

It's time for us to figure this all out. A giant scourge is in our pockets draining us of our precious money. Our federal income tax revenue amounts to trillions of dollars. Yet, there is an evil system out there that "sucks" at a trillion of those dollars from us in various ways. You hear about the Military Industrial Complex which reaps its federal dollars from the federal Departments of Defense, Energy, NASA and others. But few of you realize the activities of the Poverty Industrial Complex. Some critics refer to these activities as "Poverty Pimping" but do not look at its origins or what makes it exist and, in fact, continually grow.

Poverty is real big business. The more people we have living under poverty; the more money is made from the benefactors of other peoples' misery. The federal agencies that oversee these activities include the Departments of Housing and Urban Development (HUD), Health and Human Services, Labor, Justice and Agriculture. Silent and important partners are the drug industry and illegal immigration which creates despair, violence and poverty in many communities and also feed our prison systems and jails with 20% of all the incarcerated people in the world. These prisoners create a high demand for tax paid law enforcement and judicial people. They also leave behind families who will be dependent on tax funded welfare entities just to live and be housed. No one in the Poverty Industrial Complex wants to decrease poverty or even stabilize it. They want it increased and out of control. That means more money. People in poverty are indeed "CASH COWS".

Let me go through just one example of how this Poverty Industrial Complex works. The US Department of HUD gets about \$50 billion a year of your federal tax dollars. Most of this money is distributed to your communities via Community Development Block Grants and housing money known as HOME and HOPE VI which is used via public housing, Section 8 certificates and low cost housing. All of this money is subject to Section 3 of the HUD Act (24CFR Part 135). Section 3 says that 30% of all new jobs coming from HUD funding should be given to people living in public housing or under the poverty level. 10% of all contracts coming from this HUD money should go to Section 3 businesses (firms that hire these Section 3 residents). In essence, millions of new jobs for people living in poverty and billions of dollars in contracts going to the businesses that hire them every year. Sounds beautiful right? There is one big problem – it is not enforced! No recipient of HUD money enforces this poverty eliminator. Thus, the poverty grows.

Section 3 was created back in 1968 by HUD Secretary George Romney (Mitt Romney's father) as an answer to street violence in Black neighborhoods such as the 1965 Watts Riot. It was strengthened in 1992 by HUD Secretary Jack Kemp after the Rodney King Riots. That is 44 years of missed opportunity. Administrations after administrations have come and gone without even chipping away at poverty via Section 3 of the HUD Act. Let me give you a living example.

The Chicago Housing Authority is a typical example of noncompliance of Section 3. I have just received a copy of an audit done by HUD on this housing authority, dated January 5, 2012 (Oh I know they are upset that I have this). In the audit it is determined that CHA for the fiscal years of 2008, 2009 and 2010 had received \$1.3 billion dollars in HUD funding and had not delivered one contract to a Section 3 business nor hired one Section 3 resident. That is a rip off of \$130 million (10%) and over 13,000 new jobs for the residents of CHA. Oh what this money and job growth could have done for the housing residents and local businesses. It would be a game changer and the fact that it is the law and not enforced is the biggest tragedy of all. Poverty would decrease and the quality of life in our neighborhoods would be increasing. However, the Poverty Industrial Complex forbids this and will not let it happen.

HUD will write up noncompliance reports on these entities but nothing happens beyond that. They won't enforce the law nor cease funding noncompliant entities which is just about all of them. Case in point: The city of Jacksonville, Florida was found noncompliant back in 1993. It is now 2012 and they still are noncompliant and HUD just looks at them and keeps providing annual funding. Poverty lives!

Mr. Alford is the co-founder, President/CEO of the National Black Chamber of Commerce®. Website: www.nationalbcc.org . Email: halford@nationalbcc.org .