



## BARACK OBAMA: FIGHTING POVERTY AND CREATING A BRIDGE TO THE MIDDLE CLASS

*"At the dawn of the 21<sup>st</sup> century we also have a collective responsibility to recommit ourselves to the dream; to strengthen that safety net, put the rungs back on that ladder to the middle-class, and give every family the chance that so many of our parents and grandparents had. This responsibility is one that's been missing from Washington for far too long – a responsibility I intend to take very seriously as president.*

[Speech in Spartanburg, South Carolina, 06/15/07]

### BARACK OBAMA'S PLAN TO FIGHT POVERTY IN AMERICA

There are 36.5 million poor Americans. Most Americans living in poverty work, but still cannot afford to make ends meet. And too many poor Americans are single mothers who are raising children.

Barack Obama has been a lifelong advocate for the poor – as a young college graduate, he rejected the high salaries of corporate America and moved to the South Side of Chicago to work as a community organizer. As an organizer, Obama worked with churches, Chicago residents and local government to set up job training programs for the unemployed and after-school programs for kids.

Obama later took these experiences to the Illinois State Senate and the United States Senate, where he has been a consistent proponent of expanding the Earned Income Tax Credit (EITC), increasing the minimum wage, ensuring that low-income students have access to the best and brightest teachers, lowering the costs of college education, and helping Americans purchase their own homes without relying on predatory mortgage lenders. As president, Barack Obama will continue to fight for meaningful opportunities for low-income Americans to join the middle class.

#### **JOBS**

**Expand Transitional Jobs and Career Pathways Programs:** Barack Obama believes that all Americans who want to work should not only be able to gain meaningful employment, but should also be able to move up the career ladder to further support their families. Obama will invest \$1 billion over five years in transitional jobs and career pathways programs that implement proven methods of helping low-income Americans succeed in the workforce. This investment will be coupled with other measures to encourage the private sector, and state and local governments, to increase their support of these effective employment programs.

- **Transitional Jobs.** Obama will create a transitional jobs program to place people with extreme difficulties getting and keeping good jobs into temporary, subsidized wage-paying jobs to gain necessary job skills before applying for unsubsidized jobs in the private and public sectors. The Obama transitional jobs program will also offer mentoring and social services designed to address work-blocking problems, such as personal and family conflicts. By gaining valuable work experience, training and counseling, participants in the transitional jobs program will prepare to apply and successfully obtain employment in the regular job market.

- **Career Pathways.** Workers without a high-school degree are nearly 30 percent less likely to move out of a low-wage job than their more educated peers. In addition to helping people enter the job market, Obama will also help people move up the career ladder by providing funding for bridge and career pathways programs that partner the federal government with employers, organized labor and community-based organizations to identify job opportunities, develop customized training and apprentice programs, and help place low-income employees in better jobs.

**Ensure Freedom to Unionize:** Barack Obama believes that workers should have the freedom to choose whether to join a union without harassment or intimidation from their employers. Although an estimated 60 million Americans would join a union if given the opportunity, companies too often deny workers the opportunity to organize and improve their lives. Obama cosponsored and is strong advocate for the Employee Free Choice Act, a bipartisan effort to assure that workers can exercise their right to organize and secure initial agreements with their employers. The act requires employers to recognize a union if the National Labor Relations Board (NLRB) finds that a majority of employees have signed cards designating the union as its bargaining representative (a "card check"), mandates arbitration if negotiations over a first contract stall, and imposes penalties on employers that illegally coerce workers not to join unions. As president, Obama will continue to work for EFCA's passage and sign it into law.

**Help Youth Connect with Growing Job Sectors:** Barack Obama will create the 5-E (Energy Efficiency, Environmental Education and Employment) Disconnected Youth Service Corps. This program would directly engage disconnected and disadvantaged youth in energy efficiency and environmental service opportunities to strengthen their communities while also providing them with practical skills and experience in important career fields of expected high-growth employment. The program would engage private sector employers and unions to provide apprenticeship opportunities. The program also encourages summer high school students to stay in school, and provides GED help and other wrap-around social services for drop-outs.

**Improve Transportation Access to Jobs:** Three quarters of welfare recipients live in areas that are poorly served by public transportation and low-income workers spend up to 36 percent of their incomes on transportation. As president, Barack Obama will work to eliminate transportation disparities. Obama will double the federal Jobs Access and Reverse Commute program to ensure that additional federal public transportation dollars flow to the highest-need communities and that urban planning initiatives take this aspect of transportation policy into account.

**Increase Access to Capital in Underserved Communities:** Access to capital is critically important to the development of businesses. Yet there has been a growing gap between the amounts of venture capital and access to business loans available to minority-owned small businesses compared to other small businesses. Less than 1 percent of the \$250 billion in venture capital dollars invested annually nationwide has been directed to the country's 4.4 million minority business owners. A recent study found that minority business owners, even if they have the same characteristics as other business owners, are significantly denied credit more frequently and required to pay higher interest rates than white applicants. To compound this problem, in recent years there has been a significant decline in the share of Small Business Investment Company financings that have gone to minority-owned and women-owned businesses. In order to increase their size, capacity, and ability to do business with the federal government and to compete in the open market, minority firms need greater access to venture capital investment, as well as greater access to business loans. Barack Obama will strengthen Small Business Administration programs that provide capital to minority-owned businesses, support outreach programs that help minority business owners apply for loans, and work to encourage the growth and capacity of minority firms.

**Create a National Network of Public-Private Business Incubators:** Barack Obama will support entrepreneurship and spur job growth by creating a national network of public-private business incubators.

Business incubators facilitate the critical work of entrepreneurs in creating start-up companies. They offer help designing business plans, provide physical space, identify and address problems affecting small businesses, and give advice on a wide range of business practices. Business incubators will engage the expertise and resources of local institutions of higher education and successful private sector businesses to help ensure that small businesses have both a strong plan and the resources for long-term success. Obama will invest \$250 million per year to increase the number and size of incubators in disadvantaged communities throughout the country.

**Promote Digital Inclusion:** Getting broadband Internet access into every home and business in urban America at an affordable rate will spur economic development and give more low-income resident access to the 21<sup>st</sup> century digital economy. As president, Barack Obama will reform the Telephone Universal Service Program, direct the Federal Communications Commission (FCC) to better manage the nation's airwaves, and encourage public-private partnership to get more low-income communities connected

**Reduce Crime Recidivism by Providing Ex-Offender Supports:** America is facing an incarceration and post-incarceration crisis in urban communities. Today, nearly 2 million children have a parent in a correctional facility. In the U.S. Senate, Obama has worked to provide job training, substance abuse and mental health counseling, and employment opportunities to ex-offenders. In addition to signing these important programs into law, Obama will create a prison-to-work incentive program, modeled on the successful Welfare-to-Work Partnership to create ties with employers and third-party agencies that provide training and support services to ex-offenders, and to improve ex-offender employment and job retention rates. Obama will also work to reform correctional systems to break down barriers for ex-offenders to find employment.

## **INCOME**

**Expand the Earned Income Tax Credit:** In the Illinois State Senate, Obama led the successful effort to create the \$100 million Illinois Earned Income Tax Credit (EITC). As president, Obama will reward work by increasing the number of working parents eligible for EITC benefits, increasing the benefit available to parents who support their children through child support payments, increasing the benefit for families with three or more children and reducing the EITC marriage penalty which hurts low-income families. Under the Obama plan, full-time workers making minimum wage would get an EITC benefit up to \$555, more than three times greater than the \$175 benefit they get today. If the workers are responsibly supporting their children on child support, the Obama plan would give those workers a benefit of \$1,110. The Obama plan would also increase the EITC benefit for those families that are most likely to be in poverty – families with three or more children.

**Raise the Minimum Wage:** Barack Obama believes that people who work full time should not live in poverty. Before the Democrats took back Congress, the minimum wage had not changed in 10 years. Even though the minimum wage will rise to \$7.25 an hour by 2009, the minimum wage's real purchasing power will still be below what it was in 1968. As president, Obama will further raise the minimum wage to \$9.50 an hour by 2011, index it to inflation and increase the EITC to make sure that full-time workers can earn a living wage that allows them to raise their families out of poverty and pay for basic needs such as food, transportation, and housing – things so many people take for granted.

**Provide a Tax Cut for Working Families:** Barack Obama will restore fairness to the tax code and provide 150 million workers the tax relief they deserve. Obama will create a new "Making Work Pay" tax credit of up to \$500 per person, or \$1,000 per working family. This refundable income tax credit will provide direct relief to American families who face the regressive payroll tax system. It will offset the payroll tax on the first \$8,100 of their earnings while still preserving the important principle of a dedicated revenue source for Social Security. The "Making Work Pay" tax credit will completely eliminate income taxes for 10 million Americans. The tax credit will also provide relief to self-employed small business owners who struggle to pay both the employee and employer portion of the payroll tax. The "Making Work Pay" tax credit offsets some of this self-employment tax as well.

**Eliminate Income Taxes for Seniors Making Less Than \$50,000:** Lower and middle income seniors are struggling as their expenses on health and energy skyrocket while their incomes do not keep pace. This strain has been greater since 1993, when taxes on Social Security benefits were raised. Millions of seniors saw their net benefits go down. Seniors also had to take on the added strain – and sometimes cost – of filing a complicated tax return. And after going through all of these complicated calculations, many seniors find that they owe little or no tax, meaning that all of the hassle was for naught.

Barack Obama will eliminate all income taxation of seniors making less than \$50,000 per year. This will provide immediate relief to 22 million American seniors who will not need to file an income tax return, and will eliminate any income tax for nearly seven million seniors at a savings of roughly \$1,400 each year. For many seniors, this will eliminate the need to hire a tax preparer, resulting in even larger savings.

## **FAMILIES**

**Promote Responsible Fatherhood:** Since 1960, the number of American children without fathers in their lives has quadrupled, from 6 million to more than 24 million. Children without fathers in their lives are 5 times more likely to live in poverty and commit crime, 9 times more likely to drop out of school, and 20 times more likely to end up in prison. Barack Obama has re-introduced the Responsible Fatherhood and Healthy Families Act to remove some of the government penalties on married families, crack down on men avoiding child support payments, and ensure that payments go to families instead of state bureaucracies. The legislation would also fund support services for fathers and their families, including domestic violence prevention efforts. As President, he will sign this bill into law and continue to implement innovative measures to strengthen families.

**Support Parents with Young Children:** Barack Obama would expand the highly successful Nurse-Family Partnership to all low-income, first-time mothers. The Nurse-Family Partnership provides home visits by trained registered nurses to low-income expectant mothers and their families. The trained nurses use proven methods to help improve the mental and physical health of the family by providing counseling on substance abuse, creating and achieving personal goals, and effective methods of nurturing children. Proven benefits of these types of programs include improved women's prenatal health, a reduction in childhood injuries, fewer unintended pregnancies, increased father involvement and women's employment, reduced use of welfare and food stamps, and increased children's school readiness. Researchers at the Federal Reserve Bank of Minneapolis concluded that these programs produced an average of five dollars in savings for every dollar invested and produced more than \$28,000 in net savings for every high-risk family enrolled in the program. The Obama plan would assist approximately 570,000 first-time mothers each year.

**Expand Paid Sick Days:** Half of all private sector workers have no paid sick days and the problem is worse for employees in low-paying jobs, where less than a quarter receive any paid sick days. Barack Obama will require that employers provide seven paid sick days per year.

## **EDUCATION**

**Expand Early Childhood Education:** Research shows that half of low-income children start school up to two years behind their peers in preschool skills and that these early achievement gaps continue throughout elementary school. Obama has been a champion of early childhood education since his years in the Illinois legislature, where he led the effort to create the Illinois Early Learning Council. Obama has introduced a comprehensive "Zero to Five" plan to provide critical supports to young children and their parents by investing \$10 billion per year to create: Early Learning Challenge Grants to stimulate and help fund state "zero to five" efforts; quadruple the number of eligible children for Early Head Start and increase Head Start funding and improve quality for both; work to ensure all children have access to pre-school; provide affordable and high-quality child care that will promote child development and ease the burden on working families; and create a Presidential Early Learning Council to increase collaboration and program coordination across federal, state, and local levels.

**Place High-Quality Teachers in Low-Income Classrooms:** From the moment children step into a classroom, the single most important factor in determining their achievement is their teacher. Barack Obama values teachers and the central role that they play in education. To ensure competent, effective teachers in schools that are organized for success, Obama's K-12 plan will expand service scholarships to underwrite high-quality preparation for teachers who commit to working in underserved districts, support ongoing improvements in teacher education, provide mentoring for beginning teachers, create incentives for shared planning and learning time for teachers, and support career pathways in participating districts that provide ongoing professional development and reward accomplished teachers for their expertise. The Obama Career Ladder initiative will help eliminate teacher shortages in hard-to-staff areas and subjects, improve teacher retention rates, strengthen teacher preparation programs, improve professional development, and better utilize and reward accomplished teachers.

**Extend Summer School Opportunities to Low-Income Students:** Students lose an average of two months or more worth of math facts and skills during the summer, with the largest learning loss affecting children who live in poverty, suffer from learning disabilities, or do not speak English at home. Barack Obama's "STEP UP" plan addresses the achievement gaps among grade-school children by supporting summer learning opportunities for disadvantaged children through partnerships between local schools and community organizations.

**Reduce the High School Dropout Rate:** Only 70 percent of U.S. high school students graduate with a diploma. African American and Latino students are significantly less likely to graduate than white students. Obama will address this problem by helping at-risk students before they get to high school, because the warning signs often occur well before high school. Obama will sign into law his "Success in the Middle Act," which will provide federal support to improve the education of middle school students in low-performing schools by requiring states to develop a detailed plan to improve student achievement, develop and utilize early identification data systems to identify those students most at-risk of dropping out and invest in proven strategies that reduce the number of drop outs. Obama will also establish a competitive grant process open to existing or proposed public/private partnerships or entities that are pursuing evidence-based models that have been proven to reduce dropouts – such as Diploma Plus or Teacher Advisor programs.

**Make College More Affordable:** Barack Obama will make college affordable for all Americans by creating a new American Opportunity Tax Credit. This fully refundable credit will ensure that the first \$4,000 of a college education is completely free for most Americans, and will cover two-thirds the cost of tuition at the average public college or university. And by making the tax credit fully refundable, Obama's credit will help low-income families that need it the most. Obama will also ensure that the tax credit is available to families at the time of enrollment by using prior year's tax data to deliver the credit at the time that tuition is due, rather than a year or more later when tax returns are filed. Recipients of this credit will be required to conduct 100 hours of public service a year, either during the school year or over the summer months.

## **HOUSING**

**Increase the Supply of Affordable Housing:** In too many communities, low-income families are priced out of the housing market. Between 1993 and 2003, the number of units of affordable to low-income households fell by 1.2 million. Barack Obama believes we should create an Affordable Housing Trust Fund to develop affordable housing in mixed-income neighborhoods. The Affordable Housing Trust Fund would use a small percentage of the profits of two government-sponsored housing agencies, Fannie Mae and Freddie Mac, to create thousands new units of affordable housing every year. Barack Obama will also restore cuts to public housing operating subsidies, and ensure that all Department of Housing and Urban Development (HUD) programs are restored to their original purpose.

**Create a New FHA Housing Security Program:** One of the biggest problems associated with the crisis in the housing market is the decline in house values, which is putting people's mortgages underwater, meaning that their mortgage is worth more than their houses. Many people who find themselves in this situation simply walk

away, worsening the foreclosure problem. At a time when costs are rising for energy, food, health care and education, Barack Obama believes we must ensure that the American dream of homeownership can continue. Obama strongly supports the efforts of Senate Banking Committee Chair Chris Dodd (D-CT) to create a new Federal Housing Administration (FHA) program that will provide meaningful incentives for lenders to buy or refinance existing mortgages and convert them into stable 30-year fixed mortgages. This plan will provide a federal guarantee for lenders to reduce the outstanding principal amount of loans that are currently unaffordable in order to enable new, affordable mortgages for homeowners. Neither the lenders nor the borrowers will receive a windfall from this proposal.

**Create Fund to Help Homeowners Avoid Foreclosures:** Obama has called for the immediate creation of a \$10 billion Foreclosure Prevention Fund to help people refinance their mortgages and provide comprehensive supports to innocent homeowners. The fund will also assist individuals who purchased homes that are simply too expensive for their income levels by helping them sell their homes. The fund will help offset costs of selling a home, including helping low-income borrowers get additional time and support to pay back any losses from the sale of their homes and waiving certain state and local income taxes that result from an individual selling his home to avoid foreclosure. These steps will ensure that individuals who have to sell their homes will be able to quickly regain stable financial footing. The fund will be partially paid for by Obama's increased penalties on lenders who acted irresponsibly and committed fraud.

**Create a New Mortgage Interest Tax Credit for Those Who Don't Itemize:** Barack Obama will provide a greater number of Americans with the financial assistance they need to purchase or keep their own home. Many middle class Americans do not receive the existing mortgage interest tax deduction because they do not itemize their taxes. As a result, the benefits of this tax incentive are often greatest for wealthy families with the most expensive homes. Obama will ensure that middle-class Americans get the financial assistance they need to purchase or keep their own home by creating a 10 percent universal mortgage credit that gives tax relief to all Americans who have a home mortgage. This will, effectively, cut 10 percent off the interest rate paid by 10 million homeowners, most of whom earn under \$50,000 per year. This tax cut will provide direct relief to many homeowners who are struggling to maintain their mortgage payments.

**Combat Mortgage Fraud and Predatory Subprime Loans:** Barack Obama has been closely monitoring the subprime mortgage situation for years, and introduced comprehensive legislation nearly two years ago to fight mortgage fraud and protect consumers against abusive lending practices. Obama's STOP FRAUD Act provides the first federal definition of mortgage fraud, increases funding for federal and state law enforcement programs, creates new criminal penalties for mortgage professionals found guilty of fraud, and requires industry insiders to report suspicious activity. Obama will also create a Homeowner Obligation Made Explicit (HOME) score, which will provide potential borrowers with a simplified, standardized borrower metric (similar to APR) for home mortgages. The HOME score will allow Americans to easily compare various mortgage products and understand the full cost of the loan. The HOME score would also help borrowers understand their long-term obligations and would be required to include mandatory taxes and insurance.

**Close the Bankruptcy Loophole for Mortgage Companies:** While investors who own multiple homes and people with vacation homes can renegotiate those mortgages in bankruptcy, current Chapter 13 law prohibits bankruptcy judges from modifying the original terms of home mortgages for ordinary families—regardless of whether the loan was predatory or unfair or is otherwise unaffordable. Barack Obama will repeal this provision so that ordinary families can also get relief that bankruptcy laws were intended to provide. This change could prevent as many as 600,000 homeowners from being foreclosed upon.

**Fully Fund the Community Development Block Grant:** The Community Development Block Grant (CDBG) program is an important program that helps strengthen cities and towns throughout the nation by providing housing and creating jobs primarily for low- and moderate-income people. The Bush Administration has consistently attempted to cut funding for CDBG, including by \$1.2 billion next year and \$6.9 billion over

the next five years. Barack Obama has fought against these cuts, and as president, he will restore funding for the CDBG program.

## **HEALTH CARE**

**Provide Universal Health Care and Lower Health Costs:** Barack Obama is committed to signing universal health legislation by the end of his first term in office that ensures all Americans have high-quality, affordable health care coverage. His plan will save a typical American family up to \$2,500 every year on medical expenditures by providing affordable, comprehensive and portable health coverage for every American; modernizing the U.S. health care system to contain spiraling health care costs and improve the quality of patient care; and promoting prevention and strengthening public health to prevent disease and protect against natural and man-made disasters.

**Fight Health Disparities:** Barack Obama cosponsored the Minority Health Improvement and Health Disparity Elimination Act to better understand the root causes of health disparities and to start addressing them. The bill puts new emphasis on disparity research by directing the Department of Health and Human Services to collect and report health care data by race and ethnicity, as well as geographic and socioeconomic status and level of health literacy. The legislation outlines mechanisms to conduct educational outreach, increase diversity among health care professionals, and improve the delivery of health care to minorities and other under served groups.

**Foster Healthy Communities:** How a community is designed – including the layout of its roads, buildings and parks – has a huge impact on the health of its residents. For instance, nearly one-third of Americans live in neighborhoods without sidewalks and less than half of our country’s children have a playground within walking distance of their homes. This lack of a safe place to walk and play is a major contributor to the growing numbers of overweight children. Barack Obama introduced the Healthy Places Act to help local governments assess the health impact of new policies and projects, like highways or shopping centers. Once the health impact is determined, the bill gives grant funding and technical assistance to help address potential health problems.

## **TACKLE CONCENTRATED URBAN POVERTY**

**Create a White House Office on Urban Policy:** The Obama White House will take the federal government’s role in supporting urban America seriously. Today, government programs aimed at strengthening metropolitan areas are spread across the federal government – including the Department of Housing and Urban Development, Department of Transportation, Department of Labor and Department of Commerce – with insufficient coordination or strategy. Barack Obama will create a White House Office of Urban Policy to develop a strategy for metropolitan America and to ensure that all federal dollars targeted to urban areas are effectively spent on the highest-impact programs. The Director of Urban Policy will report directly to the president and coordinate all federal urban programs.

**Ensure Community-Based Investment Resources in Every Urban Community:** The United States has made a strong commitment to furthering economic development in poor regions around the globe through the World Bank, yet it makes no similar centralized and coordinated commitment to poor communities in the U.S. Barack Obama will task his new Director of Urban Policy to work across federal agencies and with community and business leaders to identify and address the unique economic development barriers of every major metropolitan area in the country. Obama will provide additional resources to the federal Community Development Financial Institution Fund, the Small Business Administration and other federal agencies, especially to their local branch offices, to address the needs identified by the Director of Urban Policy.

**Establish ‘Promise Neighborhoods’ for Areas of Concentrated Poverty:** Successful strategies to address concentrated, intergenerational poverty are comprehensive in nature and address the full range of obstacles that stand in the way of poor children. One highly-acclaimed model is the Harlem Children’s Zone in New York City, which provides a full network of services to an entire neighborhood from birth to college.

Obama will create 20 Promise Neighborhoods in cities that have high levels of poverty and crime and low levels of student academic achievement. The Promise Neighborhoods will model the Harlem Children's Zone and seek to engage all resident children and their parents into an achievement program based on tangible goals, including college for every participating student, strong physical and mental health outcomes for children as well as retention of meaningful employment and parenting schools for parents. Promise Neighborhood sites will be selected by the federal government after review of applications from cities and their existing non-profit organizations and school districts. Cities and private entities will be required to pay 50 percent of the program costs.

### **ADDRESS RURAL POVERTY**

**Build Roads, Airports, and Infrastructure:** Rural businesses and family farmers depend on good infrastructure to grow and prosper. Barack Obama supports adequate investment in water, sewer and other community "backbone" systems so that rural America will not be left behind. He also supports greater flight access between small city airports and regional hubs, greater federal investment in restoring deteriorating roads and bridges, modernization of locks and dams, and investment in intermodal transportation hubs to help spur business development.

**Reinvest in Rural Technology Resources:** Many rural communities lack high-speed Internet, which is a critical component to economic development. Barack Obama wants to ensure that technology is used effectively in our rural schools, businesses and hospitals to link them to resources across the nation and around the world. Cell phone companies and wireless Internet providers often invest in rural areas last. We need a comprehensive federal effort to boost investment in information infrastructure in rural America so that modern farmers have access to modern technologies, residents have access to telemedicine and distance learning for secondary education, and all communities have access to modern emergency communication services like 911 emergency services.

**Encourage Investment in Rural America:** Barack Obama believes that rural America has not only formed the backbone of the American economy and society in decades past, but more importantly will an increasingly vital role in the future as we address the challenges of energy independence and globalization. Obama will build on his record in the U.S. and Illinois State Senates to promote American-grown renewable biofuels and ensure that all of rural America benefits from these investments, not just corporate agri-business. As president, Obama will work to implement innovative public-private partnerships that have the potential to bring thousands of new jobs to rural America.