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Supporting the Economic Strength of Lower-Income Communities

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HOLES IN HEALTH POLICY

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Communities & Banking

Communities & Banking magazine aims to be the central forum for the sharing of information about low- and moderate-income issues in New England.

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Photo Peter Davis

Letter from the Editor

As the weather warms up and New Englanders get excited about a plunge in the ocean, a run on the beach, or a long bike ride, the season of good health seems to have arrived.

But there are those among us for whom good health is a challenge, whatever the season. In this issue, Hastings Center researchers identify holes in health policy that are keeping immigrant children from access to services. David Himmelstein and Steffie Woolhandler address the rising tide of medical debt. And pediatrician Barry Zuckerman suggests that tackling patients' socioeconomic issues can be even more important for health than writing drug prescriptions.

Among other summer 2013 articles: an overview of policies to promote children's savings accounts, a look at the value of land banking to deal with foreclosed properties, and research into how cities can get the most from proposed casinos. Local Initiatives Support Corporation writes about proven techniques for tackling neighborhood crime, a nonprofit called Welcoming America describes the benefits that immigrants bring to communities, and The Pew Charitable Trusts offers perspectives on new fishing regulations and how they may affect New England's coastal communities.

Be sure to check out highlights from current Boston Fed initiatives, too. "Mapping New England" draws from new, online city data profiles. And Prabal Chakrabarti has an update on our exciting Working Cities Challenge, which will provide financial and technical assistance to smaller cities that demonstrate collaborative leadership on a transformative project.

We welcome your feedback, pro and con, and appreciate suggestions for authors and topics that can help *Communities & Banking* reach its goal of improving the economic strength of New England's lower-income communities.

Be in touch,

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Managing Editor

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Casinos and Cities

Can They Live Together?

ALAN MALLACH
BROOKINGS INSTITUTION

In 2011, Governor Patrick signed a bill authorizing casinos in Massachusetts. As other New England states consider their options, it is important to explore how casinos might affect the municipalities where they end up being built.

Gambling is big business. In 2011, nearly 60 million Americans visited a casino, and commercial casinos existed in 22 states.[1] At that time, casinos employed 339,000 people, generating nearly $35 billion in gross revenues, and paying state and local governments nearly $8 billion in direct gaming taxes, not to mention property taxes and income taxes from casino employees.[2]

Casinos have an unusual place in the economy. Although widely legal, they are allowed to operate only under stringent regulatory restrictions and usually exist in a quasimonopolistic environment.[3] Their unique status reflects the ambivalence of much of the American public. On the one hand, people see a casino as a powerful fiscal and economic development tool. On the other hand, many feel explicit or covert moral disapproval and fear of casinos' social and economic implications.

Any economic sector of this size, particularly one usually based in large facilities concentrated in a small number of discrete locations, is bound to have some impact. What the impacts are, however, can be hard to pin down.

Casinos provide fodder for both supporters and opponents. Opponents point to negative social impacts of casinos on people and communities. They mention crime and compulsive gambling. Proponents tout the number of jobs created and the fiscal benefits to state and local governments. Both views are reality based, but a closer look suggests that both proponents and opponents tend to exaggerate the impacts they cite. Crime typically rises in high-tourism areas, and there is little evidence to suggest that casinos are much different from other large visitor attractions. Conversely, proponents of casinos rarely acknowledge how much the money that people spend in casinos displaces spending elsewhere in town.

Thirty Years of Experience

Nonetheless, after more than 30 years since casinos spread outside Nevada, we can identify features that could maximize the benefits of a new casino to a host community.

From a purely fiscal standpoint, state governments almost always come out ahead with casinos. That has nothing to do with casinos as such, but rather with the fact that when states create monopolies or oligopolies, they can impose significantly higher taxes on them than on other sectors. Although no state has a general sales tax rate higher than 7 percent, state taxes outside Nevada on casino revenues consistently exceed 15 percent. In Pennsylvania, they are as high as 55 percent.

How much the host city benefits depends on how the state divides the revenue. In Pennsylvania, host cities get only a small share of the total. The city of Detroit, however, gets 40 percent of the combined state/local casino tax. Although host cities get property tax revenues, it is often a close call whether the fiscal benefits to the city outweigh the costs.

The economic and fiscal benefits of casinos, both to the state and the host cities, depend on where the casino visitors come from and where the casino workforce comes from. The ideal, from an economic standpoint, is a community with a large local workforce and also a large regional and multistate visitor pool.

The more local the workforce, the greater the share of casino revenues that stay in the community, and the greater the multiplier effect of those revenues on the local economy. The more that casino visitors come from outside the area, the less that the local community will suffer the displacement of revenues that occurs when casino-goers bypass local entertainment and other local spending. Displacement still happens, but it happens somewhere else. From a national perspective it may be a wash, but from the local perspective, it is significant. For the state, too, out-of-state casino visitors represent a much greater net fiscal benefit than in-state gamblers.

With casinos in operation in most states, how much a new casino can draw out-of-state visitors without cannibalizing the revenues of other casinos in those states is limited. In the competition between states and cities for scarce revenues, however, that rarely bothers officials. Pennsylvania's highly successful casino strategy aimed to draw gamblers from outside the state and take business from the Atlantic City market. The majority of the sites dictated by the state for casinos form a ribbon along the state's eastern boundary with New Jersey. Most of the others are close to Ohio and upstate New York. That was hardly a coincidence. (See "Location of Pennsylvania Casinos.")

Assuming a local pool of potential casino employees is available, and the casino can draw a regional—and at least a partly out-of-state—visitor pool, the *potential* opportunity for positive local economic impacts is there. If that opportunity is to be turned into reality, however, more has to happen than simply opening a casino on a vacant site somewhere in the area.

Planning for Positive Impact

If local residents are to become the majority of the casino's workforce, a systematic effort has to be made to reach potential workers and provide them with training opportunities well before the casino opens its doors. In Bethlehem, Pennsylvania, the casino formed a partnership with the local community college to train its workforce. The college even opened a satellite facility adjacent to the casino. More than 85 percent of the Sands Casino workforce lives within a 15-mile radius. Many live in the adjacent South Side neighborhood. The SugarHouse Casino in Philadelphia signed a community benefits agreement with the New Kensington Community Development Corporation, which led to a significant number of local residents being hired in the casino, as well as other neighborhood improvements.

The location of the facility is equally important. Putting a casino on an unused site outside a city center near an interstate highway exit may minimize traffic and crime effects on the city, but at the cost of essentially eliminating the possibility of positive economic spin-off effects. Placing the casino in the heart of the city, however, does not in itself guarantee positive spin-offs. How the casino is designed and how it relates to the rest of the community are critical considerations.

The Atlantic City casinos were built to be self-contained environments that would keep their patrons inside the facility to the maximum extent possible. Even after more than 30 years, spin-offs, such as noncasino restaurants, shopping, and entertainment venues, are few and far between. I believe a major goal for any city hosting a casino should be for it to be built in a way that not only permits but encourages constant movement of visitors between the casino and the rest of the city.

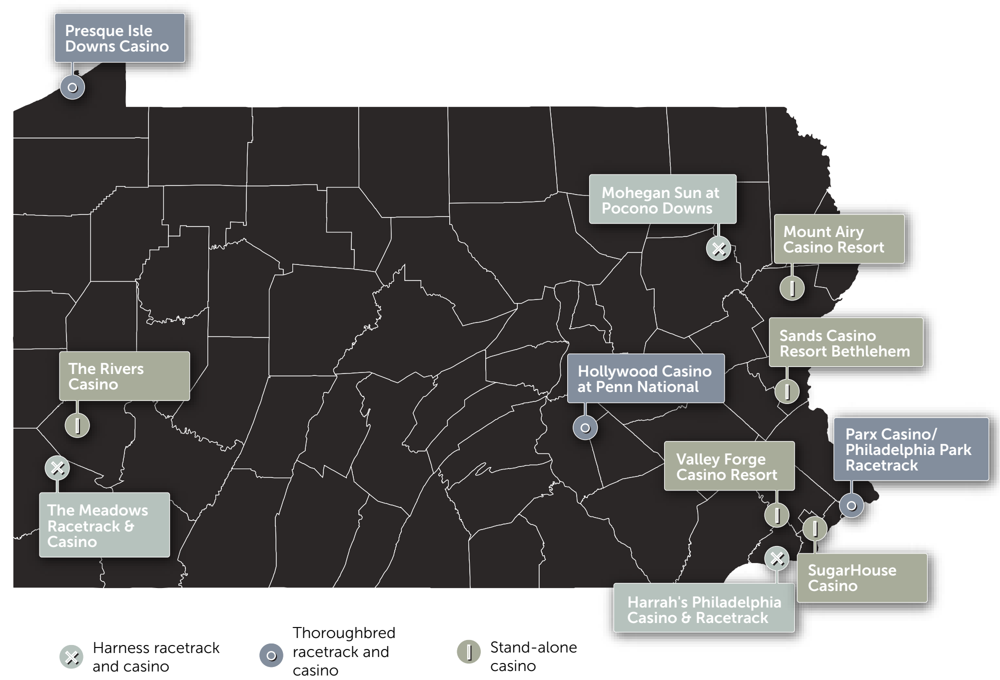
Constant flow between city and casino is a rarity in the industry. From what I have observed, I suggest that cities would do well to push back against resistance to such an approach. In Massachusetts, for example, the state and a given city should recognize that they are offering a casino operator a regional monopoly worth billions. That is a prize for which an operator will gladly pay, not only in design concessions, but by making a serious investment in community amenities and facilities.

The sophisticated casino operator understands that such amenities and facilities ultimately benefit the casino as well by making the destination more attractive to visitors. In Bethlehem, the casino made a significant financial contribution to redeveloping other parts of its site, the old Bethlehem Steel Works, for a major arts facility and new studios for the regional Public Broadcasting System station. These facilities have become attractions in their own right and are now an integral part of the casino's marketing package.

With the proliferation of casinos across the United States, there is a growing risk that, from a national perspective, building a casino is a zero-sum game. Casinos can still bring benefits to their host communities, however, if local governments and other local stakeholders take the opportunity to become active partners in the siting and planning of a casino, to ensure that it is integrated into the community's physical and economic fabric and that the residents of the community share in the jobs and other opportunities it brings.

Alan Mallach *is a nonresident senior fellow at the Brookings Institution in Washington, DC, and a visiting scholar at the Federal Reserve Bank of Philadelphia. Contact him at amallach@comcast.net.*

Location of Pennsylvania Casinos



Source: Pennsylvania Control Board, http://gamingcontrolboard.pa.gov/?p=180

Endnotes

1 The number is 38 states if Native American casinos are included.

2 See *State of the States: The AGA Survey of Casino Entertainment* (Washington, DC: American Gaming Association, 2012): http://www.americangaming.org/industry-resources/research/state-states.

3 The only exception to this rule is Nevada.

Photo iStockphoto

A New Initiative for Massachusetts Smaller Cities

PRABAL CHAKRABARTI
FEDERAL RESERVE BANK OF BOSTON

The Boston Fed announces the Working Cities Challenge, an initiative to advance collaborative leadership in smaller cities and support ambitious efforts to improve the lives of low-income residents.

Smaller cities in Massachusetts have faced an uphill battle. Most are former manufacturing centers grappling for decades with job loss and its spillover effects. They have higher unemployment and lower college attainment than the rest of the state. At the same time, the cities have assets. They are centers of their respective regions, with richly diverse populations, and are home to dozens of colleges, universities, and hospitals.

The Road to Growth

Boston Fed research has shown that smaller cities' ability to spark economic growth and development depends on the ability of leaders to work together. Such collaboration is most successful when the public, private, and nonprofit sectors develop a shared vision and agenda, and when the collaboration includes grassroots participation.

Building on these research findings and our belief in the ability of these cities to recover and become centers of regional growth, the Federal Reserve Bank of Boston is launching an initiative aimed at identifying and supporting collaborative leadership in small cities in Massachusetts and is laying the groundwork for a possible future rollout to other New England states.

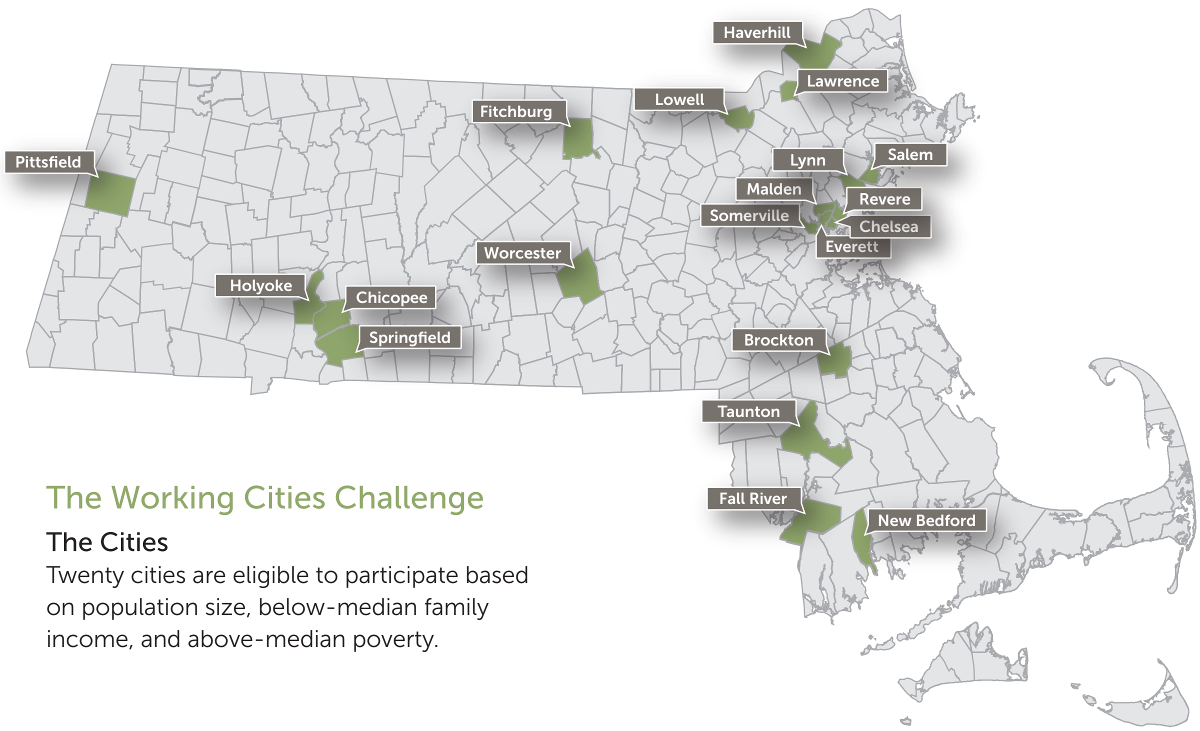
The competition, or challenge, will provide grants to promising efforts that exemplify and advance cross-sector collaboration and have positive, long-lasting outcomes for low-income people and communities in those cities.

The Working Cities Challenge

The Working Cities Challenge aims to (a) advance collaborative leadership in Massachusetts smaller cities and (b) support ambitious work that improves the lives of low-income people in those cities.

The Challenge operates as a competition for grants to promising efforts that strengthen working relationships between public sector, private sector, and nonprofit leaders in these cities, working together on a shared goal that has a positive impact on low-income people and neighborhoods. Winners will be chosen by a jury of experts, excluding the Boston Fed, and will receive awards of up to $700,000 over three years.

Additional cities with promising projects will receive smaller seed grants. All applicants will need to raise a 20 percent match with a combination of local funds and in-kind resources. Cities that don't make it to the finals will still benefit because the competition will



The Working Cities Challenge

The Cities

Twenty cities are eligible to participate based on population size, below-median family income, and above-median poverty.

be bolstered by networking and training opportunities for participants. We will also work with winners to access philanthropic debt for qualified projects.

It would be up to each city to propose a suitable initiative. The lead enterprise can come from any sector, not necessarily the municipality. A successful effort must be able to show the possibility of a demonstrable, measured impact for the low- to moderate-income residents of a city over the long term. Such efforts might arise in the following areas but are not limited to them:

- transit-oriented development to better link residents to job opportunities
- anchor-institution-driven economic development
- integrated approaches to education and workforce development
- deep and lasting transformation of urban real estate such as public housing and industrial land
- fostering of entrepreneurship, including efforts that build upon the documented growth in Latino-owned businesses
- public health or public safety

Whether a collaborative brings all parties together to give urban youth better alternatives to crime—or to welcome and support refugees and immigrants or to make sure all children are reading at grade level by age eight or to turn old warehouses into multipurpose innovation hubs—we hope you will submit an ambitious project that demonstrates how people who don't usually work on the same thing are sharing roles and responsibilities and are proposing a change likely to have an impact long after the Challenge is over.

The following cities are eligible to participate: Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Revere, Salem, Somerville, Springfield, Taunton, and Worcester. They were selected based on population size (between 35,000 and 250,000) and being above the median poverty rate and below the median family income for their peers. The cities have a combined population of 1.25 million and an average poverty rate of 21 percent.

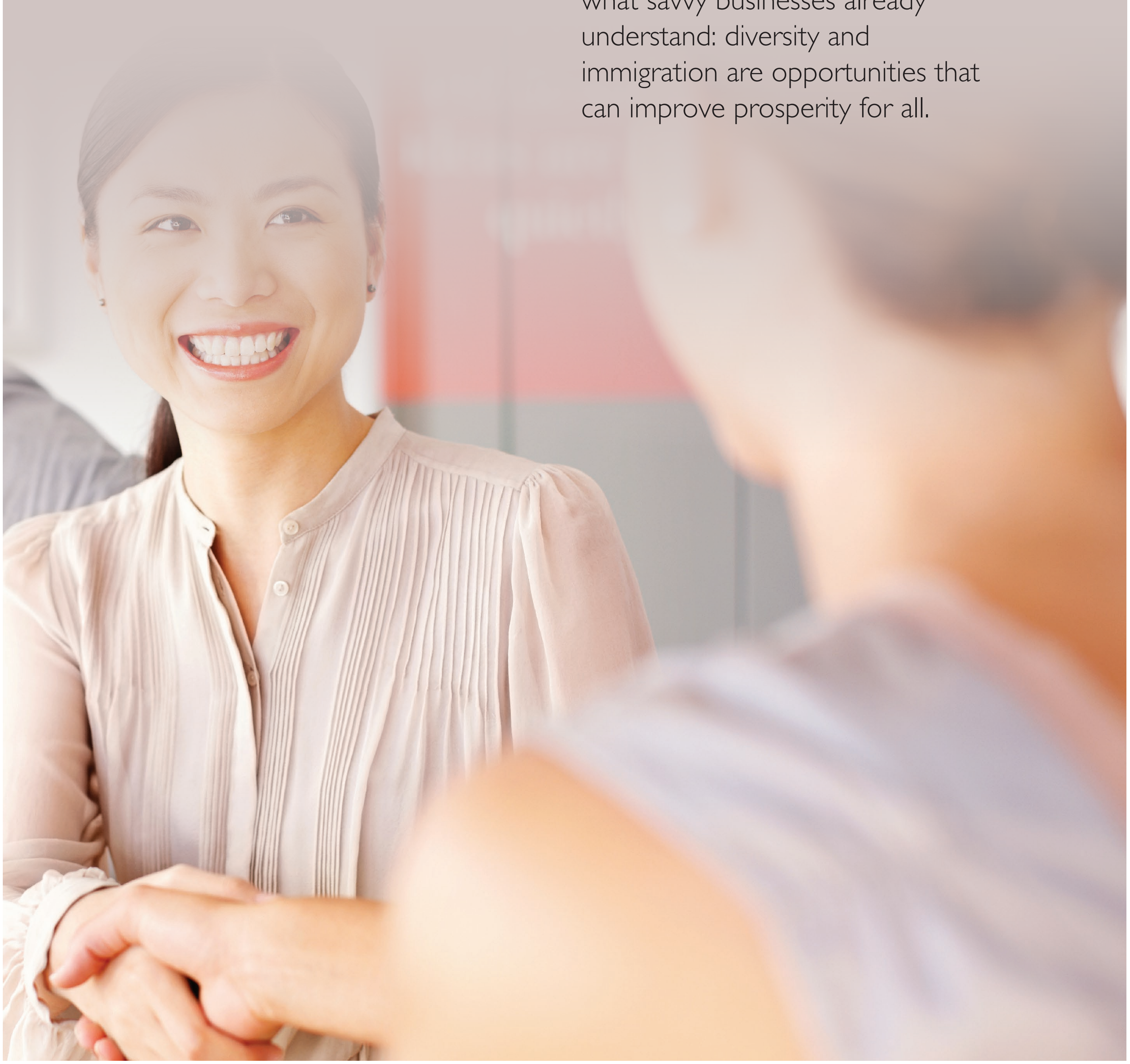
Prabal Chakrabarti *is the vice president of the Federal Reserve Bank of Boston's Regional and Community Outreach Department. Contact him at prabal.chakrabarti@bos.frb.org.*

To learn more, visit the website www.bostonfed.org/WorkingCities.

Promoting Economic Prosperity by Welcoming Immigrants

RACHEL STEINHARDT
WELCOMING AMERICA

Civic leaders are catching on to what savvy businesses already understand: diversity and immigration are opportunities that can improve prosperity for all.



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When it comes to running a business, maintaining competitive advantage involves adapting quickly to an increasingly diverse employee and consumer base. In the global economy, attracting the right talent and reaching today's demographically changing consumer market is imperative. With the Hispanic and Asian markets in the United States expected to reach a combined $2.5 trillion in buying power by 2015, strategies that welcome newcomers as employees and customers are a recipe for growth for *Fortune* 500 businesses and smaller firms alike.[1]

A growing number of cities today are working to create a more immigrant-friendly culture.[2] From Boston to East Providence, from Dayton to Salt Lake City, more civic leaders are promoting their communities as welcoming places that can attract and retain a global workforce and maximize the local economic development and growth opportunities that newcomers bring.

The Business Case

A growing body of research demonstrates how immigrant-friendly cities can create positive opportunities for all. Immigrants from across the skills spectrum contribute economically and are often highly sought after to fill critical gaps in the labor market.[3] Immigrants are also more likely to start a business than nonimmigrants. Consider a Fiscal Policy Institute report indicating that small businesses owned by immigrants employed an estimated 4.7 million people in 2007 and were generating more than $776 billion annually.[4]

Some studies have correlated increased immigration with increased earnings of American workers. Other research has documented immigrants' significant purchasing power, which translates into more demand for local consumer goods.[5] Moreover, by helping to balance the ratio of workers to retirees, immigrants give cities and the nation as a whole a structural advantage over many trading partners. And immigrants' home purchases have helped boost housing prices.[6]

Although it is more difficult to quantify, immigrants also contribute to localities through a "diversity advantage"—the potential for greater innovation, creativity, and even cultural renaissance that results when communities and businesses manage diversity well.[7]

Researcher Richard Florida has written about the diversity advantage, concluding that "nations that are more accepting of and better at integrating new immigrants have a higher level of economic growth and development."[8] In 2007, the U.S. Congressional Budget Office calculated that the fiscal impact of immigrants as a whole is positive, with the tax revenues they generate exceeding the cost of the services they use.

Research also has shown that over the last two decades, the metropolitan areas with the fastest economic growth were also the places with the greatest increase in immigrant share of the labor force.[9] Similarly, a study by Global Detroit found that immigrants in southeast Michigan "provide enormous contributions to the region's economic growth."[10]

A Movement Grows

More cities are seeing immigrants as offering a competitive edge.[11] Take Dayton, Ohio, which made headlines last year with the release of its Welcome Dayton plan. Dayton city manager Tim Riordan's comments reflect why other cities should take note: "Immigrants are more than twice as likely as other citizens to become entrepreneurs and create jobs. We want to make every effort we can to not only attract more of these creative and industrious people, but also to encourage them to stay in our community and plant deep roots."[12] Welcome Dayton includes strategies aimed at fostering a welcoming climate and increasing immigrants' access to the kinds of services (banking, English classes, and the like) that can help them contribute at their full potential.

More civic leaders are promoting their communities as welcoming places that can attract and retain a global workforce and maximize economic development opportunities.

Meanwhile in Chicago, Mayor Rahm Emanuel announced plans in 2012 to make Chicago the "most immigrant-friendly city in the world."

"Throughout its history," says Adolfo Hernandez, director of Chicago's Office of New Americans, "Chicago has benefited from the immeasurable economic contributions of its immigrant populations, and from the rich fabric of distinct and vibrant neighborhoods they helped to create. … As we build a thriving 21st century economy, we must work together to attract and retain immigrants by helping them to succeed and grow in a safe and welcoming city."

In the Great Lakes region, initiatives such as Global Michigan/Global Detroit are working to revitalize the regional economy by making the area more welcoming to immigrants, international residents, foreign trade, and foreign investment. The effort includes programs to retain international students, microenterprise training and lending, a network of immigration and social services, attracting foreign investment (for example, through a cultural ambassadors program and ramping up investor visas) and the Welcoming Michigan initiative, which promotes understanding between native and foreign-born residents.

Says Welcoming Michigan Director Steve Tobocman, "If Michigan is to compete, we have to welcome the investment, the jobs, the workers, and the ingenuity of immigrants and refugees. Welcoming Michigan is the foundation of a global economic growth strategy to return prosperity to our state."[13]

Cities such as Houston and Boston have similar initiatives. More recently, Baltimore declared itself a welcoming city and committed to investing in support for immigrants, while ensuring that long-time residents garnered benefits from new vitality and talent.[14] Said Mayor Rawlings-Blake, "It's about all of us growing and getting better and being successful together."[15]

Since 2009, the nonprofit Welcoming America has been working with a nationwide network of member organizations and partners to promote a welcoming atmosphere—community by community—in which immigrants and native-born residents can find common ground and shared prosperity. Welcoming initiatives have been launched in 22 states. Welcoming America has worked with government leaders in 11 states to pass or issue Welcoming proclamations—formal statements that articulate openness to immigrants and the need to create a positive climate that benefits the whole community.[16] The proclamations are important steps toward creating more actionable and comprehensive welcoming plans.

In New England, where demographics have changed significantly over the past decade and immigrants account for the majority of population growth, Welcoming initiatives in Massachusetts, Rhode Island, New Hampshire, Connecticut, and Maine are creating a climate that is not only about attracting immigrants, but about helping them to stay and thrive.[17] As Boston's Mayor Menino has said, "It is not enough to just welcome immigrants. …We must make a collective effort to ensure that immigrants feel welcomed."[18] In 2012, governors in Massachusetts and Rhode Island both signed Welcoming proclamations, and resolutions have passed in Boston, East Providence, and other communities in the region.

More than ever, efforts like these are a recognition that our communities are most likely to be economically successful when all members are welcomed and supported to offer their potential.

Rachel Steinhardt*, the deputy director of Welcoming America, is based in Decatur, Georgia. Contact her at rachel@welcomingamerica.org. See also www.welcomingcities.org.*

Endnotes

1 See *State of the Hispanic Consumer: The Hispanic Market Imperative, 2012*, http://www.nielsen.com/content/dam/corporate/us/en/microsites/publicaffairs/StateoftheAsianAmericanConsumerReport.pdf; and *The State of the Asian-American Consumer, 2012*, http://www.nielsen.com/us/en/insights/reports-downloads/2012/state-of-the-asian-american-consumer-q3-2012.html.

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Medical Debt
A Curable Affliction Health Reform Won't Fix

DAVID U. HIMMELSTEIN, MD, AND STEFFIE WOOLHANDLER, MD, MPH
CITY UNIVERSITY OF NEW YORK

Medical illness and medical bills will continue to be leading causes of personal bankruptcy in the United States, even after health-care reform.

Illustration Corbis Images

Millions of Americans are deep in medical debt. Unfortunately, the Affordable Care Act (ACA) will throw a lifeline to very few. According to the Congressional Budget Office, even after health reform is fully implemented in 2014, 30 million to 36 million people will remain uninsured. And tens of millions who do have insurance will have coverage that is too limited to ensure financial protection against an expensive illness. Many families will remain just one serious illness away from bankruptcy.

Medical Bankruptcies

In 2001, we began studying medical bankruptcy along with our colleagues Elizabeth Warren and Deborah Thorne. We directly surveyed debtors soon after they'd filed for personal bankruptcy. Back then, illness and medical bills contributed to about 50 percent of all personal bankruptcies and involved about 2.2 million debtors and their dependents.[1]

By 2007, when we repeated our study nationwide, medical bankruptcies had risen to 62 percent.[2] Significantly, most medical debtors were middle class. They had owned homes, had attended college, and had held responsible jobs. Seventy-eight percent even had health insurance, mostly private coverage—at least when they first got sick.

Why are so many middle-class, privately insured Americans swamped by medical costs? The reason is that private coverage has holes—unaffordable deductibles and copayments, as well as brief or nonexistent coverage of medical services like physical therapy. Moreover, since illness often reduces work-related income, families may experience a double whammy, as medical bills arrive just when the paychecks stop.

Medical bankruptcy is actually the tip of a much larger iceberg of medical indebtedness. For years, surveys have found that tens of millions of Americans struggle with medical debts and avoid needed care for fear of the cost. Recent surveys by *Consumer Reports*, for instance, have found that difficulty paying for medical care (including prescription drugs) is the top financial problem for American households.[3]

The number of Americans who struggle to pay for care has trended upward over time as health-care costs have soared and many health insurance companies have reduced the comprehensiveness of coverage. According to surveys by the Commonwealth Fund, the number of working-age adults (those 19 years old to 64 years old) reporting "problems paying" or "unable to pay medical bills within the past year" rose from 39 million to 53 million between 2005 and 2010.[4] In 2010, 30 million Americans were contacted by a collection agency about a medical bill, and 44 million were paying off medical debts over time.

A survey by the Center for Studying Health System Change estimated that 20.9 percent of all Americans lived in families that experienced a medical bill problem in 2010.[5] As in our bankruptcy surveys, insurance failed to offer enough protection. As many as 20.2 percent of nonelderly *insured* people lived in a family with medical bill problems.

Illustration Corbis Images

Even relatively young Americans, few of whom suffer serious illnesses, are at high risk of medical debt. In a 2011 survey of young adults 19 years old to 29 years old, 51 percent of those without insurance reported medical bill or medical debt problems, as did 29 percent of those who were insured all year.[6] Sixteen percent of all young adults reported being contacted by a collection agency about a medical bill within the past year.

Medical bills often compromise more than just financial health. Considerable research, including our own, has found that families that experience medical bill problems are far more likely to delay needed medical care, skip filling a prescription, and report problems paying for other necessities. That is true whether or not the family has health insurance.

The high frequency of medical bankruptcy was often cited by advocates of health reform during the debate over the ACA. Yet the debate largely ignored the fact that most medical debtors actually have coverage. In order to protect Americans from bankruptcy, coverage must be truly comprehensive, that is, it must cover virtually 100 percent of all needed medical care. Unfortunately, the insurance policies mandated under ACA are required to cover only 60 percent of expected health-care costs.

Learning from Massachusetts

Our findings from surveys of debtors in Massachusetts before and after the implementation of that state's health reform (the prototype of the national reform) make it clear that such limited coverage will do little to prevent medical bankruptcy.

Among Massachusetts bankruptcy filers in 2009, 53 percent cited illness or medical bills as a cause of their bankruptcy, a percentage that was statistically indistinguishable from the 59 percent figure we found before reform. Indeed, because the total number of bankruptcies had risen, the actual number of medical bankruptcies in the state increased from 7,504 in 2007 to 10,093 in 2009.[7] Surveys by others indicate that the reform had little impact on access to care.

Why are so many Massachusetts residents still suffering medical bankruptcies despite health reform? Although health-care reform cut the number of uninsured in the state by more than half (to about 219,000), much of the new coverage is so limited that serious illness still leaves families with medical bills they cannot pay.

Consider that the cheapest coverage available through the state's health insurance exchange to a single 56-year-old Bostonian who is not eligible for subsidies (in other words, one who has an income above 300 percent of poverty) costs $4,744 and comes with numerous restrictions on which doctors' and hospitals' bills it will pay. If the policyholder is sick, the policy doesn't start paying bills until after the policyholder has taken care of the $2,000 deductible. The patient also is responsible for about 20 percent of the next $15,000 in medical expenses.

Nationally, the Kaiser Foundation estimates that in high-cost regions like New England, the unsubsidized premium in 2014 under the ACA will run $10,585 with additional out-of-pocket costs adding up to $6,250.[8] Such costs will predictably leave tens of millions with large medical debts and drive more than a million into medical bankruptcy every year.

It doesn't have to be that way. One Canadian study suggested that between 7.1 percent and 14.3 percent of Canadian bankruptcies are attributable to health problems or other misfortunes (such as floods).[9] And when journalist T.R. Reid questioned political leaders and health policy experts in several nations (all of which have some form of national health insurance) about the frequency of medical bankruptcy, he was told that they had none.[10] Other nations have virtually eliminated medical bankruptcy by making coverage both universal (covering everyone) and comprehensive (covering virtually all medical costs).

Among Massachusetts bankruptcy filers in 2009, 53 percent cited illness or medical bills as a cause of their bankruptcy.

Given our research, we suggest that single-payer national health insurance should be the ultimate goal. A single tax-funded insurance plan in each region would pay for all needed care, without co-payments or deductibles. Tens of billions in savings annually would accrue from reduced insurance overhead as private insurers (whose overhead averages 14 percent) make way for a Medicare-like program. Fee-for-service Medicare's overhead is 2 percent, and overhead in the single-payer programs in Canadian provinces averages about 1 percent. Health-care providers could redirect the money now spent on billing-related paperwork to expanding and improving care.[11]

A single-payer reform is staunchly opposed by the health insurance industry and by drug companies. Nonetheless, in a recent survey carried out by the Massachusetts Medical Society, the single-payer approach was the most popular option among Massachusetts physicians.[12] And in 2006, the last time a major poll asked what patients would prefer, 56 percent of the public favored a universal, tax-financed, Medicare-like program.[13]

Alternative health policies could virtually eliminate medical debt and free Americans from the shadow of combined financial ruin and illness—what Edward Kennedy termed the "double disaster."[14]

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Undocumented Immigrants and Child Health

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Integrating health reform with immigration reform would improve the health outcomes of undocumented immigrants' children, millions of whom are actually U.S. citizens.

The debate leading to the Patient Protection and Affordable Care Act (ACA) of 2010 resulted in excluding from coverage all undocumented immigrants and legal immigrants of less than five years. Already ineligible for Medicaid, undocumented immigrants were additionally barred from purchasing federally subsidized insurance through the new state-level exchanges.[1]

Even young undocumented immigrants eligible to apply for work permits after the Deferred Action on Childhood Arrivals (DACA) program of 2012 are ineligible for the exchanges, Medicaid, or the Child Health Insurance Program (CHIP).

Immigration reform proposals outlining a "path to citizenship" include steps such as registration, background checks, and payment of fines and back taxes, and would require undocumented immigrants to "go to the back of the line of prospective immigrants."[2] This means that those who are currently undocumented will remain reliant on safety-net health care for years, even after some become lawful, permanent residents.

With immigration reform and health reform proceeding along different tracks, health-care access is limited for adult undocumented immigrants and their children, citizens or not.

Demographics

An estimated 11.2 million undocumented immigrants live in the United States.[3] About 80 percent emigrated from Latin American countries, more than half from Mexico.[4] Forty-seven percent of undocumented immigrant households consist of a couple with children, 4 million of whom are U.S. citizens.[5]

Undocumented immigrants come here to work, often taking unskilled, physically demanding jobs.[6] They make up 25 percent of U.S. farmworkers, 19 percent of building, groundskeeping, and maintenance workers, 17 percent of construction workers, and 12 percent of food-service workers.[7] They pay sales taxes and may even pay into Medicare although ineligible for benefits.[8] Contrary to popular belief, health expenditures are about 39 percent lower for undocumented men and 54 percent lower for undocumented women than for those born in the United States.[9] One study comparing uninsured immigrant children with uninsured children born in the United States found that health expenditures were 86 percent lower among immigrant children.[10]

Disparities in Care

Unless undocumented immigrants find an opening in charity care, they have little access to hospice or dialysis. Their ineligibility for such programs as Medicare, Medicaid, or CHIP—the major sources of reimbursement for the providers—puts such services out of reach.[11]

Undocumented immigrants' most significant sources of care are safety-net facilities—public and not-for-profit hospitals, and community health centers. Patients who otherwise lack access to primary care often turn to federally qualified health centers (FQHCs) and migrant health centers—two types of not-for-profit organizations that the federal Health Resources and Services Administration funds.

Organized around family care, community health centers aim to fill a gap for undocumented patients. But although the ACA includes an $11 billion increase for FQHCs—and expansion of Medicaid may provide them with additional revenue—Medicaid reimbursements cannot support care to undocumented patients.

In 1986, with costs for the care of uninsured patients having shifted from private to public hospitals, Congress enacted the Emergency Medical Treatment and Active Labor Act (EMTALA).[12] Under the law, "any patient arriving at an Emergency Department in a hospital that participates in the Medicare program must be given an initial screening, and if found to be in need of emergency treatment (or in active labor), must be treated until stable." Although EMTALA is not a funding mechanism, the emergency medical treatment of uninsured patients is sometimes covered under emergency Medicaid reimbursements.

Many observers worry that ACA will undermine public support for safety-net care because those who remain uninsured will be largely the undocumented.[13] Meanwhile, chronically ill patients ineligible for public insurance already stretch the safety net with their reliance on costly emergency departments.[14]

Research shows that citizen children born of undocumented immigrant parents lack reliable access to health care even when insurance and care are available.[15] Although emergency departments are often the only option, undocumented adults and their children are less likely than citizens to use them. They also are less likely to visit providers as outpatients or to use mental-health or dental services.[16] When they do use health services, they tend to pay out of pocket. Moreover, their misunderstanding of eligibility, difficulty obtaining information in their language, and fear of authorities keep parents from enrolling children in programs.[17]

According to the Agency for Healthcare Research and Quality 2011 *National Healthcare Disparities Report*, Hispanics have less access to health care than non-Hispanic whites, receive poorer care, and are twice as likely to report financial and insurance reasons for not having care. Hispanics who are undocumented are less likely than citizens to have a usual source of care (58 percent vs. 79 percent) or to get annual checks of their blood pressure (67 percent vs. 87 percent) and cholesterol (56 percent vs. 83 percent).[18]

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The nation's long-standing public interest in the health and welfare of children requires us to think in terms of whole families and whole populations, rather than immigration status. After all, immigrants contribute to the health-care system but collect little, and the ACA may remove the few services available to them.

Public debate about immigration reform should recognize that existing health-care policies and piecemeal remedies can hurt children, and that hurts society.

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Illustration Getty Images

Tackling Health-Related Needs
Boston Medical Center Pediatrics

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An innovative pediatrics department has extended the boundaries of traditional health care to address socioeconomic determinants of health, well-being, and educational success.

The original mission of Boston City Hospital, now Boston Medical Center (BMC), was to provide medical care for all children and adults regardless of race, ethnicity, or insurance status. Today all Massachusetts children and most adults have health insurance, but the majority of children seen at BMC are from low-income and minority families and suffer disproportionately from low birth weight, asthma, learning disabilities, and poor nutrition.

Recognizing that such challenges matter not only to the children and their parents but to the cost of health care and the future of Boston, BMC's Department of Pediatrics has expanded its mission to meet the needs of the whole child and the whole family. Our experience indicates that the best way to help low-income children is to help their parents, and the best way to reach parents is through their children.

Early Learning

BMC pediatric patients frequently suffer learning problems that are associated with other issues later on, including dropping out of school, early drug and alcohol use, and teenage pregnancy.

Although reading to young children is considered the best way to promote school readiness, BMC pediatricians discovered that many low-income parents were not doing so. In most cases, parents explained that they grew up in countries without children's books or without a tradition of reading aloud and thus did not have books in their home. Additionally, many lived in areas with no children's bookstores. Some considered books too expensive.

Among the most successful efforts of the BMC's Department of Pediatrics is the Reach Out and Read (ROR) Program, which underscores the importance of education to children's well-being. Starting in 1989, doctors began giving young children books at each pediatric visit from six months to five years, explaining to parents the importance of reading aloud to children.

Published studies showing ROR as an effective strategy corroborated what physicians already knew from seeing the joy in parents' and children's faces when they received and shared a book.[1] Hillary Clinton, Laura Bush, and the late Senator Ted Kennedy helped obtain federal funding to scale up the program nationally. Today, ROR has about 5,500 clinical sites serving nearly 25 percent of low-income children in the United States.

Basic Needs

Children get sick not just because of germs. Social problems, poor housing, and other nonmedical issues play a significant role. Wheezing in asthma is associated with mold, mites, and similar triggers in homes. Children also may suffer from inadequate food, lead poisoning, utility shutoffs, child abuse, or domestic violence—problems that may cause failure to thrive. It makes little sense to prescribe an antibiotic or an immunization if the real problem is that the family has to choose between food and heat. BMC programs developed and implemented during the past 20 years are therefore designed to protect health by ensuring that basic needs are met.

Yes, there are laws and regulations to address the negative health impact of hunger, insufficient income, unsafe housing, and disability, but the laws are not always followed. When families do not receive the protections the laws are meant to provide, and health suffers, those upstream causes of illness are best addressed with legal strategies.

Thus in 1993, the Family Advocacy Program, now call the Medical-Legal Partnership, made lawyers part of the health-care team to tackle violations of the laws and regulations designed to protect health. The collaboration of lawyers and doctors, a novel idea at the time, has since spread to more than 220 sites nationwide.

Fortunately, legal strategies are not always needed. The first manifestation of HealthLeads (formerly Project Health), which I started with Harvard sophomore Rebecca Onie in 1997, was a card table set up outside the doors of the pediatric outpatient clinic. At the card table, patients could talk to trained staff and receive information connecting them with community-based resources.

HealthLeads continues today. First, doctors identify underlying nonlegal social and environmental causes of health problems, such as lack of food, heat, or safety. Then trained college volunteers fill "prescriptions" by working with the patient to secure the needed resources. Chosen through a competitive application process, the college volunteers participate in reflection sessions and work on developing their understanding of the social determinants of health. The student opportunity has produced a pipeline of physicians with the insight to transform health care for low-income families. Currently, HealthLeads operates in 22 sites in six U.S. cities.

Nutrition

Ensuring that low-income children have adequate nutrition is a longstanding challenge. BMC Pediatrics opened the first hospital-based preventive-care food pantry in 2003. It provides families in need with two bags of groceries prescribed by their doctor, and it conducts eligibility screening to assist individuals who need to apply for food stamps. In addition, food pantry nutritionists hold cooking classes.[2]

Consider another improvement. In the mid-1990s, most babies at BMC were missing out on the nutritional benefit that breastfeeding provides. By promoting the notion of babies rooming in with mothers and by educating doctors, nurses, and staff about strategies to make breastfeeding successful, Barbara Philipp, MD, led an effort to get more mothers breastfeeding their newborns. The hospital also refused free supplies of formula from manufacturers. In the first four years, the breastfeeding initiation rate rose to 87 percent. Last year it was at 94 percent.

In December 1999, BMC became the first hospital in Massachusetts and 22nd in the country to achieve Baby Friendly status, a title conferred by the World Health Organization and UNICEF to hospitals that meet high standards for promoting breastfeeding. In 2002, the assistant secretary of health at the Department of Health and Human Services picked BMC as the best-practice model for the nation.

Freedom from Violence

A published study of BMC patients demonstrated that 10 percent of children under age six had witnessed a knifing or shooting the previous year, and 18 percent witnessed moderate violence.[3] Although pediatricians were able to treat the medical problems associated with exposure to violence, the emotional trauma necessitated other therapeutic measures. An effort to educate teachers, doctors, and nurses in posttraumatic stress disorder was also necessary.

The Child Witness to Violence Project (CWVP) opened its doors in 1992. In addition to counseling affected children, the program trains frontline professionals, police, and family court officials to recognize the signs children show when they have witnessed violence. Police officers have become the biggest sources of referrals and support. Meanwhile, the Good Grief Program, one of the first such in the nation, provides education to school officials, teachers, and others to help children cope with the death—violent or otherwise—of classmates, relatives, and neighbors.

Ongoing

One innovation in the testing phase is *patient navigators*, who help parents get services for a child diagnosed with autism. Other efforts include: help to prevent depression among low-income mothers; use of visual media to explain diseases and treatment if a parent has low health literacy; helping sexually active adolescents get contraceptives by offering them in the Emergency Department; establishing a bWell Center, a resource center next to the clinic to connect families to libraries, schools, exercise activities, and health information; and mobilizing a network of "mothers' special friends," who are available by phone to provide a safety valve and help prevent parental stress and child abuse.

Advocacy

Boston Medical Center pediatricians have also played important roles in a number of policy issues, including expanding health insurance to children in Massachusetts in the late 1990s, promoting expanded funding for the federal Women, Infants, and Children program and food stamps, providing prescriptions to all patients to reduce use of sugary beverages, keeping children from falling out of windows, and testifying in favor of housing subsidies (because subsidies are correlated with better child health).[4] Additionally, Children's Health Watch provides information to public officials and policymakers nationwide on how nutrition and public policy changes affect low-income children.

Financial Concerns

Lack of money prevents many parents from buying small necessities that other families take for granted. So BMC's Barbara Philipp, MD, and Robert Vinci, MD, established the Kids Fund in 1984 to provide assistance. Whereas charitable contributions are usual in pediatric departments to support research and other academic activities, the Kids Fund focuses on providing items such as coats, special formulas, summer camp, eyeglasses, breast pumps, and the like.

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By extending the boundaries of traditional health care to address socioeconomic determinants of health, well-being, and educational success, BMC Pediatrics is providing whole-child and whole-family care to the neediest in the community and helping to prevent later problems and cost for the education and health sectors. Growing numbers of health-care sites beyond Boston have endorsed and adopted the programs.

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Modern Land Banking
Can It Work in Southern New England?

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With new forms of land banking documenting success outside the Northeast, the applicability of the approach to New England is worth consideration.

Illustration iStockphoto

For about four decades, U.S. regions have employed *land banks* to address uneven urban development. Historically, land banks had numerous goals and limited powers. Today, although some regions have adapted their land banks to be more reflective of contemporary property markets, New England has been less inclined to do so.[1]

Why Modernize?

Increased foreclosures, lower home prices, and a proliferation of low-value and no-value homes have led to renewed interest in land banks and their ability to handle such properties.

Frank Alexander offers a framework for understanding modern public land banks. Like actual banks, they 1) store assets, 2) hold capital reserves, 3) operate within a regulatory framework, and 4) may create secondary markets.[2] Compared with traditional land banks, they focus on acquiring and disposing of distressed properties.[3] They also pursue a broad public mission and have the flexibility to operate as independent private entities. They may acquire properties through tax foreclosure, mortgage foreclosure, market transfers, or donations. They do not hold land indefinitely but aim to impact housing markets through strategic disposition.[4]

Current interest in modern land banks is largely due to the visibility of several successes during the Great Recession. The Genesee County Land Bank Authority (GCLBA), encompassing Flint, Michigan, became a model for other communities seeking to set up land banks in response to the mortgage crisis.[5]

In the county seat of Cleveland, Ohio, the Cuyahoga County Land Reutilization Corporation (CCLRC) acquired 495 properties in roughly one year, demolished 167, and transferred 80 to cities or redevelopers. The nonprofit CCLRC has unusual public powers and reliable funding from interest and penalties on delinquent property taxes and assessments.

Benefits and Challenges

Federal Reserve Board researchers recently suggested the use of land banks as an option for low-value properties.[6]

However, only about 10 states have passed enabling legislation. And according to the Federal Reserve Board's analysis, only about half of the Fannie Mae, Freddie Mac, and Federal Housing Administration (government-sponsored entities, or GSEs) inventory of bank-owned foreclosed properties with a value of $20,000 or less is in a metropolitan area with an existing land bank.

The Federal Reserve authors suggest governments at the federal, state, or local level could consider increasing funding and technical assistance to existing land banks, encourage the creation of more on the local or regional level, or create a national program.

But governments that pursue land banking should recognize certain challenges. Cleveland's land bank has struggled to capitalize projects. It also has found that many community development groups have limited capacity to successfully rehabilitate the parcels they acquire and are burdened by time-consuming administrative procedures. In Genesee County, the land bank has had trouble finding qualified buyers for rehabbed homes.

Southern New England

Massachusetts, Connecticut, and Rhode Island operate under different land bank legislation and have differing needs. Rhode Island ranks high nationwide in terms of foreclosure rates at 14th, whereas Massachusetts is 30th and Connecticut is 38th.[7]

Massachusetts

Massachusetts lacks state enabling legislation but has hundreds of low-value GSE-owned properties that could benefit from a land bank.[8] Nevertheless, with property values higher than the national average, the state is not experiencing acute pressure. And although some areas were hit hard by foreclosure and falling prices, the median single-family home price in Massachusetts as of December 2012 was $300,000, significantly higher than the national average of $180,300. The foreclosure rate also is lower than the nation's.[9]

Connecticut

Connecticut has land bank enabling legislation that is not currently funded. Instead, initiatives tend to work off other state statutes.

Connecticut's land bank program operated roughly 1990 to 2000. Too narrowly defined to function as a modern land bank (participation was limited to nonprofit corporations funded by state bonding), it was successful for some communities, providing housing for 250 families in the Hartford region.

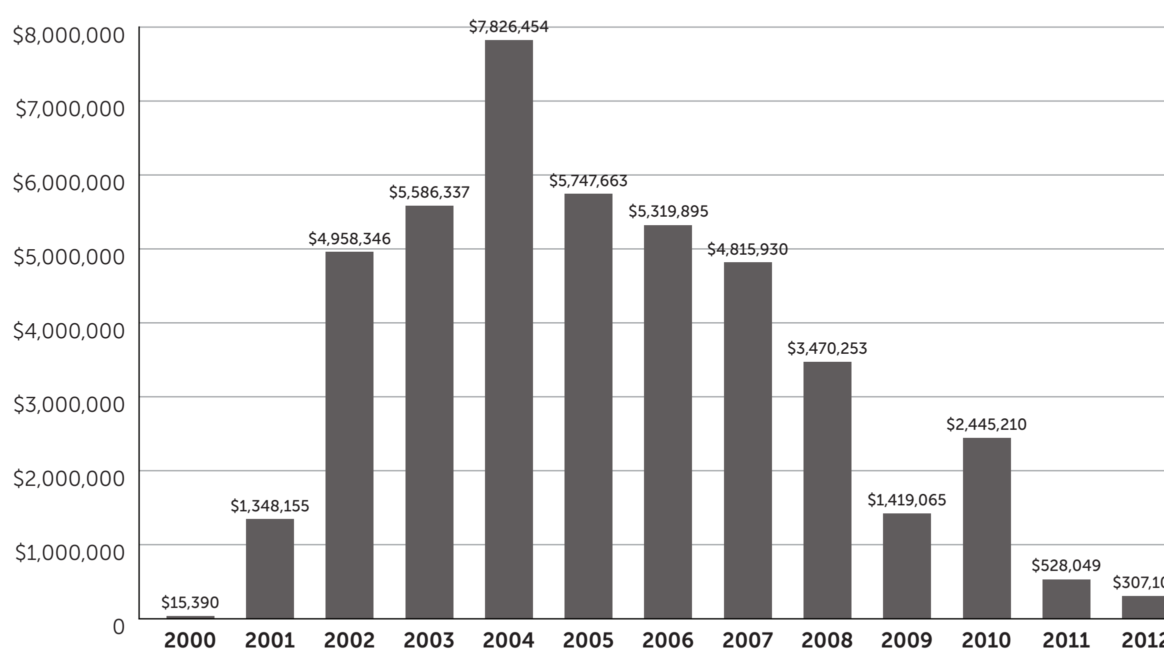
Certain Connecticut towns create quasi land banks by entering into development agreements that include the sale of tax liens at a deep discount.[10] Both Plainfield and Norwich use that approach, giving developers the right to foreclose on brownfields.

Elsewhere, the Department of Revenue Services, through the Neighborhood Assistance Act, helps local development corporations use tax credits to purchase homes out of foreclosure.

Rhode Island

Rhode Island's legislatively enabled land bank became active in 2001. Rhode Island Housing, which developed its land bank to promote the production of affordable housing, is authorized to acquire properties on behalf of nonprofit developers and municipalities and hold them until the applicants obtain development funds. (See "Rhode Island Housing Annual Investments in Land Bank Program.")

Rhode Island Housing Annual Investments in Land Bank Program



Source: Rhode Island Housing calculations.

The land bank limits the program to eligible developers, including government entities, public housing authorities or redevelopment agencies, nonprofit corporations and partnerships, or joint ventures of eligible developers. Among its threshold requirements: producing long-term affordable homes.

In Rhode Island, land banking has helped participating organizations assemble a critical mass of properties for large-scale redevelopment or revitalization. It also has enabled nonprofits that are waiting for federal revitalization funds to compete with speculators. However, the unstable real estate market requires that administrators carefully evaluate each proposal's viability. Thus, in addition to applying the usual funding standards, they also evaluate neighborhood trends, with an eye toward sustainable development.

Should We Modernize?

It is not entirely clear that the modern land bank is appropriate for New England. Several questions come to mind. Do modern land banks mean to both forecast and influence property markets? Real estate prices are not easily forecast. Rhode Island Housing acquired land during the expansion of the real estate bubble under the assumption that prices would continue to rise, but they fell, and the land bank now holds property worth less than the purchase price.

How accurate can land bank staff be about determining future market conditions? Although they are allowed to operate at a loss, they are generally limited to a holding period of 10 years. Can they respond to market conditions under that time constraint?

Holding costs are less difficult to forecast. By acquiring real property, land banks assume the responsibility of maintaining it. What is the impact of land bank properties on neighboring privately owned properties? What level of maintenance is necessary to avoid a negative impact?

Modern land banks aspire to increase local property demand and improve prices by reducing supply. But most process fewer than 100 properties a month. If they withhold inventory, will they really have much influence on the market?

Property markets change, and land banks must change to endure. The Rhode Island land bank has kept introducing new program elements and pursued different sources of funding. However, more narrowly defined programs may be difficult to sustain, as in Connecticut. Massachusetts as a whole may not need a land bank, but some pockets would benefit.

Given that a goal of the modern land bank is to improve housing prices in depressed areas, it may not fit New England, where housing demand remains relatively high. Nevertheless, the land bank successes achieved elsewhere suggest that the model deserves consideration.

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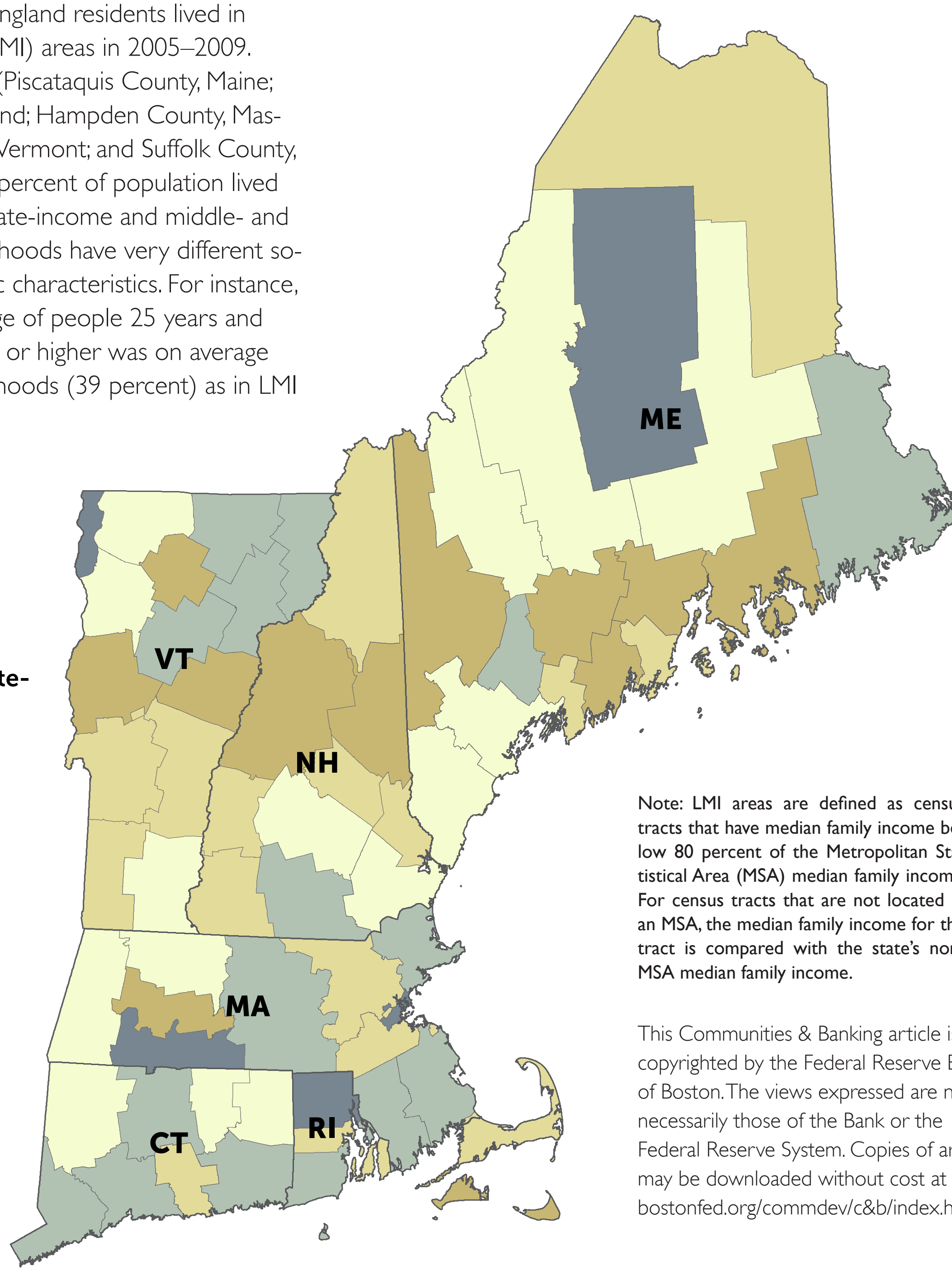
Mapping New England

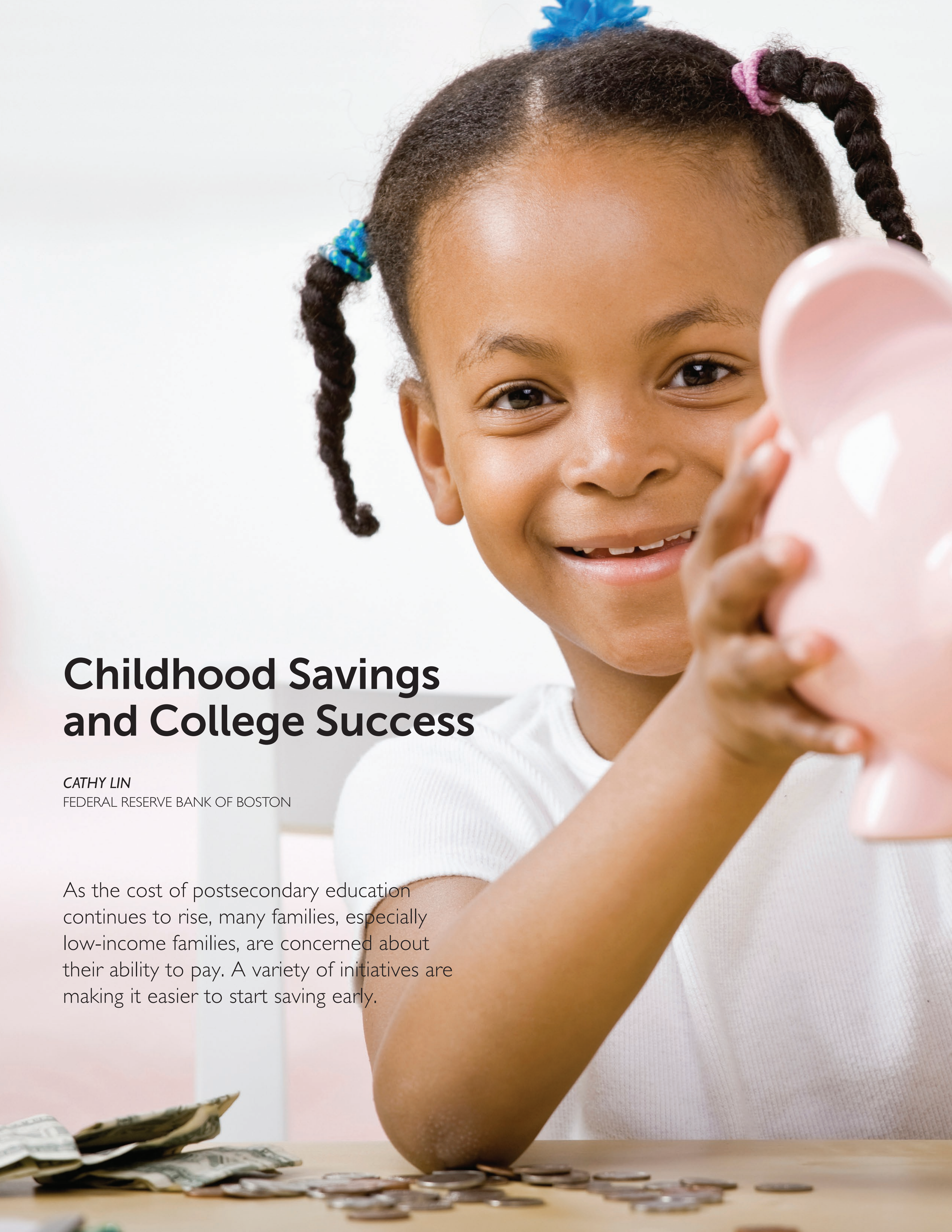
People Living in Lower-Income Areas, by County

ANA PATRICIA MUÑOZ
FEDERAL RESERVE BANK OF BOSTON

Twenty-five percent of New England residents lived in low- and moderate-income (LMI) areas in 2005–2009. In five New England counties (Piscataquis County, Maine; Providence County, Rhode Island; Hampden County, Massachusetts; Grand Isle County, Vermont; and Suffolk County, Massachusetts) more than 40 percent of population lived in LMI areas. Low- and moderate-income and middle- and upper-income (MUI) neighborhoods have very different socioeconomic and demographic characteristics. For instance, in New England, the percentage of people 25 years and older with a bachelor's degree or higher was on average twice as high in MUI neighborhoods (39 percent) as in LMI neighborhoods (20 percent).



Note: LMI areas are defined as census tracts that have median family income below 80 percent of the Metropolitan Statistical Area (MSA) median family income. For census tracts that are not located in an MSA, the median family income for the tract is compared with the state's non-MSA median family income.



Childhood Savings and College Success

CATHY LIN
FEDERAL RESERVE BANK OF BOSTON

As the cost of postsecondary education continues to rise, many families, especially low-income families, are concerned about their ability to pay. A variety of initiatives are making it easier to start saving early.

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With college out of reach for many lower-income families, studies showing a link between savings and educational attainment are garnering increased attention. Thus the time may be ripe to promote Children's Savings Accounts (CSAs), a long-term asset-building tool.

Consider that, regardless of family income level, children of parents who own assets are more likely to have higher academic achievement and complete more years of education, even with savings as limited as $3,000.[1] Whether black or white, children who have savings are roughly twice as likely to be in college or to graduate has those without savings.[2] Furthermore, targeting children for savings accounts appears to have a multiplier effect: Whole families start to accumulate assets and to regard college as achievable.[3] Asset-building policies for children are also thought to diminish the intergenerational transmission of poverty.[4]

First proposed in the early 1990s, CSAs targeted toward low- and moderate-income families now include matches from foundations, financial institutions, and even municipalities.[5]

Children who have savings are roughly twice as likely to be in college or to graduate than those without savings.

Savings Programs

Singapore's Edusave is one of the oldest and most comprehensive CSA programs. Since 1993, Edusave accounts have been created automatically for children at age 6. Over the child's next 10 years, the government adds $4,000 in interest-bearing grants for enrichment programs and approved school fees. Singapore also has universal accounts for children from birth to age 6 and postsecondary accounts for children 7 to 18.

In the United Kingdom, the Child Trust Funds (CTF) Act of 2004 created long-term savings and investment accounts. Children born after September 1, 2002, received a £250 account at birth and another £250 voucher at seven. Low-income families were eligible

Children's Savings Account Programs in the United States

	Account type	Seed grant	Allowed uses	Scale	Participation	Part of a larger program	Target age	Start year
Oklahoma SEED OK	529	$1,000	postsecondary education	statewide	Auto enroll	part of time-limited randomized experiment	0	2007
Maine Alfond College Challenge	529	$500	postsecondary education	statewide	opt-in	no	0	2009
Partnership for College Completion	private savings bank	$100	postsecondary education	KIPP public charter schools	all students in select schools	financial education, college readiness training, scholarships	6th–8th grade	2010
San Francisco Kindergarten to College	private savings bank	$50	postsecondary education	SF public school system	Auto enroll	integrated with financial education at school	5	2011

for an additional £250 at birth and age seven. Parents, family, and friends could contribute up to £1,200 per year, tax exempt. Funds could be withdrawn only by the child after age 18, with no restrictions on use.[6] The CTF was phased out in 2011, however, and replaced by Junior Individual Savings Accounts, which do not involve government grants.

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In the United States, the proposed America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act of 2007 sought to create universal CSAs with a one-time $500 government contribution, but it failed to pass Congress.[7]

Nevertheless, smaller-scale investments have confirmed the potential. The Saving for Education, Entrepreneurship, and Downpayment (SEED) initiative, sponsored by the nonprofit Center for Enterprise Development (CFED), tested variations of CSAs with more than 1,100 children in 12 states over six years. Many SEED participants did save and build assets, although saving was hard for low-income families. The pilot has led to larger-scale experiments. (See "Children's Savings Account Programs in the United States.")

SEED OK

SEED for Oklahoma Kids (SEED OK) is a large-scale, randomized experiment meant to track the effectiveness of CSAs in terms of family attitudes and behaviors, actual savings, and child development. The program studies 2,708 children, half of whom automatically received an Oklahoma College Savings Plan (OCSP) account with $1,000 deposit soon after birth.

The program also offers a savings match up to $250 a year for low-income families, who need to open a separate OCSP account to make contributions. Although the children are now only five, too young to measure long-term effects, qualitative interviews with mothers have provided a wealth of data about the financial knowledge and behavior of the family, savings motives and challenges, educational aspirations for their children, and perspectives on paying for college and on the SEED OK.[8] Many say they feel more optimistic about college but also see competing needs for their money.

Alfond College Challenge

The Harold Alfond Foundation worked with the state of Maine to create a comprehensive CSA program in 2009. Each child born in Maine is eligible for a $500 grant in a NextGen account, Maine's

529 College Savings Plan. The child must be enrolled prior to age one, and the parent must complete an inquiry form and enrollment kit.[9] Only 40 percent of eligible families actually signed up in 2009, underscoring how important it would be to move to universal enrollment.[10]

Partnership for College Completion

The Partnership for College Completion (PCC) is a collaboration of the United Negro College Fund, the KIPP network of public charter schools, and CFED to improve the college completion rate for low-income and minority youth from less than 10 percent to 40 percent by 2035.

In fall 2010, PCC began a pilot program in 29 KIPP middle schools in Chicago/Gary (Indiana), the San Francisco Bay Area, Houston, Washington DC, and New York City. Students received accounts seeded with $100 initial deposits in partnership with Citi Foundation. Family contributions are matched up to the current annual limit of $250, but there is no contribution limit. In addition, PCC awards merit- and need-based scholarships to students with savings accounts and offers financial education classes and workshops for parents.[11]

Kindergarten to College

In spring 2011, San Francisco implemented the Kindergarten to College program and automatically opened college savings accounts with an initial deposit of $50 for the first group of kindergartners. Children in the national school lunch program receive an additional $50. The program also helps the schools integrate financial education into K–12 math and eventually will link attendance to incentives.

Parents may deposit up to $2,500 per year in accounts. To avoid taxes, the accounts do not earn interest but will be awarded a growth match, set at money market rates, upon use of the funds for postsecondary education. Current savings incentives include a match up to $100 by the Earned Assets Resource Network, a nonprofit focused on asset building. Additionally, parents who sign up to make automatic monthly deposits or make contributions for six months in a row receive $100.[12]

Looking Ahead

CSAs have great potential, but the long time frame, from birth to adulthood, makes proving their success challenging. Preliminary analysis indicates that only a small percentage of families have contributed additional savings. Furthermore, socially and economically advantaged families were much more likely to open the accounts. CSA program redesigns are taking such findings into account.

Universal children's savings accounts could potentially give every family a foundation on which to build assets and a better future for their children. And although existing programs have emphasized postsecondary education, CSAs could also be applied to home or car purchases or a business start-up.

More and more cities and regions are getting on board. In Cuyahoga County, Ohio, a CSA program was launched in late 2012, and 19 other cities are actively exploring the concept. Combined with improved financial education and college-readiness programs, CSAs can make higher education a reality for all.

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Acknowledgment

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It Takes a Village
Communities Tackle Crime

JULIA RYAN AND ANDREA PEREIRA
LOCAL INITIATIVES SUPPORT CORPORATION

To achieve safety improvements that are sustainable, residents, developers, and police must work together to mobilize neighbors and transform places.

"One of the greatest threats to community revitalization is crime. And the big generator of crime is community disintegration."[1]

Those words of Bill Bratton, former police chief of Los Angeles and New York, capture the challenge of rebuilding neighborhoods where vacant, blighted properties are often a breeding ground for crime and disorder.

In many ways, the day-to-day work of community developers is about fighting that disintegration. Whether organizing neighborhood associations or replacing problem properties with beautiful, new housing, community developers wield powerful tools to create safety. The Local Initiatives Support Corporation (LISC) and its partners are using those tools to turn problems into opportunities.

Collaborating

There are valid reasons why few communities tackle crime head on. Drug markets and long-standing gang feuds feel intractable. Mutual distrust between communities and police abounds. Even community developers who want to partner with law enforcement are fully occupied with their more traditional work, and getting to know police culture and language is challenging. Moreover, what to do together is not always clear.

Experience shows that expecting police to get a handle on tough neighborhoods before community groups step in does not work. Police chiefs are among the first to say they cannot arrest their way out of crime problems. And no one can afford the social and economic costs of mass incarceration.[2]

LISC has embraced the challenge of bringing community developers and neighborhood representatives to the table with police and criminal justice leaders. Over the 18 years of its national Community Safety Initiative, LISC has learned what works and what does not from a host of tenacious developers, police, residents, and other leaders. The key insight: A collaborative approach to addressing crime can yield remarkable, sustained reductions in crime. It also can produce new housing, businesses, and parks in places where such investment was previously unthinkable, transforming troubled places into vibrant, connected communities.

The strategy is quite straightforward. To tackle crime from multiple angles, you need a team and a plan, preferably one founded on solid information about the genesis of a problem and the conditions keeping it alive. As team members act on the plan, they need to hold each other accountable. They also need to be agile and to correct course as they learn from what happens. When they achieve a win, they need to celebrate—sharing the credit—and then apply the learning to the next challenge.

Building a Strong Team

In the shadow of the vacant Winchester Repeating Arms gun factory in New Haven's Newhallville neighborhood, a group of residents and faith leaders have joined forces with the New Haven Police Department and New Haven's Neighborhood Housing Services (NHS) to try the collaborative approach, with support from Connecticut LISC.

Historically, Newhallville has seen some of New Haven's worst violence. In early 2011, four of the city's 10 homicides occurred there. Local leaders recognize that the crime challenges stem from the interconnected problems of blight, fear, drug dealing, and gang activity, so they are pursuing an array of mutually reinforcing solutions. Pastors have launched the Promise Land Project to bring intensive services to Newhallville, including a street-lighting effort called Project Lighten Up.

The New Haven team is composed of people who collectively have a powerful mix of resources to tackle crime. NHS is expert at changing the physical environment, with a 30-plus year history of rehabilitating vacant and blighted properties into quality affordable homes. NHS is committed to revitalizing some of Newhallville's most troubled blocks through a cluster-development strategy. Meanwhile, local faith leaders are mobilizing community residents to share information with police, clean up their properties, bring their neighbors to events, and otherwise take back their streets. This work is complemented by progressive policing. With the ardent support of Police Chief Dean Esserman, New Haven police are available to coordinate enforcement actions and share their own ideas for problem solving.[3]

The Center for Problem Oriented Policing highlights as a best practice the ability to strategically coordinate interventions related to the place, the victims, and the offenders.[4] The alternative? Heavy enforcement by police that calms the streets only until officers must move elsewhere. Or redeveloped properties standing vacant because prospective renters and homeowners are reluctant to live in an area that that seems unsafe. Both scenarios are avoidable if there is collaboration from the get-go among all stakeholders.

First a Diagnosis, Then a Plan

Before they dive too deeply into any one response, the New Haven team is taking care to examine what is really going on in Newhallville—who is involved in crime, where and when problems are most severe, and why things happen as they do. Such careful analysis is rare in communities but essential for informed decisions on how to invest time and money.

To guide their diagnosis of Newhallville's problems, the New Haven team has drawn on training provided by international crime prevention expert Gregory Saville, with support from LISC. Saville teaches SafeGrowth, an approach based on the principles of Crime Prevention through Environmental Design. SafeGrowth champions

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a process by which neighborhood leaders, planners, police officers, and others work together to weigh how factors in the physical, social, and economic environment might be altered to make places safe and vibrant.[5] Using that framework, NHS and its partners are focusing on Lilac Street, a particularly troubled block.

"Overwhelmingly, residents expressed that it's so dark over here," said Alan Kendrick, who coordinates Project Lighten Up. "Lilac happens to be one of the darkest streets in the city."

As part of SafeGrowth, Kendrick and other NHS team members have conducted multiple safety audits of problem spots. They have convened residents to talk about persistent issues and have invited input from a journalist familiar with the area. The information complements traditional crime data in painting a picture of problems, including hints at why crime in Newhallville has not yielded to prior interventions. Dissecting the findings as a team means members share a common language and understanding from which to develop a data-driven plan.

The team's actions have already contributed to a 50 percent drop in crime by improving lighting and sight lines on Lilac Street. Recently members secured an agreement with the City to add another 230 lights—a sign of how well joint community-police plans are received by municipal decision makers. In addition, members are exploring new organizing strategies, including a neighborhood watch and walking groups that increase "eyes on the street" and on properties slated for NHS rehabilitation. New Haven Police are backing the effort with beat officers assigned to Newhallville, and they are getting to know more residents every day.

The Newhallville team is mindful of lessons culled from the experiences of practitioners in LISC's national network. First, the importance of short-term wins like the lighting initiative, which will continue to build buy-in among institutional partners and trust with community members.

As NHS executive director Jim Paley put it, the lighting effort was "very well received by residents, giving them a tangible sign that the neighborhood is improving and encouraging neighbors to get out at night for a stroll and to connect with each other."

Second, focusing on specific problems and projects will help the Newhallville team maintain its commitment to keeping the work bite-sized and achievable, even within the context of the grander, shared vision for revitalizing Newhallville in the long term. It will also make it easier for the members to coordinate, as they carefully time block parties with milestones, and crime-reporting campaigns with enforcement actions. This strategy produces synergistic results while helping to keep partners accountable to one another for doing their part.

The Newhallville team also has the tools to evaluate results, including any unintended consequences. Given concerns about displacing crime from one part of the neighborhood to another, ongoing assessment using the same diverse data sources that informed the original diagnosis and plans will help ensure that the gains move the whole community forward.

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Newhallville offers just one example among many in which community residents, developers, and police are working together to reduce and prevent crime. To those who might say that such approaches are too complex to be realistic in resource-strained times, LISC's response is: We can't afford *not* to leverage each other's strengths, especially given the interconnected nature of safety and revitalization. Dozens of police chiefs have gone on record in agreement with Bill Bratton, saying that collaborative approaches like those championed by the Community Safety Initiative save officer time and resources. This work also improves quality of life and brings new energy into neighborhoods. Our hats are off to the local leaders who make it happen.

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Photo David Hills

New England Fishermen Adapt to a Sea Change

LEE CROCKETT
THE PEW CHARITABLE TRUSTS

As ocean waters warm and fish populations plunge, New England fishermen and regulators hope to chart a new course.

On a late summer afternoon, tourists crowd the observation deck overlooking the fishing pier in Chatham, on the elbow of Cape Cod. Some have come for the seals. Federally protected gray seals and harbor seals, once a rare sight here, are back, much to the chagrin of fishermen who say they damage nets and eat too many fish.[1] Half a dozen seals loll about in the unusually warm water, awaiting tidbits from fishing boats.

Other tourists snap pictures as boats unload their holds. Hundreds of small, bloody, yellow-eyed sharks known as dogfish spill down a metal chute to be packed in crates with ice and shipped off, mostly to Europe. Once considered a nuisance, dogfish are now an important catch. Massachusetts fishermen landed about 10 million pounds in 2011, a tenfold increase over catches from less than a decade ago.[2]

But anyone hoping to see the Cape's namesake fish will be disappointed. "There is no codfish," says Greg Walinski, captain of the *Alicia Ann* from nearby Dennis Port. (See "Atlantic Cod Landings, 1950–2011.")

Landings for cod and other important groundfish—bottom-dwelling species—plummeted throughout the region over the past two decades, and scientific assessments of the populations show many at or near record lows. The New England Fishery Management Council adopted sharp reductions in the allowable catch for the 2013 fishing season, and the U.S. Department of Commerce declared a fisheries disaster in New England.[3]

"In my experience, when cod stops showing up in an area, it doesn't come back," Walinski observes. "I am very nervous about how I'll make a living."

Tourists might not realize it, but the holds full of dogfish instead of cod in Chatham, the warm water—even the seals—are signs of dramatic changes to the ocean ecosystem, and a serious challenge to the communities depending on it. Fish stocks are down, water temperatures are up, and anxiety is high.

Worrisome Trends

Sea temperatures off New England for the first six months of 2012 were the warmest in the 159 years scientists have kept records. Some data show cod populations shifting northward, toward cooler water. Scientists are still studying what warming oceans will mean for fisheries, even as they strive to fully understand the lasting effects of fishing itself.[4]

"The long-term impacts of fishing on ecosystems are exacerbated by a changing climate," explains John "Jud" Crawford, a fisheries expert with The Pew Charitable Trusts. But he adds that the depleted status of the region's most economically important fish has more to do with the fishing industry's past success.

"With the advent of high-technology fishing in the last half-century, fishing has developed the capability of fundamental change to ocean ecosystems," Crawford says. The estimated biomass of the Georges Bank cod population is now less than a quarter of what it was in the 1980s.[5] Despite changes in the federal law limiting catches to scientifically set quotas, fish stocks are slow to return.

Peter Baker, director of Pew's northeast fisheries program, says Canada's cod fishery provides a cautionary tale. Overfishing and weak regulation and enforcement there brought a crash in cod populations in the early 1990s. Canadian regulators responded with a fishing moratorium to allow the population to recover, but 20 years later Canada's fishermen are still waiting for the cod's return.[6]

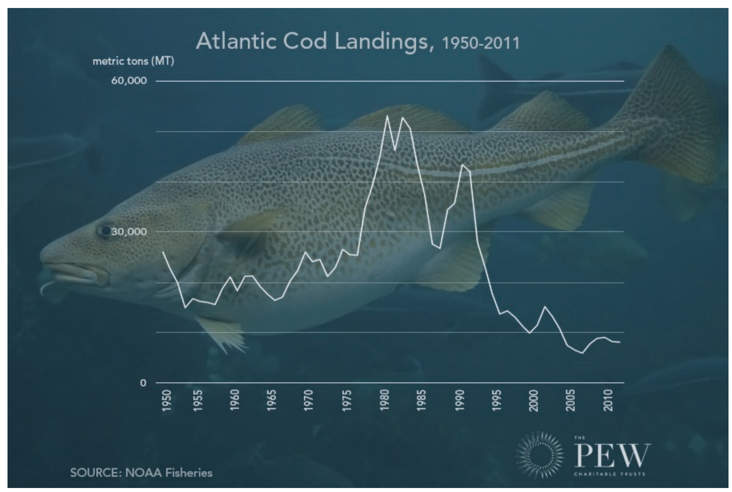
The current approach in New England brought renewed criticism of U.S. fishing regulations and calls for leniency in setting catch limits so the industry could land more fish. But Baker argues that some of the criticism misses the point.

"The claim that the law is too rigid simply deflects attention from the real crisis," he says. "New England cod stocks are in deep trouble and may follow Canadian cod stocks into commercial extinction."

Uneven Revenues

Despite the Commerce Department's declaration of a fishing disaster and the uncertainty hanging over the lower catch limits, economic data indicate that most New England fishing ports enjoyed rising revenues in recent years.

New Bedford, for example, has been the nation's top port for the past 12 years, as measured by revenue generated. That's largely due to the healthy, high-value scallop fishery. Scallops strongly rebounded after large sections of the seafloor were protected from most bottom trawling in the 1990s.



Now New Bedford's fishing revenues are nearly $400 million a year. Even beleaguered groundfish such as cod and haddock have brought in more money in recent years. Statistics from the National Oceanic and Atmospheric Administration (NOAA) show that for the 2011–2012 season, landings, gross revenues, and net revenues per vessel reached three-year highs in New England.[7]

"Revenues have gone up for New England fisheries even as the overall economy is stagnant," Baker notes.

But that rising tide is not lifting all fishing boats equally. NOAA statistics also show employment in fishing crews is down from 2009 levels, and revenue is increasingly concentrated among a few, top-earning vessels. There is growing concern about how smaller fishing operations will fare under the cuts in catch limits. Small-craft captains operating close to shore fear they will lose out to larger vessels fishing farther offshore. And the fishermen most dependent on cod and other groundfish fear they will go out of business if they cannot switch to fishing other species.

If small boats go under, that could have a ripple effect on the ice houses, warehouses, fuel docks, and other support services in the port communities. The New England Fishery Management Council is considering a plan for allocating the fishing quota in a way that preserves diversity among owners of small and large boats in the fleet (known as Amendment 18 to the Northeast Multispecies Fishery Management Plan), but so far there has been little concrete action.[8]

Meanwhile, New England fishermen are finding new ways to work amid change. Some are developing different means to market their catch and retain more of the value, such as selling directly to restaurateurs or the public. Community-supported fisheries (CSFs) in Port Clyde, Maine, and Gloucester, Massachusetts, give fishermen a reliable outlet, thanks to a subscription service for fish. Customers pay in advance to pick up a regular—usually weekly—delivery of seafood. The system is similar to community-supported agriculture, which delivers boxes of locally grown vegetables to subscribers.

CSFs also encourage consumers to try different types of seafood, allowing fishermen to market species that might otherwise be discarded. And in Port Clyde, fishermen in the cooperative are exploring more-selective fishing gear that can reduce their impact on ocean wildlife.[9]

Other fishermen are making the most of the types of fish that are now in their waters. In Chatham, fishermen might never make peace with the seals, but they are learning to love the dogfish, which is slowly finding a place in the market.

"The ecosystem has changed, and now dogfish and skates are abundant," says Nancy Civetta, communications director for the Cape Cod Commercial Hook Fishermen's Association. "These represent important opportunities for these fishermen, and we'd like to create mass domestic markets to help them get a better price and keep fresh, local dayboat seafood on consumers' plates."

In essence, fishermen are doing what they have done for centuries—adapting to changes in the ecological and economic systems of which they are a part. What's different today is that both the scale and speed of change are unlike anything fishermen have seen before, and so is the challenge for the coastal economies they support.

Lee Crockett *directs U.S. fisheries campaigns for The Pew Charitable Trusts. His "Bottom Line" blog on issues facing ocean fisheries appears in National Geographic online and the Huffington Post, www.huffingtonpost.com/lee-crockett.*

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Maine

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Business Opportunities in Community Development Lending Forum

The Federal Reserve Bank of Boston, Federal Home Loan Bank, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency invite you to Bangor Savings Bank & Training Center, 274 Western Avenue, Augusta, Maine, on June 14 for a forum on the role of community development intermediaries in Maine's community development lending and investment landscape. Community Investment Act training for community-based organizations will also be offered.

For information, contact Anthony.Poore@bos.frb.org or Brian.Clarke@bos.frb.org.