the take-up of federal benefits and create outreach campaigns. Local governments can identify and eliminate barriers to take-up of federal benefits, including unresponsive bureaucracies, poorly located agencies, and unnecessary red tape. Local governments are ideally situated to launch outreach campaigns that can reach program beneficiaries who otherwise would not know they are eligible or may be reluctant to accept benefits. The low take-up rates of SNAP benefits among immigrants suggests that targeted outreach to immigrants is a critical area for the connector strategy.

Look for opportunities—and avoid problems—that will emerge with the full implementation of the Affordable Care Act. The full implementation of the ACA will provide opportunities for linking health care systems with human service systems. As states implement the act, big-city governments, in particular, should have a seat at the table to ensure that the systems they have already created are not adversely impacted by implementation of the ACA. Likewise, engagement with ACA implementation will allow city governments to take advantage of opportunities to link human services to health care.[64] Local governments also need to be attentive to the ways that the ACA may present new challenges for safety net hospitals on which low-income residents rely.

Build coherent regional systems for delivering services. Over the past four decades, the federal government with great fanfare devolved responsibilities to state and local governments and encouraged contracting out of government services. Yet, in promoting devolution and privatization, Washington took little note of the need for coherent delivery systems. The current process for creating and locating nonprofit service providers is too bottom-up to achieve goals of efficiency and effectiveness in service delivery.

While national and regional nonprofit intermediary organizations have sought to build more coherent systems and local governments have, on occasion, tried as well, states can adopt a stronger role in ensuring adequate capacity in places where need exists. Connecticut has taken a step in this direction by creating a cabinet level position that liaises with the nonprofit world.[65]

Because there is no regional government, states or Metropolitan Planning Organizations can monitor shifts in the location of need and identify holes in the safety net. Federal policy can help by incentivizing the formation of regional coalitions. Regional coalitions not only promote learning across the system, they also provide critical support for advocates seeking to create services in localities where local officials offer little support or stand in the way of developing services for low-income residents.

Address the special problems of highly distressed suburbs and cities. Poor suburbs and highly distressed cities have little capacity—either administrative or financial—to address the needs of their low-income residents. State governments can take the lead in organizing consortia of these areas and create new models of multiservice nonprofit development. States can also reform systems of funding services in small low-income communities, especially when these systems are overly decentralized.

The federal government can revamp its grant system to enable consortia of low-income suburbs to apply for federal grant programs. Reflecting their focus on big cities, current grant rules assume considerable knowledge and coherence among applicants. To allow poor suburbs to compete for grants, the federal government may need to offer funds for creating and sustaining a consortium of local governments.[66]

The weakness of the public sector in poor suburbs and highly distressed cities means that the federal government may need to offer special assistance so these areas can receive the kind of support they need. The model offered by the HUD Strong Cities, Strong Communities pilot program could be deployed more widely. The program brings federal employees from various agencies in close collaboration with local officials, helping them develop revitalization strategies and connecting them with the federal resources that will help them achieve their goals.[67]

Open housing opportunities for low-income residents in job-rich affluent and middle-class suburbs. Since 1987, the housing voucher program has been

linked to the goal of poverty deconcentration with provisions that allow voucher holders to "port" their vouchers to locations outside of the issuing jurisdictions. Yet, in most jurisdictions, only a handful of housing voucher recipients take advantage of this provision. The Chicago region's pilot program, the Chicago Regional Housing Choice Initiative, has taken steps toward pooling housing choice vouchers between the city and four suburban housing authorities. Federal support for pooling housing vouchers and making them truly portable will allow low-income families to locate in areas closer to jobs, and often with better schools.

Reengage local governments as advocates for low-income residents in state and federal arenas. Local governments cannot be expected to spend substantial sums on redistribution. But they can play an important role in advocating for federal and state policies that strengthen the safety net.

The recession made it clear that the safety net is poorly equipped to respond to sharp growth in need. Although the fully federal program SNAP expanded rapidly to meet growing need after 2008, the TANF block grant program has proven far less responsive to the growth in poverty.[68] The work-oriented welfare system performs poorly in a period when jobs are scarce. Moreover, TANF increasingly resembles, in MDRC president Gordon Berlin's words, "a form of revenue-sharing for the states."[69] States have used TANF funds for a wide variety of programs that make it difficult for them to shift back to cash assistance in periods of urgent need.

One of the strategies permitted by the TANF Emergency Fund, authorized as part of ARRA, was to allow states to create subsidized jobs for TANF recipients.[70] However, the program ended in 2010 when the ARRA stimulus funds dried up. Local officials who seek to strengthen the local safety net should mount a lobbying effort to make such a program part of TANF reauthorization in the future.

Notes

The author thanks Mike Pagano, Rachel Gordon, Nik Theodore, Julia Stasch, Terry Mazany, and Bill Barnes for their helpful comments.

1. Elizabeth Kneebone and Emily Garr, *The Suburbanization of Poverty: Trends in Metropolitan America, 2000 to 2008*, Metropolitan Policy Program at Brookings, January 2010.

2. Richard M. Musgrave, *The Theory of Public Finance* (New York: McGraw-Hill, 1959); Paul E. Peterson, *City Limits* (Chicago: University of Chicago Press, 1981).

3. Richard Florida, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life* (New York: Basic Books, 2002).

4. See, for example, John Logan and Todd Swanstrom, eds., *Beyond City Limits: Urban Policy and Restructuring in Comparative Perspective* (Philadelphia, Pa.: Temple University Press, 1991).

5. Edward W. Glaeser and Matthew E. Kahn, "From John Lindsay to Rudy Giuliani: The Decline of the Local Safety Net?," *FRBNY Economic Policy Review*, New York Federal Reserve, September 1999.

6. Florida, *Rise of the Creative Class*, 3.

7. Thomas L. Gais, "Stretched Net: The Retrenchment of State and Local Social Welfare Spending before the Recession," *Publius* 39:3 (2009): 557–79.

8. On ARRA see Arloc Sherman, "Despite Deep Recession and High Unemployment, Government Efforts—Including the Recovery Act—Prevented Poverty from Rising in 2009, New Census Data Show," Center on Budget and Policy Priorities, January 5, 2011, http://www.cbpp.org/cms/index.cfm?fa=view&id=3361, accessed June 6, 2013.

9. For example, Mayor Rudolph Giuliani of New York altered the administration of AFDC in ways that sharply reduced the numbers of recipients. See John Krinsky, "The Urban Politics of Workfare: New York City's Welfare Reforms and the Dimensions of Welfare Policy Making," *Urban Affairs Review* 42:6 (July 2007): 771–98.

10. See Derek S. Hyra, *The New Urban Renewal: The Economic Transformation of Harlem and Bronzeville* (Chicago: University of Chicago Press, 2008).

11. Steven Rathgeb Smith and Michael Lipsky, *Nonprofits for Hire: The Welfare State in the Age of Contracting* (Cambridge, Mass.: Harvard University Press, 1992); Martha R. Burt, Nancy Pindus, and Jeffrey Capizzano, *The Social Safety Net at the Beginning of Federal Welfare Reform: Organization of and Access to Social Services for Low-Income Families*, Assessing the New Federalism Occasional Paper No. 34, Washington, D.C.: Urban Institute, 2000.

12. See Jodi Sandifort, "Nonprofits within Policy Fields," *Journal of Policy Analysis and Management* 29:3 (2010): 637–44; Jack Krauskopf and Bin Chen, "Administering Services and Managing Contract: The Dual Role of Government Human Services Officials," *Journal of Policy Analysis and Management* 29:3 (2010): 625–28; Steve Smith, "Nonprofit Organizations and Government: Implications for Policy and Practice," *Journal of Policy Analysis and Management* 29: 3 (2010): 621–25.

13. Scott W. Allard, *Out of Reach: Place Poverty and the New American Welfare State* (New Haven, Conn.: Yale University Press, 2009), 154.

14. See the discussion of youth services in Linda Harris, *Learning from the Youth Opportunity Experience: Building Delivery Capacity in Distressed Communities* (Washington, D.C.: Center for Law and Social Policy, January 2006).

15. Ester R. Fuchs, *Mayors and Money: Fiscal Policy in New York and Chicago* (Chicago: University of Chicago Press, 1992), 114–17.

16. Peter Eisinger, "City Politics in an Era of Federal Devolution," *Urban Affairs Review* 33:3 (January 1998): 308–25; Margaret Weir, Harold Wolman, and Todd Swanstrom, "The Calculus of Coalitions: Cities, Suburbs and the Metropolitan Agenda," *Urban Affairs Review* 40:6 (July 2005): 730–60.

17. National League of Cities, *Combating Poverty: Emerging Strategies from the Nation's Cities*, www.nlc.org, accessed August 28, 2012.

18. Alice O'Connor, "Swimming against the Tide," in *Urban Problems and Community Development*, 77–137, edited by Ronald F. Ferguson and William T. Dickens (Washington, D.C.: Brookings Institution Press, 1998).

19. Scott W. Allard and Benjamin Roth, *Strained Suburbs: The Social Service Challenges of Rising Suburban Poverty*, Metropolitan Policy Program at Brookings, 2010.

20. U.S. Bureau of the Census, table 2, Poverty Status of People By Family Relationship, Race, and Hispanic Origin, 1959 to 2011, http://www.census.gov/hhes/www/poverty/data/historical/people.html, accessed June 6, 2013.

21. This paragraph draws on Steve Holt, *Ten Years of the EITC Movement: Making Work Pay Then and Now*, Metropolitan Policy Program at Brookings, April 2011.

22. These are county figures—see Food Research and Action Center, "SNAP Access in Urban America: A City-by-City Snapshot," January 2011, 1. California had a fingerprinting requirement, which may also help account for the lower take-up rates in San Diego and Los Angeles (California dropped the requirement in 2012).

23. John Eligon, "Cuomo Pushing City to End Food-Stamp Fingerprinting," *New York Times*, May 18, 2012, A25.

24. Nicole E. Marwell, *Bargaining for Brooklyn: Community Organizations in the Entrepreneurial City* (Chicago: University of Chicago Press, 2007).

25. Based in Elgin, Illinois, and with efforts throughout the state except in Chicago, the Grand Victoria Foundation is an exception to this pattern, although it is still small when compared to large private foundations and city community foundations.

26. Laurie E. Felland, Johanna R, Lauer, and Peter J. Cunningham, *Suburban Poverty and the Health Care Safety Net*, Center for Studying Health System Change Research Brief No. 13, July 2009.

27. Zeke Hasenfeld, Hyeon Jong Kil, Mindy Chen, and Bill Parent, *Stressed and Stretched: The Recession, Poverty, and Human Services Nonprofits in Los Angeles The Annual State of the Sector Report, 2002–2012* (Los Angeles: UCLA Luskin School of Public Affairs, Center for Civil Society, 2011), vi.

28. Ibid., 13 and 14; the figure for African American neighborhoods is 39.9 percent versus 14.3 percent for other neighborhoods.

29. Alicia Petska, "City Cuts CDBG Funding for Nonprofits," *News and Advance*, September 28, 2010. The decision drew considerable criticism because a large portion of the CDBG funds went to pay off a loan for a private mixed-use project.

30. Hasenfeld et al., *Stressed and Stretched*, vii.

31. Jonathan O'Connell, "Nonprofits Struggle to Survive and Maintain Services," *Washington Post*, November 8, 2010, 16; Jonathan Walters, "Nonprofits Seek Relief and Support from States," *Governing Magazine* (May 2011), http://www.governing.com/topics/health-human-services/nonprofits-seek-relief-support-from-states.html, accessed June 6, 2013; Hasenfeld et al., *Stressed and Stretched*.

32. Tom Jackman, "Fairfax Reduces Its Homeless Population, Even in Recession," *Washington Post*, June 16, 2011.

33. Kirk Johnson, "Habitat for Humanity Tries Big-Scale Approach to Housing in Oregon," *New York Times*, May 11, 2012.

34. National Alliance to End Homelessness, www.endhomelessness.org/library/entry/no-increase-in-homelessness-despite-recession, accessed September 13, 2012.

35. Meribah Knight, "New Attention Paid to Homeless Youth and Families," *New York Times*, November 3, 2011.

36. Noreen S. Ahmed-Ullah, "Emanuel to Pour $10 Million into Early Childhood," *Chicago Tribune*, August 4, 2012.

37. Brooke Rosenberg, "Mixture of Hope and Concern for City's New Daycare Program," *City Limits*, July 27, 2012.

38. See "Chicago Regional Choice Housing Voucher Proposal" for a description of the program and the additional support requested from HUD, Metropolitan Planning Organization, http://www.metroplanning.org/uploads/cms/documents/FINAL_CRHCI_Proposal_to_HUD.pdf, accessed November 15, 2012.

39. Santa Fe also enacted a local minimum wage in 2003; in 2012, voters in Albuquerque, N.M., and San Jose and Long Beach, Calif., also enacted city minimum wages.

40. Jamie Peck and Nik Theodore, "Recombinant Workfare, across the Americas: Transnationalizing 'Fast' Social Policy," *GeoForum* 41: 2 (March 2010).

41. Neil deMause, "Bloomberg Cash Rewards Program Gets Mixed Reviews," *City Limits*, April 29, 2010.

42. David W. Chen, "Goldman to Invest in City Jail Program, Profiting if Recidivism Falls Sharply," *New York Times*, August 2, 2012, A14.

43. Harold Meyerson, "Los Angeles Gets Innovative on Jobs," *Washington Post*, August 2, 2012.

44. The implementation of the program is in some doubt, because a local measure designed to support the program received just shy of the two-thirds majority to win approval.

45. Tim Mudd, "Federal Promise Neighborhoods Grants Awarded to 20 Communities," National League of Cities, January 9, 2012, www.nlc.org/media-center/news-search/federal-promise-neighborhoods-grants-awarded-to-20-communities, accessed September 15, 2012.

46. United States Conference of Mayors, *Hunger and Homelessness Survey: A Status Report on Hunger and Homelessness in America's Cities: A 25-City Survey*, December 2012, http://usmayors.org/pressreleases/uploads/2012/1219-report-HH.pdf, accessed June 6, 2013.

47. Elizabeth Kneebone, Carey Nadeau, and Alan Berube, *The Reemergence of Concentrated Poverty: Metropolitan Trends in the 2000s*, Metropolitan Policy Program at Brookings, November 2011.

48. Pascale Joassart-Marcelli and Jennifer R. Wolch, "The Intrametropolitan Geography of Poverty and the Nonprofit Sector in Southern California," *Nonprofit and Voluntary Sector Quarterly*, 32:1 (March 2003): 70–96; Sarah Reckhow and Margaret Weir, "Building a Resilient Social Safety Net," in *Urban and Regional Policy and Its Effects*, 275–323, Building Resilient Regions, vol. 4, edited by Margaret Weir, Nancy Pindus, Howard Wial, and Harold Wolman (Washington, D.C.: Brookings Institution Press, 2012).

49. Scott W. Allard and Benjamin Roth, "Strained Suburbs: The Social Service Challenges of Rising Suburban Poverty," Metropolitan Policy Program at Brookings, 2010.

50. Kristen Grønbjerg and Steven Rathgeb Smith, "Nonprofit Organizations and Public Policies in the Delivery of Human Services," in *Philanthropy and the Nonprofit Sector in a Changing America*, 139–171, edited by Charles T. Clotfelter and Thomas Ehrlich (Bloomington: Indiana University Press, 1999).

51. It also considered transferring the responsibilities of the city health department to a nonprofit.

52. Rebecca Hendrick and Karen Mossberger, *Uneven Capacity and the Delivery of Human Services in the Chicago Suburbs: The Role of Townships and Municipalities*, Report for the Chicago Community Trust (Chicago: University of Illinois at Chicago, 2009). Townships have responsibility for general assistance, and other services are optional; for municipalities, all assistance is optional.

53. *Evidence Matters*, Policy Development and Research, HUD (winter 2012): 18.

54. Sarah Reckhow and Margaret Weir, "Building a Resilient Social Safety Net."

55. David Erickson, Carolina Reid, Lisa Nelson, Ann, O'Shaughnessy, and Alan Berube, eds., *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.*, Board of Governors of the Federal Reserve System, 2008, 31.

56. Jon C. Teaford, *The Political Fragmentation of Metropolitan America, 1850–1970* (Baltimore, Md.: Johns Hopkins University Press, 1979); Gary Miller, *Cities by Contract: The Politics of Municipal Incorporation* (Cambridge, Mass.: MIT Press, 1981).

57. Robert Suro, Jill H. Wilson, and Audrey Singer, *Immigration and Poverty in America's Suburbs*, Metropolitan Policy Program at Brookings, August 2011.

58. Alan Ehrenhalt, *The Great Inversion and the Future of the American City* (New York: Knopf, 2012).

59. For an overview see Monica Varsany, ed., *Taking Local Control: Immigration Policy Activism in U.S. Cities and States* (Stanford, Calif.: Stanford University Press, 2010).

60. See, for example, Dianna M. Aáñez, "Ambitious United Way Program Targets Homelessness," *Republic*, August 22, 2012.

61. April Hunt, "Local Control: More Cities May Need New Metro Landscape," *Atlanta Journal-Constitution*, September 19, 2011.

62. Joassart-Marcelli and Wolch, "Intrametropolitan Geography of Poverty and the Nonprofit Sector in Southern California."

63. Els De Graauw, Shannon Gleeson, and Irene Bloemraad, "Funding Immigrant Organizations: Suburban Free-Riding and Local Civil Presence," paper presented at the APSA 2012 meeting, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2107385, accessed November 13, 2012.

64. Cari DeSantis, APHSA National Workgroup on Integration, *Bridging the Divide: Leveraging New Opportunities to Integrate Health and Human Services* (Washington, D.C.: American Public Human Services Association, 2011).

65. Walters, "Nonprofits Seek Relief and Support from States."

66. See Elizabeth Kneebone and Alan Berube, *Confronting Suburban Poverty in America* (Washington D.C.: Brookings Institution Press, 2013).

67. See *Evidence Matters.*

68. LaDonna Pavetti and Liz Schott, "TANF's Inadequate Response to Recession Highlights Weakness of Block Grant Structure," Center for Budget and Policy Priorities, July 14, 2011.

69. Gordon Berlin, "Rethinking Welfare in the Great Recession: Issues in the Reauthorization of Temporary Assistance for Needy Families," Testimony of Gordon L. Berlin, President, MDRC, Before the Senate Finance Committee, September 21, 2010, 4, http://www.npc.umich.edu/news/events/safetynet/rethinking-the-safety-net-readings.pdf, accessed November 3, 2012.

70. Clifford M. Johnson, Amy Rynell, and Melissa Young, "Publicly Funded Jobs," *Reducing Poverty and Economic Distress after ARRA*, Urban Institute, July 2010.

Low-Wage Work and the Fraying of the Social Safety Net

DISCUSSANT: NIK THEODORE,
UNIVERSITY OF ILLINOIS AT CHICAGO

Redistributive programs for the poor have never ranked highly on the policy agendas of U.S. cities, where variants of public choice theory have long held sway. Inspired (knowingly or not) by a selective reading of Charles Tiebout's "pure theory of local expenditures," which argues that residents, as voter-consumers, will relocate to jurisdictions that provide them with their preferred bundle of public goods, local politicians have been reluctant to increase the share of municipal budgets devoted to pro-poor programming.[1] While Tiebout's argument was initially conceived to theorize the provision of public goods in general, it has since been applied with particular force to redistributive programs. Paul Peterson's influential "city limits" thesis extends the application of public choice theory to urban politics, arguing that upper-income residents will shun the tax burdens associated with social spending, expressing their discontent with pro-poor redistribution by "voting with

their feet" and relocating to jurisdictions with lower rates of taxation. According to Peterson, "the pursuit of a city's economic interests . . . makes no allowance for the needy and unfortunate members of the society. Indeed, the competition among local communities all but precludes a concern for redistribution."[2] Instead, municipalities should pursue developmental objectives, such as those that attract jobs and investment to an area. In a political environment in which urban policies must pass certain "market tests," redistributive programs that favor lower-income residents typically fail such tests.[3]

Margaret Weir makes a convincing case that although local governments play a relatively small role in directly funding social programs, they have a critical role to play in ensuring that a strong safety net exists for residents in need. She characterizes these roles as connector (maintaining a sound bureaucracy to assist needy residents in accessing federal benefits), system builder (managing decentralized systems of service delivery), program innovator (developing new program models and approaches), and advocate (bringing political pressure to bear on higher levels of government to support pro-poor spending). These roles take on new urgency, she argues, in the wake of the Great Recession and the mounting fiscal stresses facing municipalities across the country.

And it is not just city coffers that are suffering. With rates of poverty and unemployment remaining persistently high well into what has been an extraordinarily anemic economic recovery, many city leaders are dedicating local resources to ensure both that low-income residents receive the social benefits for which they are eligible, and that entities in the public, private, and nonprofit sectors that are responsible for program development, funding, and delivery meet their responsibilities. The Great Recession has starkly revealed a set of problems that may appear to be cyclical—increasing economic hardship and growing demands on the social safety net—but that actually is part and parcel of a secular trend toward growing inequality and economic insecurity in U.S. cities. Well before the calamitous events that led to the 2007–8 recession, warning signs were evident that the foundation of middle-class living standards—stable jobs that provide fringe benefits and opportunities for upward mobility—was being eroded. Captured in the phrase "working poor" was the troublesome increase in jobs that pay below a "living wage," the growth in involuntary part-time work and temporary employment, and the loss of middle-income union jobs, especially in manufacturing and construction sectors. Policy has played a part in this, as well, in particular the erosion of the minimum wage, whose value has fallen fairly