



# Cities on a Hill

# NEWSLETTER

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### John DiIulio Returns to CCI



*Dr. DiIulio addresses a Manhattan Institute Forum.*

CCI welcomes former Senior Fellow John J. DiIulio Jr. back from his stint in the federal government where he served President George W. Bush as the Director of the White House Office of Faith-Based and Community Initiatives.

During his tenure, DiIulio organized the newly created office and crafted the Faith-Based Initiative legislation that has been one of the signature items on President Bush's domestic policy agenda. Just prior to his departure, he accomplished one of his primary goals, the release of an exhaustive report documenting the vast discrepancy in federal funding between secular and non-secular community service organizations.

"We are very grateful to have John DiIulio working with us once again," said CCI Executive Director Henry Olsen. "His continued leadership in the study, and now the implementation, of faith-based solutions to our nation's problems will be an invaluable asset to the Center."

Prior to taking a place in the White House, DiIulio served as Director of CCI's Jeremiah Project, a program dedicated to the study of faith-based solutions to urban problems. The extensive research produced under his leadership was the basis for much of the President's Initiative. With his return to CCI, DiIulio will be resuming his work in this field.



*CCI Executive Director Henry Olsen.*

### CCI After September 11 A Message from New York City

It is hard to concentrate on the challenges facing our nation's cities when I pass posters for the thousands missing every day as I go to work. New York City, CCI's headquarters, was and remains the epicenter of the attacks on America. As such, the feelings that I gather, from the media and from

conversations with friends around the country, typify America after September 11—sadness, confusion, anger and resolution—are felt as strongly here as anywhere.

Now the nation's attention is focused on distant lands and people little known before the attacks of that fateful Tuesday. Nevertheless, the work of the nation and its cities goes on—in greater obscurity and lesser urgency than before, but still crucial to our happiness.

CCI remains committed to helping those concerned with our urban future devise working solutions to our challenges. The issues we discuss in this newsletter—welfare reform, improving education and faith-based initiatives—are still in the forefront of the urban and domestic agendas. We look forward to working with you in the coming year to make our cities safer and healthier places in which to live.



CENTER FOR CIVIC INNOVATION  
AT THE MANHATTAN INSTITUTE

## CCI Presents Social Entrepreneurship Awards



*From left: Les Lenkowsky, Catherine and John Dixon, Mike Danziger, Rajiv Vinnakota, Mark Levine, and Howard Husock.*

On September 20, CCI paid homage to the four winners of its first annual Social Entrepreneurship Awards in a ceremony at the University Club in New York City. The Awards are designed to recognize and support those individuals who, in the best altruistic tradition, have successfully implemented new ideas and approaches to helping those most in need, while freely assuming the risks associated with starting a venture with an uncertain future.

This year's winners of the \$10,000 prize were John and Catherine Dixon, who established the Junior Uniformed Mentoring Program (JUMP) in Buffalo, NY; Mark Levine, the creator of New York City's Neighborhood Federal Credit Union and the Credit Where Credit is Due Program; Eric Adler and Rajiv Vinnakota, leaders of the SEED Foundation and Charter School in Washington, D.C.; and Mike Danziger, who established the Steppingstone Foundation in Boston, MA.



*Mr. Lenkowsky delivers his remarks.*



*Mr. Husock introduces the winners.*

"They offer real examples of what we can do every day to help our fellow citizens overcome their most difficult problems," said Les Lenkowsky, Chief Executive Officer of the Corporation for National Service of the award winners. "They show that good philanthropy can and should be measured not just by dollars spent, but by lives and communities changed. By their actions they exemplify the spirit of service. They have seen a pressing need in our society and taken on the responsibility of doing something



about it, often at great personal sacrifice."

An Advisory Committee of leaders in the field of philanthropy selected the award winners from a large group nominated by charitable foundations and service organizations from across the nation.



*Top: John Faso, Mark Springer and John Fund; Bottom: Mr. Vinnakota with Dr. Michael and Marilyn Fedak.*

In addition to awarding a cash prize, CCI will seek to bring winners to the attention of philanthropic donors nationwide, and over time it plans to study the long-term impact of winning organizations and the motivations and approaches of leaders of both winning and nominated programs.



*Mr. Danziger and Mr. Levine.*

To submit a nomination for the 2002 Social Entrepreneurship Awards, please visit [www.manhattan-institute.org/html/se\\_form.htm](http://www.manhattan-institute.org/html/se_form.htm)

## New York City Tax Study Shows Positive Effects of Tax Cuts

This September, CCI released a crucial new evaluation of the effects of tax policy on the New York City economy, authored by Senior Fellow E.J. McMahon. McMahon demonstrates that tax cuts have played an essential role in the City's fiscal recovery over the past seven years, and that even before the events of September 11, a reversal of those policies could prove disastrous.

Using a new econometric model, McMahon's research shows that the personal income tax, sales tax and property tax reductions enacted by the city in the last four years have generated close to 100,000 new private sector jobs, roughly one fourth of the city's total employment growth since 1997. It also demonstrates that additional tax cuts, some of which have already been proposed, could increase the City's employment base by as much as 25,000.

McMahon also studied the potential impact of tax increases over the next few

years. Even before the devastating impact of the attack on the World Trade Center, restoring one or both of the Dinkins-era income tax surcharges would have cost the City tens of thousands of private sector jobs.

This warning about the potential consequences of tax increases and the need for continued cuts was particularly timely, coming as it did in the middle of the debate among New York City's mayoral candidates on just these issues, and it garnered considerable attention.

Mayor Rudolph W. Giuliani attended the release of the report, commenting, "This study can help act as a device for public education, public debate and understanding of the fact that tax cuts are the best way to create more jobs, he said."



*Mayor Giuliani discusses the success of the tax cuts implemented in his 8 years as mayor.*

The statistical results of the study were determined using NYC-STAMP, a New York City version of the State Tax Analysis Modeling Program first developed by the Beacon Hill Institute at Suffolk University in Boston, and with the assistance of Dr. David Tuerk of that Institute.

Access this report at:  
[www.manhattan-institute.org/html/cr\\_20.htm](http://www.manhattan-institute.org/html/cr_20.htm)

## Study of the Effects of Welfare Reform Illustrates Major Successes

In *Gaining Ground? Measuring the Impact of Welfare Reform on Welfare and Work*, a groundbreaking new study released by CCI in July, Professor June O'Neill, former Director of the Congressional Budget Office, and Professor M. Anne Hill evaluate the success of the 1996 federal welfare reform legislation in reducing single mothers' welfare participation, and increasing their work participation.

The study's key conclusion, that welfare reform is responsible for a major drop in the welfare rolls and a comparable increase in employment among single mothers, has drawn widespread comment, and has driven discussion of the issue with hard statistics rather than broad generalities.

Welfare reform critics have argued that the economic boom of the late 90's was largely

responsible for the decline in the welfare rolls and the increase in work participation. O'Neill and Hill found that, to the contrary, reform was responsible for roughly 50% of the decrease in welfare participation, almost three times as much as the booming economy, and more than 60% of the gains in employment, close to four times as much as the economy.

Critics have also suggested that these changes have not reached the most disadvantaged women. On this point too, the study disproves their assertions, showing that poor and minority mothers made significantly larger gains under welfare reform than did better off and non-minority mothers.



O'Neill and Hill's findings also show that these changes can be made permanent. Even a return to the economic conditions of the recession of the early 90's would only cut back roughly half of the gains made under welfare reform. The greater danger, they conclude, is that when welfare re-

form comes up for reauthorization by Congress in 2002, an effort to weaken its provisions will succeed. Such an occurrence, the evidence presented in the study shows, could reverse all the successes of welfare reform over the past 5 years.

Access this report at:  
[www.manhattan-institute.org/html/cr\\_17.htm](http://www.manhattan-institute.org/html/cr_17.htm)

# National Graduation Rate Study Highlights Urban Public Schools Failures

*High School Graduation Rates in the United States*, a new report released by CCI and the Black Alliance for Educational Options in November, applied a new commonsense approach to determining the problem of high school dropouts nationwide.

The study's author, Dr. Jay P. Greene, a Senior Fellow at CCI, determined that 26% of American public school students from the class of 1998 failed to graduate from high school. In an even more troubling finding, he discovered that 44% of African-American students and 46% of Latino students drop out, compared with smaller percentages of white students in communities across the country.

Greene's findings paint a particularly disturbing picture for certain states and school districts. They show that less than 50% of African-American students graduated in 7 states and 15 of the fifty largest school districts in the country, and less than 50% of Latino students graduated in 8 states and 21 districts. They show problems for white students as well, albeit smaller ones, with less than 70% of white students graduating in 8 states and 17 districts.

"The results of this study are merely another indication of the disastrous consequences of trapping low income families, mostly of color, in educational systems in which they have no meaningful options," said Kaleem Caire, President and CEO of the Black Alliance for Educational Options.

The study has had a major impact, drawing attention from education officials and journalists across the country. Because graduation rates reported by school districts are often misleading, confusing, and implausibly high, they have previously been under-utilized as a measure of school performance. The accurate and easily understood graduation rates generated by Dr. Greene have provided an important tool for holding schools accountable for academic performance.

Access this report at: [www.manhattan-institute.org/html/cr\\_baeo.htm](http://www.manhattan-institute.org/html/cr_baeo.htm)

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