

## ASSET BUILDING PROGRAM

# THE UPHILL BATTLE TO SCALE AN INNOVATIVE ANTIPOVERTY APPROACH

## The Experience of the Family Independence Initiative

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*In this paper, founder and CEO of the Family Independence Initiative Maurice Lim Miller outlines a new model for breaking the cycle of poverty, which shows promising results in three separate demonstration projects. As Miller looks to grow his idea, he has found that this approach—which puts the target families and individuals in the driver’s seat of their own progress, does not require professional social service workers, and relies more on the assets of the families themselves—is not only a tough sell to public and private funders, but has faced direct opposition from incumbent service providers. In this essay, Miller explores a range of barriers and roadblocks to growing or scaling social innovations.*

Over the last eight years, we at the Family Independence Initiative (FII) have been testing an antipoverty approach that focuses on families’ strengths and social networks. This effort restores the responsibility for progress to the target families, supported primarily by friends rather than social workers. It creates the type of sharing of funds, ideas, and connections that has been successfully used throughout our history by immigrants and disadvantaged minority populations to move from extreme poverty to economic security.<sup>1</sup>

In all three demonstration projects where we implemented the FII model, the enrolled families made strong and verified progress.<sup>2</sup> While this approach has been embraced by a small sector of supporters, it continues to face major obstacles in gaining policy and funding support. This paper explains why FII has attracted some supporters but it primarily explores the obstacles FII and similarly innovative initiatives face in being adopted more widely. First an explanation of the unique FII model is required to understand why it faces such an intensity of apprehension, opposition, and misunderstanding.

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<sup>1</sup>For examples see:

Seth Mydans, “Long Beach Journal; From Cambodia to Doughnut Shops.” *New York Times*, May 26, 1995.

*The Chinese in California: Topical Overview--San Francisco's Chinatown--Business and Politics.* The Library of Congress,

<http://memory.loc.gov/ammem/award99/cubhtml/theme4.html>, February 15, 2011.

Charles J. Ogletree Jr., *All Deliberate Speed*. New York, NY: W. W. Norton & Company, 2005. 108-09.

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<sup>2</sup> FII—National dashboard data at [www.fiinet.org](http://www.fiinet.org). Balance Point Independent Study Summary results: Household income jumps of 20% + within 2 years, lower debt levels, improved children’s grades, increased homeownership and business startups.

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## Background of the Family Independence Initiative Approach

In late 1999, Jerry Brown, then Mayor of Oakland, CA, called me at my house at dinner time. He was complaining that for decades those like me who ran programs aimed at breaking the cycle of poverty seemed to only be creating jobs for ourselves. He asked, “So, isn’t this just poverty pimping?”

The community development agency I ran, A.N.D. in San Francisco/Oakland, CA, was considered one of the best in the country but after a decade of work I knew we weren’t really breaking the cycle of poverty. Within 10 years I was seeing the children of the parents I’d first trained and helped get jobs cycle into my programs. I knew I was helping people get above poverty level, but the parents I helped could not keep all their kids from falling into trouble. This is what happened in my family when my mother had to work two jobs and my older sister got in trouble and fell into crisis.

A 2008 census bureau study<sup>3</sup> confirmed that what I witnessed in the Bay Area was the same across the country, poverty is a dynamic process: over a three year period between 2001 and 2003, over 30 percent of individuals spent two or more months in poverty yet only 2.4 percent of people remained under the poverty line for the entire 36 month period. This is a vicious and costly cycle for everyone. It became clear to me that spending to get people above the poverty level was not sufficient. Jerry Brown’s comments and my frustration led to the start of the Family Independence Initiative.

## What Makes the Family Independence Initiative Different

FII was initially designed as a research project to test the capacity of low-income families to help themselves and others out of poverty. We wanted to understand what would happen if 1) low-income families had access to some of the funds traditionally spent on professionals to help the families, and 2) families were instead encouraged to turn to friends and social networks for help and direction. FII did not form the initial peer groups. We enrolled families in groups of five to eight households who, upon hearing of the opportunity to join FII, self-selected to come together.

Because FII staff was perceived by the target families to be in a power position, we did not allow staff to provide any leadership or direction to the groups or we would not learn of the families’ capacities. FII staff did, however, challenge the groups to take actions toward change as they saw fit. Families could earn about \$25 to \$30 for reporting and providing documentation of the progress they made, be it improving grades, saving more, or starting a business. The maximum they could earn was \$500 per quarter and the wide variety of paths allowed did not dictate families to follow any preprogrammed actions. Families were paid for moving forward, regardless of the path they chose.

The monthly reporting process itself turned out to be a change agent. In an evaluation families commented that reporting their progress kept them focused on making changes and that the feedback from the monthly tracking charts FII provided reinforced the progress they were making. The small amounts of capital that they earned by reporting and documenting their progress could then be invested to continue their progress as they saw fit. We found that giving the families control and choice at the outset led to an organic process of change. This is at the heart of FII. Family progress was heavily influenced by personal choice, cultural values, and friends as they turned to one another to find the best childcare, new jobs, or emotional support.

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<sup>3</sup> Sharon Stern, “Poverty Dynamics: 2001 – 2003”, U.S. Census Bureau, 2008.

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## Key Lessons from the Family Independence Initiative

What FII learned in its first demonstration project in Oakland, and was reinforced in subsequent demonstrations in Hawaii and San Francisco, is that low-income families have a huge capacity to help themselves and others. While every family took different individual actions, patterns did arise. When one of the Salvadoran refugee families scaled back on remittances in order to save up for a house in Oakland, all five of the other refugee families in their cohort, as well as others not enrolled in FII, followed their lead and eventually purchased their own homes in the Bay Area. These changes in group expectations are akin to how immigrant and indigenous communities have historically and recently followed one another's example to leave poverty.

Ultimately the primary difference between the large majority of low-income families and the rest of society is that low-income families have less money, not less capability. They also have a very strong desire for choice and control over their lives. By focusing on family strengths rather than needs, government and philanthropy can play an effective and central role in changing how this country helps the large number of families that are willing to help themselves and others.

## What are the Policy Implications of These Lessons?

Government incentives and benefits that motivate and help upper-income families to pursue education, create businesses, and improve their communities could motivate low-income families and communities with equal success. These policies can and should be extended to those working families sustaining themselves at and slightly above the poverty level. Following are a sample of the lessons and subsequent approaches that FII has found successful among low-income households and that merit broad replication or adoption:

- 1) Low-income families will respond to the monetary benefits we currently provide middle- and upper-income families. Make available any variety of tax credits, scholarships, refunds, lower interest rates, or access to capital and opportunities;
- 2) Natural helping networks can be undermined by introducing program professionals before they are truly needed. Provide fellowships, leadership training, etc., to ordinary residents who voluntarily help others, act as trusted advisors, and watch over the neighborhoods;
- 3) Low-income families want and need choices. Fund multiple service programs, groceries, daycares, etc., in low-income communities and make them compete to serve low-income families. Have families rate those services and fund according to the market demand of the families who are the consumers.

At the same time, the charitable sector has created programs and interventions that are not natural in that they didn't grow out of the needs or wants of target families and communities and are not market-based. These efforts have not proved to be as effective or sustainable as the system that incentivizes and helps middle- and upper-income families. Part of the problem is the lack of market discipline and the tendency to provide resources for low-income families based on need and not on initiative.<sup>4</sup> Needs-based programs take away resources as families make progress, which at very low-income levels is a disincentive to initiative. Rather than dismantling the needs-based system and welfare we need to extend a new set of benefits and policies that benefit the working poor and mirror the initiative-based benefits we extend to the middle and upper income.

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<sup>4</sup> "One Step Forward, Two Steps Back," 3Point Consulting, 2006. S.F. Human Services Department. "For every dollar earned the participant loses \$0.50," equivalent to a 50% tax for working. Welfare and even the Earned Income Tax Credit disappears when a family reaches around 130% of the poverty level.

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The success of the FII families as well as other studies<sup>5</sup> has confirmed what Jerry Brown lamented: planned and institutionalized interventions are NOT the key to breaking the cycle of poverty. FII believes that fundamental and sustainable improvements in the lives of low-income families are significantly more effective if the change is:

- 1) Initiated and controlled by the target populations;
- 2) Self organized within natural communities that share culture and values;
- 3) Evolving over time in directions relevant to the families and communities.

Trusting low-income families with money and connections, thus giving them control and choice in their lives, is what led to their success in our demonstration projects. Their success shows that it is possible to recreate part of the environment in which middle- and upper-income families exist—one that relies on personal ownership and responsibility, access and accountability to networks of colleagues who provide opportunities, and access to small amounts of capital in increments over time.

## The Four Main Obstacles to Expanding this Approach

Although FII has been successful in catalyzing this type of environment, it still faces tremendous obstacles to expanding this approach. Those who control resources and regulations have resisted engaging communities without predetermined outcomes, encouraging expansion of social networks, and giving control of money directly to families. FII's organic approach runs counter to the more professionally designed and run interventions funded and supported by current policies.

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<sup>5</sup> At an October 2009 meeting, Harvard professor Herman "Dutch" Leonard discussed neighborhood recovery in New Orleans. He sighted a case study on successes in the Broadmoor neighborhood that suggests that, "local leadership and locally-generated, culturally-embedded solution-building is a key to success."

Following are explorations of the four major obstacles FII has faced as it grows: negative stereotypes of participating families, structural funding roadblocks, government limitations, and opposition from incumbent service providers.

### Obstacle One: Negative Stereotypes of Low-Income Families

When I share FII's approach and the outcomes we have recorded, the typical response is disbelief. We find that it is difficult for audiences to get past the stereotype that low-income families do not have the capacity or capability to help themselves—or others—without significant outside professional direction. As long as this stereotype persists, funders and policy makers will not trust low-income families with the type of monetary incentives available to the upper income.

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In two recent conference presentations, after explaining that we sent checks to families I was asked, "How do you monitor how they spend the money you give them?" I responded that the government does not monitor how middle- and upper-income families spend their tax refunds or other benefits. Why do we not trust low-income families in the way the rest of society is trusted? I am similarly often asked, "What if they spend it on drugs?"

Over and over we see this bias and general mistrust of low-income families' capability to handle money responsibly, to make good decisions, to learn from mistakes, to find their own solutions, and to develop their own direction. In many cases a social worker, even if they are in their 20s and just out of school and living on their own for the first time, is more trusted than a low-income family. The recent

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expansion of financial education programs perpetuates the perception that low-income families are not capable. A study by the Annie E. Casey Foundation, “The Culture of Money,” pointed out that this trend in policy and funding was based on the stereotype of low-income families as unable to manage money.<sup>6</sup>

In part, this negative picture of low-income communities is reinforced because the charitable sector tends to focus on identifying needs or problems as the prompt for developing solutions. A recent discussion in Boston, MA, where FII is starting a demonstration project, focused on the problems along the Blue Hill Avenue corridor where most of the city’s homicides happen. What was described was the constant stress that families are under because of the violence, poor job opportunities, poor schools, racial tensions, and lack of trust in the police and institutions, etc. In one community it was pointed out that 50 percent of the children don’t graduate from high school. The perception that society gets is of communities unable to cope.

#### *The Family Independence Initiative Focuses on Strengths, not Needs.*

In order to overcome these stereotypes, FII asks a different question—one that government and charitable agencies could ask. Given these oppressive conditions, how is it that 50 percent do graduate from high school, many going on to college and success? Rather than focusing only on deficiencies and needs, looking to the other half of the population presents a view of a community that is resourceful and resilient.

It also leads to very different interventions and solutions to the problems identified. In the FII model we target those who are surviving and overcoming oppressive conditions. The young people that are graduating have somehow found a way to succeed, so we turn to them for culturally appropriate solutions. We seek to learn from them, support

their success, and set up environments and policies where those who are pushing forward can become role models and help bring others along. While not a panacea for everyone (which does not likely exist), it can make a significant difference in moving beyond these negative stereotypes and toward a more successful organic progress.

Further, based on the ability of significant portions of African-American and refugee communities to survive and move ahead despite extremely negative conditions, we should acknowledge these communities as some of the most resourceful and resilient in our society. Highlighting and documenting the resourcefulness that people demonstrate—as well as the conditions in which some of our communities live—should help to change the negative image of our low-income communities shared by professionals and the general public.

#### *“Don’t Poor Families Just Drag Each Other Down?”*

Another persistent stereotype is that those who succeed will not help others or will be undermined by those who feel they are being left behind. FII has found the opposite. Those succeeding want to help relatives and friends. This was demonstrated a few days after the conversation about the Blue Hill Avenue corridor.

I was walking with a reverend from a church in that area when we ran into a young man, Michael, who the reverend knew. The tone of the questions made clear that Michael had been in trouble before. “So how are you doing?” the reverend asked. Michael immediately declared, “I finished high school and got admitted to Suffolk College!” We learned that Michael’s success was based on the help and encouragement of his aunt and some friends. But what also kept Michael going was that he wanted to be a role model for and help his little brother, who was now having problems similar to what Michael experienced. “But if I make it then Jimmie will make it!” he exclaimed.

The charitable sector has to decide if it’s best to help Michael and his aunt continue down the path they have

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<sup>6</sup> Orson Watson, *The Culture of Money: The Impact of Race, Ethnicity and Color on the Implementation of Asset-Building Strategies* (Baltimore, MD: Annie E. Casey Foundation, 2006).

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chosen so that they will help Jimmie—or wait until Jimmie gets into enough trouble so that he’s eligible for youth programs and counselors. Common sense would dictate that we should reinforce the sense of family and community that has helped Michael, and that Michael’s role modeling and assistance would be much more sustainable for Jimmie over time. But our current policies and programs are not generally attuned to the power of social and familial relationships. Social service programs are funded to find, recruit, and counsel the Jimmies in our communities.

### *The Family Independence Initiative Does it Differently.*

While there are instances where parents and family are not functional or available, these broader stereotypes allow for antipoverty programs to become surrogate parents and community members without having to prove incompetency of the parents or their friends. What appears as inattention by parents can generally be attributed to the need to work long hours, often at multiple jobs. The first step in any intervention should be to strengthen family or community and only seek to replace it when it is proved to be inadequate.

FII’s basic premise is that the families must be given the first opportunity and resources to lead their own change. The negative stereotype of low-income families makes it difficult to sell our approach even though we have demonstrated very strong results.

## **Obstacle Two: The Funding Process for Social Service Programs Reinforces Approaches That Undermine Families**

Besides the distrust that many in the funding and policy community have about giving low-income people control over funds and the change process, FII faces several hurdles related to the structure of how most social service funding is currently distributed.

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### *RFP Processes Reinforce Misperceptions.*

Almost every public and philanthropic Request for Proposals (RFP) starts by asking for a needs statement. Then it asks for a description of the “services” that will be provided to address those needs and lastly the experience of the nonprofit in providing such services.

Although FII targets the same communities as most broad antipoverty programs, it shifts control of the change process to families as they naturally organize, making it difficult to clearly answer the “service” question. Our proposals sent in through the traditional funding process have generally been turned down. The instances where we were successful included the support of the leadership of the foundation or someone in a position of influence.

### *Funding is Siloed but Families’ Lives are not.*

A second problem that an organic process like FII faces is the categorization of funding. The more traditional foundations as well as government funding is divided categorically: jobs, education, economic development, housing, etc. Funds are also divided by population: homeless, youth, aging, residents within a certain bounded neighborhood, etc.

The strength of FII’s approach is that it supports families in all parts of their lives (jobs, children’s grades, debt, education, etc.) not just in a single category. FII also does not fit in “place-based” strategies that fund residents with defined geographic areas. FII enrolls families as they self

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organize and in a society as mobile as the United States, friendships cross neighborhood boundaries.

### *More Promising Approaches for Funders.*

There are a number of other ways that philanthropic and public funds can get to families and communities in “need.”

- 1) Grants based on outcomes, not process. Funders can determine “indicators” that indicate if outcomes they wish to see are actually occurring. If they care about kids doing well in school they can provide funding based on actual grade or attendance improvement.
- 2) Grants can be given as awards for previous performance. For example, the Annie E. Casey Foundation has honored nonprofits with a history of success with an award of \$500,000 in unrestricted funds over three years to help the organization continue its work.
- 3) Pools of funds can be set up that the target families can compete for so they can take the actions they want. These can be in the form of scholarships, fellowships, matches to savings, stipends, conditional cash transfers, etc.
- 4) “Social innovation funds” such as a fund recently set up by the Obama administration could allow organizations or even families to try approaches that may run counter to current practices.

### **Obstacle Three: Social Service Programs Are Unaccountable to People They Serve**

In every city where FII ran a demonstration we received support—political, financial, and otherwise—from the mayor, top foundations, and business leaders. Yet FII has had difficulty getting government agencies and policymakers to respond to feedback from families on the quality of the services and benefits they receive. Families often find the ideas behind current policies solid and helpful—such as lower down payments or tax credits to

encourage homeownership—but they object to how these policies are administered.

“I wanted to see if the mayor’s home ownership program could help us buy a house, but I was told that I had to go through financial training workshops before they would assign a financial counselor to look at our eligibility,” recounted Rosario, an FII family member. Because her family has a disabled child and no funds to pay for childcare it took Rosario over two months to finish the training on weekends. It then took another six weeks to get an appointment with the financial counselor. But within 10 minutes of sitting with the counselor Rosario and her husband were told that they didn’t qualify for any of the homeownership programs because their income was too low, something that they could have been told four months earlier.

When this was shared with the director of the program, her response was that they didn’t plan on changing their rules and that Rosario and her husband probably needed the financial training anyway. Unlike for-profit services that seek to be more efficient in order to get more consumers, nonprofit and government services have reverse incentives. Rosario and her husband have now cautioned their friends about the program, but given the large number of low-income families, having fewer applicants actually reduces the workload on under funded programs.

Part of FII’s mission is to use the lessons learned from the family and consumer experiences to develop policies that incentivize personal initiative. But the resistance from lower-level staff can only be overcome if the top officials that support FII’s approach are willing to press their staff to listen to the consumers: the low-income families. The problem we have is that once a policy is passed the implementation is not of great interest to those in positions of influence since the majority of low-income consumers rarely hold them accountable.

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Furthermore, providers are rarely happy with evaluations conducted by outside evaluation firms. FII recommends that services also be judged by the consumers of their services. For-profit services available to middle- and upper-income families survive or go out of business because the consumer has choices and judges the service by purchasing or not purchasing from that provider. Large outside expensive evaluations are not needed. FII advocates that funders fund multiple services such as childcare, trainings, etc. in low-income neighborhoods and let them be judged and funded partially based on the satisfaction of the low-income consumer. Having to compete and be market driven is not part of the nonprofit sector's view of charity. One provider explained, "The community I work with doesn't know what is good for them." He also didn't want them to make the same kinds of mistakes he himself made even though making personal mistakes and learning from them is a natural part of taking control of and ownership over your life.

#### Obstacle Four: Service Providers Can Inadvertently Stifle Family Leadership and Initiative

A central premise of FII's approach is that the families must be given the chance to lead their own change and that if institutions intervene inappropriately, they can undermine citizen involvement and ownership. John McKnight elaborated on this in his historic book, "The Careless Society." He also pointed out that well intended organizations frowned on being characterized as part of the problem.

Most people who join the nonprofit sector to do antipoverty work do it because they feel they personally have skills and ideas to contribute to the "disadvantaged." Again the negative stereotypes of low-income families encourage those who are well meaning to bring their skills and ideas to bear on those targeted. Funders also expect nonprofits and professionals to be proactive, again assuming that low-income families need outside direction.

Many professionals forget that families who have had to regularly use free services have become accustomed to taking direction from professional social workers in order to stay eligible for welfare, trainings, etc. One of the FII families described it as being "programmed" to follow. She said the difference with FII is that FII staff is forbidden to provide opinions or direction until a family begins to take their own actions and specifically requests support. FII has had to let staff go that just couldn't help but be helpful. Incumbent service providers also resist letting families lead since they have entire infrastructures based on being proactive and this is threatened by FII's approach.

Some of FII's approach threatens the current role of many well-intentioned professionals in the service sector. One writer described FII as being "driven by a big and disruptive idea."<sup>7</sup> But a compromise can be reached without undermining FII's challenge to the power dynamics of current approaches. FII has also been approached by quite a number of nonprofits that want to employ a similar approach outside of their current service system. But their concerns are that their current funders will not allow it. It thus appears that if we can change funding patterns and expectations, then incumbent service providers will adjust to new approaches.

#### A Call to Action

After all is said, the two factors that separate most low-income families from middle- and upper-income families is 1) money; and 2) the social networks that can provide connections to jobs, professional services, opportunities, etc. Sadly, current practices and the negative stereotypes of low-income people keep those of us who want to impact poverty from giving families control over funding and connections to the networks and opportunities we and our professional staff utilize in our daily lives.

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<sup>7</sup> Pete Plastrik, "Stop the Babysitter!! Spotting an Innovation Opportunity." *Nupolis: Social Innovation Blog*. October 21, 2009. <http://www.nupolis.com/public/blog/243725>

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If we are to bring about substantial change, this country needs to begin to rely on low-income target families to help themselves and their friends. To bring this about several things must happen:

- 1) We need to more accurately communicate the resourcefulness, capacity, and caring that is the true picture of lower income families and communities.
- 2) Funders must allow for program approaches that provide help based on family and community initiative and strengths.
- 3) Policy makers, funders, and leaders must seek direct feedback from the consumers of the programs they create and respond to that feedback.
- 4) The target families must self organize and advocate for themselves and their communities.

While a wholesale change of society is unlikely, we do feel that a new “movement” can evolve that is a partnership between families who are assuming control over the change process and those in positions of influence who trust the families to lead their own change. We are optimistic that this country is in a period where past practices are being challenged and we are at a point in history where we can make history.

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