CHAPTER 5

Communities and Social Policy Issues

Persistent Poverty, Economic Inclusion, and Asset Building

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The struggle against poverty, and more broadly, the pursuit of social and economic justice, is an important element of community practice. For this reason, an understanding of social policy addressing poverty and social inequality is essential. Such an understanding informs community practice in several ways. First, it incorporates an analysis of the values and interests that shape the various perspectives on the causes and consequences of poverty and thus the structure of antipoverty policy (Parsons, 1995). Equipped with knowledge concerning the policy environment, community practitioners are in a better position to plan viable strategies for social change. According to Fisher, to be effective, “every organizer should have as good a grasp as possible of the challenges and opportunities in the larger political economic context” (2001, p. 100). Second, information related to the policy context helps us ascertain how to integrate community practice and social policy approaches to alleviate poverty and social inequality. Of particular interest in this chapter are approaches encompassing economic opportunity and asset building. Asset building is a new direction in public policy and community development for expanding economic opportunity. Its goal is to connect the poor to the kind of asset-based policies and community strategies that already benefit the non-poor, such as home ownership and retirement savings accounts.

The reasoning is that, like everyone else, people who are poor must save and invest if they are to develop out of poverty.

This chapter characterizes the policy context of community practice by providing an analysis of antipoverty policy in the United States. We begin by describing the current prevalence of poverty in the country, including dominant factors framing the demographic profile of people in poverty. Next, we explore the political discourse on poverty and consider the ramifications for community practice. Finally, we provide a brief evaluation of social policies designed to address poverty in the current context of welfare reform and devolution. We show that strategies to address poverty in the current policy environment have failed to accomplish the goal of increasing self-sufficiency among the poor. The emphasis has been on getting welfare recipients to work and off welfare assistance, with no provisions to help them achieve long-term economic independence or to address the problems of the persistently poor. In the second part, we introduce an alternative approach to helping people escape from poverty, one that incorporates a community-level component to expand their economic potential. This approach focuses on asset building through a program of matched savings called individual development accounts (IDAs).

Analysis of Antipoverty Policy

Political Discourse on Poverty and Implications for Community Practice

Poverty rates in the United States decreased significantly at the end of the last decade of the 20th century (Dalaker & Proctor, 2000). According to census data reports, the overall poverty rate dropped to 11.8% in 1999 from 12.7% in 1998. Child poverty experienced an even sharper drop, from a high of 20.8% in 1995 and 18.9% in 1998 to 16.9% in 1999, the lowest child poverty rate since 1979 (Baughner & Lamison-White, 1996; Dalaker & Proctor, 2000). Although poverty rates declined for all groups, the demographic profile of the poor in the United States continues to be sharply demarcated by age, race and ethnicity, nativity, and family composition (Dalaker & Proctor, 2000).

Children are far more likely to be poor than adults. Almost 17% of children are poor, in comparison to 10% of the rest of the population. Poverty among African Americans (23.6%) and Hispanics (22.8%) is nearly three times higher than it is among non-Hispanic Whites (7.7%). Among Asians and Pacific Islanders, the poverty rate is 10.7%. Immigrants (16.8%) tend to have a much higher poverty rate than do their U.S.-born counterparts (11.2%). However, immigrants who have become naturalized citizens are slightly less likely to be poor than the U.S.-born population. Only 9.1 percent of naturalized citizens are poor. Among immigrants, those who are not citizens, representing 63% of the total immigrant population, have the highest poverty rate, 21.3%. However, the largest differences in poverty rates are related to family composition. A full 27.8% of female householder families (families with no husbands present) are in poverty compared to only 4.8% of married couple families. Employment does not equalize these poverty rates. Even when comparing families in which there is at least one worker, the family type differential remains substantially unchanged.

Attention to these disparities drives the current policy perspectives on poverty in the United States. Among these, concerns with family composition as a cause of poverty and a preoccupation with *welfare reform*, narrowly defined to focus on female-headed households, have dominated the social policy debate for nearly half a century (Bane & Ellwood, 1994; Duncan & Brooks-Gunn, 1999; Edin & Lein, 1997; Jennings, 1999; Kelso, 1994; Lawson, 1995; Mead, 1986). This policy environment has far-reaching ramifications for community practice. Although structural theories of poverty have been proposed, recent social welfare history reveals that discourse at a federal level on neighborhood and community-based interventions did not progress much beyond the War on Poverty era of the 1960s. Programs created by the Area Redevelopment Act, the Committee on Juvenile Delinquency and Youth Crime (such as the Mobilization for Youth in New York City), and the community action programs emphasized community-based approaches to poverty. Members of the community were to organize and make decisions concerning how they wanted to use government resources to design programs that best fit the needs of their own communities. Programs focused on increasing educational and employment opportunities. Nevertheless, a major policy objective was to prevent dependency on welfare (Patterson, 2000). Indeed, the political rhetoric in social welfare policy throughout U.S. history has been characterized by an individualistic rather than a collectivist vision (Skocpol, 1995).

After the 1960s, strong interest in scholarly perspectives on poverty was not revived again until the late 1980s, with the introduction of the influential underclass theory by sociologist William Julius Wilson (1987). Community (or neighborhood) was viewed very differently from this perspective—not as a possible source of activism but rather as a place extensively devastated by economic problems. The foundation of the neighborhood, its social institutions, was rendered ineffective. Wilson's underclass theory, modeled largely on his studies of inner-city Chicago, brought together a comprehensive theory of poverty encompassing psychological, neighborhood, and larger societal factors. Wilson proposed that broad economic restructuring trends, in which manufacturing jobs for low-skilled workers were being replaced by service-producing jobs, had caused significant out-migration of middle-class families from inner cities. As a consequence, poverty became concentrated in these neighborhoods, causing social dislocation: an increase in out-of-wedlock births, drug use, school dropout rates, and crime. Loss of employment and social networks had strong negative effects on neighborhood residents on a psychological level, Wilson argued, isolating them from mainstream behaviors and making them incapable of practicing norms and behaviors associated with steady employment. Despite his focus on neighborhood, however, Wilson did not view these problems as amenable to neighborhood or community-level approaches. Instead, his focus was on macroeconomic policy designed to promote economic growth.

Although the underclass theory became a central focus of scholarly discourse for nearly a decade, generating numerous national studies on the effects of living in highly disadvantaged neighborhoods (Jencks & Peterson, 1991; Ricketts & Sawhill, 1988), it failed to influence social policy substantially. Rather, in its wake, several reactionary perspectives on poverty came to the forefront, which were to reshape current social welfare policy in the United States in fundamental ways. Given the

failure of previous social welfare policies to eliminate poverty, theorists like Murray (1984) and Mead (1986) maintained that poverty was caused by personal inadequacies deeply rooted not in the lack of opportunities but in psychological weakness and inertia—and by the very public assistance system that had been created to combat poverty. Poverty was to be viewed as a personal problem, not as a community or social problem. In the end, this view came to dominate the political discourse during the Reagan-Bush years and fully shaped social welfare legislation at the end of the 20th century during the Clinton administration (Patterson, 2000). This discourse culminated in the passage of a new welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

The 1996 welfare reform legislation was touted as a return to local control of federal public assistance. It called for the establishment of state block grants, putting an end to the idea that people in need were entitled to financial benefits. In addition, under the program of Temporary Assistance to Needy Families (TANF), strict time limits for public financial assistance were established, and states were forced to initiate work requirements. Provisions for job training and placement and support services were severely curtailed compared to the provisions of the Job Opportunities and Basic Skills (JOBS) program, which had been established by the Family Support Act of 1988. The new policy was designed primarily to end welfare, rather than to end poverty, and as such, there are significant limitations on what it can achieve.

On the other hand, the current pressure of devolution presents some opportunities for community-based problem solving. The reasoning behind recent welfare reform legislation is that block grants will be provided to each state so that they can design programs to meet their own particular needs. The current social policy provides communities with some avenues to advocate on how programs will be implemented locally. The forms that community participation will take are still uncertain. However, some community-based efforts have been implemented. In Texas, for example, local boards, called Local Workforce Development Boards, were developed (Texas Workforce Commission, 2000). The boards are located in communities throughout the state and are made up of local citizens, elected officials, and business representatives. These members of the community recommend policies that address local employment issues. Thus, at a time of decreasing federal responsibility, a window of opportunity is being created for community initiatives to play a role in setting new policy directions (NASW, 1996). The extent to which community-level intervention will evolve in this new era of welfare reform, however, remains to be seen.

Evaluation of Welfare Reform Policy: Gaps in Addressing Poverty

To assess the potential of community practice to combat poverty within the current policy environment, it is helpful to analyze the success of existing welfare legislation. What still needs to be done, and how might community practice strategies offer alternative solutions? Measured by its principal intent, a significant reduction in welfare assistance, the 1996 welfare reform legislation has been successful. In

2000, 4 years after its enactment, President Clinton reported that the number of people on welfare had been cut in half (U.S. Department of Health and Human Services, 2000). In addition, the proportion of Americans on welfare was down to 2.3%, the lowest in 35 years, and 33% of welfare recipients were now working, compared to 7% in 1992. On the other hand, according to the Council of Economic Advisors, a strong economy may have accounted for as much as 40% of the reduction in welfare caseloads (DiNitto, 2000), which suggests that these outcomes may be closely associated with the economic conditions of the country. It must be noted as well that being off the welfare rolls does not mean that people have achieved incomes above the poverty level.

Overall, however, comprehensive policy evaluation of the impact of welfare reform legislation shows some significant gaps in addressing poverty. According to the Center on Budget and Policy Priorities (Lazere, 2000), families leaving welfare for work typically have very low earnings and remain in poverty. Among this population, employment is characterized by part-time or intermittent work, non-standard hours and/or changing schedules, and poor or no benefits (Strawn & Martinson, 2000). Furthermore, extensive research shows that both current and former welfare recipients face multiple barriers to work, which can be categorized as low human capital, poor accessibility to the labor market, or medical and mental health disabilities. Inadequate preparation for the workforce (low human capital) includes low education, poor job skills, and limited work experience. Limited accessibility to the labor market includes lack of transportation and responsibility for an infant or presence of a child with disabilities. A national survey (Zedlewski, 1999) revealed that a year after the implementation of the welfare reform act, 43% of welfare recipients had not worked for 3 or more years, 41% did not have a high school diploma or equivalent, and 10% lived outside metropolitan areas and did not have a car to drive to work. Caring for an infant or having a child with disabilities was a barrier for 15% and 4% of recipients, respectively. Furthermore, a survey of welfare mothers in Michigan showed that those who face these types of obstacles are significantly less likely to be working at least 20 hours per week (Danziger et al., 1999).

Underlying human capital limitations and job accessibility restrictions of welfare recipients are often complex problems related to mental health and medical disabilities. A comprehensive review of studies examining this issue provides some important information (Sweeney, 2000). Mental impairments, including serious depression, posttraumatic stress disorder, and general anxiety disorder, affect as many as one quarter of parents who receive welfare assistance. As many as 1 in 20 may have physical impairments, and between 2% and 20% report substance abuse problems. In addition, studies show that one fifth to one half of welfare recipients have learning disabilities. A related problem that has received less attention and that affects the functioning of welfare families is domestic violence. One study showed that 15% of welfare mothers experienced severe domestic violence (Danziger et al., 1999). All in all, research shows that families who face multiple barriers related to mental and physical impairments, coupled with other obstacles to work, are less likely to be successful in the labor market (Danziger et al., 1999; Sweeney, 2000).

In sum, the current policy approach to poverty, with its narrow emphasis on “personal responsibility” in place of social responsibility, is clearly antithetical to

community practice approaches of locally focused social and economic development. Nevertheless, given the findings of welfare reform evaluations, policy analysts agree that increasing employment and ending welfare dependency is not enough. Policies are needed to improve access to better jobs and to promote the well-being of families and children. Despite this understanding and given the overwhelming emphasis that social policy currently places on *women* in poverty, what stands out is the paucity of discussion on alternative strategies to increase the ability of the poor to sustain themselves economically. These include pay equity, employer-provided supports related to family responsibilities (e.g., child care), and opportunities to begin micro enterprises. Thus, current social welfare policy in the United States calls for a consideration of community practice approaches to the problems of persistent poverty and economic opportunity. Part of the challenge is to create innovative community practice strategies that can operate within the opportunities and constraints that are presented by the current policy environment.

Asset Building: A Public Policy and Community Development Strategy

In this section, we examine in greater detail one emerging community development strategy, asset building, and show its relationship to policy. This may be an example of how a new policy direction can be forged via community development applications. The vision and framework is for a large-scale, inclusive, and progressive policy, but the pathway has turned out to be essentially through community development.

The Trend Toward Individual Asset Accounts

Income support has been the signal idea of the welfare state of the 20th century. The goal has been to support people when they did not have income from industrial labor markets. The primary form of income support for the people who are not in poverty has been social insurance, and for those in poverty, it has been means-tested transfers or “welfare.” In the “developed” economies, income-based policy typically constitutes most of social policy, and social policy constitutes most of federal spending. On reflection, it is somewhat remarkable that one idea has defined so much public policy for so long (Sherraden, 2001b, 2001c).

The world has changed considerably since income-based policies were initiated. To be sure, people still require income security when they are not employed, but income alone is no longer enough. The labor market of the information age requires that people have resources to invest in themselves throughout their lifetimes. In effect, people will require greater control in making their own “social policy” decisions across the lifespan. With less stable employment, workers will need to carry fully portable benefits with them in and out of the labor market, from employer to employer, even across national boundaries. Retirement is likely to be redefined so that it will no longer be such a rigid period of the life course, and

Americans will want greater flexibility in how they live in their older years (Morrow-Howell, Hinterlong, & Sherraden, 2001). Also, policy should promote wealth accumulation across generations, so that more children begin life in households with at least some financial resources. Asset accounts are, in many respects, well suited to accomplish this goal (Sherraden, 1991, 1997).

In part for these reasons, a shift to asset-based policy is under way. For example, in the United States, this can be seen in the introduction and growth of 401(k)s, 403(b)s, IRAs, Roth IRAs, the federal thrift savings plan, educational savings accounts, medical savings accounts, individual training accounts, college savings plans in the states, and proposed individual accounts in Social Security. Some of these are public, and some are called private, but the private plans are typically defined by public policies, are regulated by government, and receive substantial subsidies through the tax system (the fact that the expenditures are through the tax system does not make them any less real or any less public). All of these asset-based policies have been introduced in the United States since 1970. Overall, asset accounts, for various purposes, are the most rapidly growing form of domestic policy in the United States, and it seems likely that the shift to asset-based policy will continue (Sherraden, 2001a).

Individual account policies are regressive. Unfortunately, most asset-based policies are considerably more regressive than income-based policies. The reasons for this are twofold: First, the poor often do not participate in asset-based policies that currently exist; and second, subsidies for asset-based policies operate primarily through tax benefits (tax expenditures) and thus cannot benefit people with insufficient income to pay taxes. Asset-based policies, that is, have the potential to exacerbate inequality because people in poverty are left behind. Asset building in homes, retirement accounts, and investments is funded through the tax system at more than \$300 billion per year in the United States. These social benefits are extraordinarily regressive, with more than 90% of benefits going to households earning more than \$50,000 (Sherraden, 2001a). For example, in 1999, two thirds of tax benefits for pensions in the United States accrued to the top 20% of households, while only 2.1% went to the bottom 40% (Orszag & Greenstein, 2000).

In other words, *public policy is part of the structure of wealth inequality.* We emphasize this point because the common perception of social policy in the United States is that resources are redistributed downward from the rich to the poor by the federal government. This is to some extent true for direct expenditures, but it is decidedly not true for tax expenditures. There is a large and somewhat “hidden” asset-based policy in the United States (Howard, 1997; Sherraden, 1991). The pattern in the United States is typical. Looking around the world, no country has instituted a substantial asset-based policy that is inclusive and progressive. To date, on a global scale, these policies have greatly favored the rich and middle class over the poor (Sherraden, 2001c).

Why not asset building for people in poverty? This pattern of publicly supported inequality in policies of individual accounts has fundamental ideological and political explanations (Midgley, 2000), and these must be studied and better understood. It is also important to address inclusion in asset-based policy from a practical perspective by asking the simple question: If assets can be successfully transferred to the non-poor, why not also to the poor?

Large-Scale Policy via Community Development

Individual development accounts (IDAs) were introduced in the United States about a decade ago as a policy strategy for inclusive and progressive asset building. IDAs are savings accounts for designated purposes, such as home purchase, post-secondary education, and small-business capitalization, with deposit subsidies for people in poverty (Sherraden, 1991). A large IDA policy demonstration sponsored by a consortium of private foundations began in 1997. Today in the United States, more than 400 IDA programs are operating at the local level. At least 32 states have IDA legislation; 9 additional states have unlegislated IDA projects; and 32 states have IDAs in their TANF plans (Edwards, 2001). IDAs were incorporated as a state option in the federal welfare reform act of 1996, allowing states to use TANF funding for IDAs and making IDA savings exempt from asset tests for any federal program. A large-scale federal demonstration, the Assets for Independence Act (Public Law 101-285, 1998), provided \$125 million to test IDAs (Sherraden, 2000, provides a summary of IDA policy development). A federal proposal for a larger IDA policy nearly passed in 2000 and 2001 in the form of the Savings for Working Families Act, which appears to have a good chance of being enacted in the future.

Although IDAs were designed as a policy tool, their character until now has been as a community development strategy, fitting into the general category of community economic development (Sherraden & Ninacs, 1998; see also Rubin and Sherraden, Chapter 26, this volume). State and federal IDA legislation provides funding for IDA programs to operate out of community-based organizations, such as social service agencies and housing organizations, in cooperation with a local financial institution. In fact, progressive policies to relieve poverty are rarely enacted at large scale at the outset. They must first be tested. Compare the policy development of IDAs with that of 401(k)s. In the case of 401(k)s, which benefit the non-poor almost exclusively, large-scale policy was enacted in one fell swoop. There was never a call to test the policy and no requirement for rigorous research. It was just assumed to be a good idea. Alas, the non-poor get large-scale policy, while the poor get "demonstrations." Owing to their small size and limited applications, demonstrations do not have the same character as large-scale policy. They are local and often take the form of community development strategies. The major challenges of policy demonstrations are to undertake thorough and sound research that might demonstrate success at the community level and then to aim for large-scale applications. Progressive policy is often a long road that goes through community development. This is an old story in the United States. Some of the best historical examples are the projects of the women of Hull-House in the early 20th century, many of which laid the groundwork for important social policies later in the century (Addams, 1910).

A large demonstration and research project on IDAs, known as the American Dream Demonstration (ADD), began in 1997. ADD is funded by 11 private foundations: the Ford Foundation, Charles Stewart Mott Foundation, Joyce Foundation, Citigroup Foundation, John D. and Catherine T. MacArthur Foundation, Ewing Marion Kauffman Foundation, F. B. Heron Foundation, Fannie Mae Foundation, Levi Strauss Foundation, Rockefeller Foundation, and the Moriah Fund. ADD ran through 2002, with research extending at least to 2005. ADD may be the largest

applied social research project in the United States at this writing. As of June 2000, there were 2,378 ADD participants at 14 IDA program sites around the country. IDA programs are located in a variety of community organizations, including social service agencies, housing organizations, and credit unions. The Corporation for Enterprise Development in Washington, D.C., developed and implemented ADD. The Center for Social Development at Washington University in St. Louis, Missouri, designed an extensive research agenda for ADD, including monitoring of all saving and withdrawal transactions, interviews with participants, and an experiment with randomly assigned controls. Abt Associates in Cambridge, Massachusetts, is collecting and reporting on the experimental data. Below we summarize some of the key findings from ADD to date.

IDA savings. As of June 30, 2000, IDA participants in ADD had net savings of an average of \$25.42 per month (this average includes dropouts, who by definition have net savings of zero). IDAs are matched an average of 2:1 in ADD, so that participants had accumulated about \$75 per month or \$900 per year. The average use of match eligibility was 67 cents of every dollar. In other words, ADD participants were saving two thirds of the amount they could save and have matched. The average participant had made a deposit in 7 of every 12 months. Deposits increased sharply in March, possibly reflecting income tax returns and the impact of the earned income tax credit. There was no statistical difference in saving amount by income. The savings rate (savings/monthly income) for the lowest income decile (about half the poverty line and below) was 5.6%, and the savings rate for the highest income decile (about twice the poverty line) was 1.2%. Our interpretation is that IDA participants, regardless of income level, are responding to program characteristics, including the matching incentive and expectations of a monthly savings amount (detailed data and analyses on IDA savings patterns are in Schreiner et al., 2001).

Sources of savings. In a survey of 298 ADD participants, we asked where they got the money to save. The primary source was changes in consumption behavior. For example, 70% said they shopped more carefully for food; 68% said they ate out less often; and 64% said they spent less on leisure. Some respondents (29%) said that they worked more hours to generate the money for saving in IDAs. Few (7%) said they borrowed from family or friends, and few (3%) said they borrowed on credit cards to save in IDAs (Moore et al., 2001).

Uses of saving in IDAs. As of June 30, 2000, 318 (13%) of ADD participants had taken a matched withdrawal. The average total was \$603 (\$1,698 with the match). Looking at uses, 24% of withdrawals were for home purchase, 24% were for micro enterprise (small business) development, 21% were for postsecondary education, and 20% were for home repair. Among ADD participants who had not yet taken a matched withdrawal, 57% indicated that the intended use was home purchase (Schreiner et al., 2001).

Program characteristics and saving performance. Controlling for many program and individual factors in regression analysis, up to 12 hours of financial education at the community level has a positive effect on saving performance, but after 12 hours there is no clear effect. Unobserved program characteristics account for a great deal of variance in saving performance among IDA programs (Schreiner et al., 2001).

Effects of saving in IDAs. Reported economic effects are as follows: Respondents *strongly agree* or *agree* that because of their participation in the IDA program, they are more likely to work or stay employed (59%); they are likely to work more hours (41%); and they plan to buy or renovate a home (73%). Reported psychological effects are as follows: Respondents *strongly agree* or *agree* that participation in the IDA program makes them more confident about the future (93%), more economically secure (84%); and more in control of their lives (85%). Turning to human capital development, 60% *strongly agree* or *agree* that participation in the IDA program makes it more likely that they will make educational plans for their children, and 59% indicated that they would make educational plans for themselves (Moore et al., 2001).

In summary, based on these results, it would be incorrect to assume that low-income people, even those far below the poverty line, cannot save and accumulate assets if they have a structure and incentives to do so. Also, there is reason to believe that asset accumulation has positive effects on well-being beyond deferred consumption.

Policy directions based on community-level IDA research. The following recommendations follow from research on IDAs (Sherraden, 2001b, 2001c, 2001d):

1. Based on IDA research results, it would be incorrect to assume that people with low incomes, even those far below the poverty line, cannot save and accumulate assets. Everyone should have the opportunity to be included in asset-building policy initiatives.
2. Savings policies for the poor should aim to capture lump sum distributions, such as the earned income tax credit.
3. There appears to be a large demand for home ownership among the poor. Given that monthly mortgage payments are no higher than rental payments in many parts of the country, saving for home ownership should be a priority.
4. More generally, a progressive saving policy for people in poverty should focus on more than retirement security. Access to home ownership, education, and business ownership is necessary for household development and, at the same time, these will contribute in the long run to retirement security.
5. IDA participants are willing to sacrifice immediate consumption to save, and we see little evidence that these sacrifices are harmful to well-being. The policy principle should be that everyone deserves similar opportunities to make these choices.
6. A small curriculum of financial education at the community level in conjunction with IDAs may be a good investment.
7. Effects of saving and asset accumulation appear to be multiple and positive in areas such as work behavior, home ownership, confidence and control, and plans for education. These broader definitions of well-being should be acknowledged, studied, and taken into consideration in community development and public policy (see especially Sen, 1985, 1993).

8. Looking at the data overall, poor people, like everyone else, should have structured opportunities and incentives to save and accumulate assets. Any public policy that is based on individual asset accounts should include the poor and provide progressive matching deposits.

Toward large-scale policy. Among other impacts, IDA research from ADD has influenced large-scale proposals for universal savings accounts in the United States (Clinton, 1999) and a universal and progressive child trust fund (children's savings accounts) in the United Kingdom (Blair, 2001; H.M. Treasury, 2001; Sherraden, 2001d). Thinking about the future, possibilities for children's accounts look promising (Curley & Sherraden, 2000; Goldberg & Cohen, 2000), especially the potential of 529 plans (state college savings plans) to include the poor (Clancy, 2001). Progressive and universal systems might also be based on the federal thrift savings plan (Fisher, 2000) or a variety of other policy pathways (Friedman & Boshara, 2000). If someday there are to be individual accounts in Social Security, they should be funded progressively, with deposit subsidies for the poor (Sherraden, 2001b).

Conclusion

Connections between policy and community development are rich and multifaceted. Most basically, all community development occurs within a policy context that facilitates or hinders community endeavors. It behooves social workers and other community-level practitioners to understand these contexts if they are to take utmost advantage of positive policies, avoid or subvert negative policies, and identify priorities for policy change in the future. As the analysis of welfare reform demonstrates, it is not possible to practice at the community level with welfare recipients in the absence of a thorough understanding of this policy environment.

From a different perspective, public policy, especially for people in poverty, is often enacted only after a long "try out" period at the community level. This policy process is fundamentally unjust because policies for the non-poor seldom go through these tests; nevertheless, it is a political fact of life in America. Community development professionals and scholars thus have extraordinary responsibility to practice well and conduct sound research because the context and meaning of their work often extends beyond the boundaries of the community. The example of IDAs may be instructive. At the outset, IDAs were a policy concept, which was later implemented as a community development strategy. Data from IDA research, in turn, are having policy impacts in the United States and elsewhere.

Complex interactions of policy and community development are basic to American social work, perhaps more than in any other nation. These interactions are born of federalism (distribution of policy responsibility between federal and state governments), entrepreneurialism (Americans like to try things out), a relatively vital democracy (local examples and voices can genuinely influence larger policies), and long-standing skepticism about people in poverty (some are "worthy", others not; and in this country, no one has to be poor). Overall, the current mix of public policy positions and community development strategies is far

from an ideal situation; there are enormous complexities and barriers to both community development and progressive public policy that would create more economic opportunities for the poor and for low-income communities. On the other hand, the system is wide open to both inquiry and action; indeed, it literally invites action. Understanding and appreciating the role of community development and opportunities in the policy context is often the beginning point of social change.

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