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Here's one way to fight poverty. Give poor people \$500 a month, says Durham councilman

Charlie Innis *The (Raleigh) News & Observer*

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DURHAM — A City Council member wants Durham to take on poverty like only one city has tried before: by giving some of its poorest residents \$500 or more a month.

Council member Mark-Anthony Middleton proposes Durham give 200 to 300 residents about \$500 to \$1,000 a month, for 12 to 18 months, as an experiment to reduce income inequality and the racial wealth gap.

He first announced the idea at a council meeting July 23, when he also discussed the city's rise in gun violence and again advocated for using Shotspotter, a gunshot detection service. The same meeting included a report from the city's Racial Equity Task Force.

He laid out more details Wednesday in a video conference with the community group End Poverty Durham.

Middleton wants to use the Stockton Economic Empowerment Demonstration as a template to address the underlying causes of crime in Durham's disadvantaged neighborhoods.

"Here's a concrete, money-on-the-table way of actually addressing root causes — and listen, this is Durham. We're hailed as the most progressive city in the South," Middleton said. "With all due respect to Stockton, I could not think of a more fitting, more appropriate, more likely municipality in our country to try something like this."

Black income gap

The average net worth of a Black household in the United States is about 14% of a white household, according to national data from the Federal Reserve Board. For average income, a Black household makes about 44% of a white household.

Middleton outlined a few ways Durham could proceed with the program.

The city could randomly pick participants within census tracts of economically challenged areas.

Screenings for employment status and salary level could make sure whoever is picked needs it most.

He hopes the program would include guaranteed job placement, but he would not delay it if such a guarantee is impossible.

After 12 or 18 months, the city would assess the program's results. It could see how people spent the money and whether they found work during the year. It could also review any changes in crime rates in those areas.

The Stockton experiment's results showed most participants spent their extra \$500 a month on basic needs, Middleton said. People bought groceries, paid off credit card bills, and helped pay for school. One person bought their child a prom dress.

"The Stockton experiment was not, you know, a demonstration of folly or lavish spending on the part of the folk," he said.

Wilma Liverpool, a long-time, senior resident of Durham, thinks an anti-poverty initiative would help address crime within the African American community.

"When basic needs are met, there's less crime, less issues, we'll not be seen as having defective DNA that needs to be cured of its violence," Liverpool said during Wednesday's video conference.

She described "basic needs" as housing, transportation, food access, health care and mental health care, and reiterated that mental health care is especially important in regard to addressing crime.

"When less crime is there, less policing, and — this is not what this is about right now — but less policing will be needed, because the other things at the top of the list are actually taken care of," she added.

Legality and funding

Middleton introduced the idea last week by describing it as universal basic income, but Duke University economics professor William Darity, who attended the online meeting, said that is a misnomer.

"It sounds to me like it's a project that targets income supplements to those who are in the greatest need in the community. And it definitely does not have any implications for changing wealth," he said.

Whatever it's called, he thinks it could help.

"To the extent that the typical family doesn't have the capacity to meet an unexpected \$400 expense without going into debt, this is something that could be beneficial to families that are very much on the edge or on the brink," Darity said.

About 39% of U.S. families would not be able to cover a \$400 emergency expense, like a car repair bill, without going into debt, according to a 2019 report by the Federal Reserve Board.

In an interview with The News & Observer, Middleton said he agrees with Darity. He said he may call the proposal the Durham Economic Empowerment Program, similar in name to Stockton's experiment.

When asked about whether the program is legal, Council member DeDreana Freeman said she and Middleton would meet with experts at UNC School of Law to discuss how to follow state statutes.

"I'm real clear that we're not in California, and what we would need to do here in North Carolina might look very different," she said. "And I need folks to be ready for that push as well."

She also said funding may come from taxpayers.

"I'm not saying that we're not heading in the right direction; I just want to make sure that it's clear that what we're talking about could mean raising taxes," Freeman said.

Middleton estimates the starting cost could be \$2 million.

He said he would contact Jack Dorsey, the chief executive officer of Twitter, the Bloomberg Foundation, and corporations in the Research Triangle Park area for possible funding.