

THE BROOKINGS INSTITUTION

POVERTY AND INCOME IN 2006:
A LOOK AT THE NEW CENSUS DATA AND
WHAT THE NUMBERS MEAN FOR CHILDREN AND FAMILIES

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Overview:

RON HASKINS, Senior Fellow
Co-Director, Center on Children and Families,
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Introduction:

STROBE TALBOTT, President
The Brookings Institution

Keynote Speaker:

HON. MICHAEL BLOOMBERG
Mayor, City of New York

PANEL: EXPERT COMMENTARY ON POVERTY

Moderator:

ISABEL SAWHILL, Senior Fellow
Co-Director, Center on Children and Families
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Panelists:

REBECCA BLANK
Visiting Fellow, The Brookings Institution

ROBERT GEORGE
Editorial Writer, *New York Post*

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P R O C E E D I N G S

MR. HASKINS: Good afternoon. My name is Ron Haskins. I am a Senior Fellow at the Brookings Institution, and a Senior Consultant at the Annie Casey Foundation. I would like to welcome you to our event this afternoon. I know some of you have been to this event before. I believe this is the fifth time that we have done this, and we usually have a sleepy, quiet event at the Brookings Institution with 100 or 120 people. And then this year we wind up at the Press Club, we have over 400 people, and we are trying to figure out what caused this. So we are going to undertake a very careful empirical study about what could cause this huge crowd to come here to listen to this event about poverty in Washington, D.C. of all places, and we will announce the results at next year's event, so we hope we have 400 then too.

We have three goals for this afternoon. The first one is to give you a straightforward summary of the data that was released today by the Census Bureau. I am going to give you the summary. All my colleagues have lectured me about leaving all my biases aside and I had to point out to them that I am so unbiased that even my email ends with EDU, so how could I have bias? Plus I am a Senior Fellow at Brookings.

The second thing is we are going to have from a special guest, Mayor Bloomberg. I think we could make an argument that Mayor Bloomberg is about to do more than any other individual in the country to actually do something about poverty. A lot of people in Washington talk about poverty and they vote

and so forth, but they do not actually do, and the mayors and governors can do, so we are very pleased to have Mayor Bloomberg here.

Then the third thing is we are going to have a panel of people who actually have studied poverty for many years, and we are hoping that they will give some opinions about poverty and maybe even get in an argument, and maybe even some of you can join their argument. So that is what we are going to try to do.

Let me begin with the actual data. Here is basic data that we are the most interested in, of course, which is children's poverty. As compared with poverty among all people, it did go down. Overall poverty went down significantly and it looks like children's poverty went down, too, but it is actually not significant, but it is a lot better than going up, so things are moving in the right direction, with overall poverty down significantly and children's poverty down but not significantly. I think almost everything I am going to talk about, we do not have statistical tests, they were not in the report, so that gives me the freedom to put any interpretation on it I would like.

The next is female-headed families. We are really interested in female-headed families. Those of you who are interested in poverty probably know that the probability of being in poverty for a child is about 4, 5, sometimes as much as 6 or more times the probability than if they are in a married couple family. So if you want to study poverty, you need to study female-headed family poverty and this year, again we do not have statistical tests, but it went down quite substantially, so this is a good sign. Not only did child poverty go down but not

significantly, but it went down in single-parent families where the density of poverty, the rate of poverty, is the highest. So that is definitely a good sign.

Then we also want to talk a little bit about income, the Census Bureau released data on income, and I would recommend to all of you that you look at those data very carefully because they are, as data tends to be, a little bit confusing. Overall income is up and income for whites is up, but income for other racial groups, although it looks like it is up, it is not significantly up, so you can draw your own interpretation about that. This is not to be confused with earnings in the Census Bureau report, and I commend to all of your attention the fact that earnings continue to go down for both males and females even though income goes up. If you regard that as a puzzle, I will talk to you afterwards.

Then I want to talk just briefly about the income of female-headed families. This is kind of a complicated chart. What it shows you is what the Census Bureau calls money income, and those are solid lines. That is cash income, so pretax cash income. So it would have some benefits in it like TANF and SSI, Supplemental Security Income, but it does not have in-kind benefits in it. And then the dotted line is a more sophisticated analysis that does include some of those non-cash benefits and includes the tax provisions which in the mean as you can see because the line is lower, those families pay net taxes as compared with the bottom quintiles, the bottom 40 percent, 20 percent in the first quintile, and another 20 percent in the second quintile, and there government actually helps them, they are better off because of government activities which you can see because the dotted line is above the solid line. So that is a good story.

And income went up slightly at the median, but there were problems at the bottom. All of us probably know that. That is one of our big problems in the nation is that we have a lot of trouble with both wages and earnings and income at the bottom of the distribution and we continue to have those problems. You will notice that we do not have the data on the broader measure of income yet for 2006, the Census Bureau does not release the data we need for another I think about 3 months, and then Richard -- at the Office of Management and Budget will do his magic on this data and then we will be able to have another year of this very important data.

Finally, and perhaps the most difficult and somewhat depressing result that was released today is that health insurance continues to go down. Health insurance of course is health care. It is a great problem in the country. It is bankrupting the federal government and it is bankrupting the states. I do not know about New York City, but if it has not done it yet, it will soon do it, and so now we even have a bigger problem than we had before.

So with that, let me turn the microphone over to Strobe Talbott, a famous diplomat and scholar, and the President of the Brookings Institution. Strobe?

(Applause)

MR. TALBOTT: Thank you, Ron, very much. Before turning the proceedings over to Mayor Bloomberg, I want to just say a few words by way of background about the Brookings Center on Children and Families which Ron and

his colleague, our colleague, Belle Sawhill, founded 5 years ago and have been co-directing ever since.

The Center on Children and Families at Brookings focuses all of our attention on ways to help low-income working families climb the economic ladder, and we hope in the long-run thereby to reduce poverty in America. I know that there are some veterans of past Center activities here in the room this afternoon and you have heard from Belle and from Ron in the past. This year they are going to be joined by a new colleague, Becky Blank, who I have had a chance to welcome to Brookings just today. She is a very distinguished economist who comes to us from the University of Michigan. We are delighted to have her as part of the Brookings team, and she will also be part of the panel discussion after the Mayor finishes his remarks.

You are also going to be hearing from Gary Burtless, another distinguished economist in our Department of Economic Studies at Brookings who has done a great deal of path-breaking work on poverty. And you will be hearing from Wade Horn, a former Assistant Secretary of HHS, working on the problem of children and families. Also, Robert George, an editorial writer for *The New York Post*. I had a stimulating chance to get a sense of the extent to which the Mayor has been applauding Robert George's editorials in recent days and the impression I get is that in general he thinks very, very highly of Mr. George's work, not so much in recent days for reasons which do not have anything to do with the subject on our agenda this afternoon, although who knows, it may come up.

This is the fifth year that we have held an event to discuss the Census Bureau's poverty and income statistics, but it is the first time that we have had a keynote speaker. I think all of you will agree that Mayor Bloomberg is the perfect public official to do us this honor. As the chief executive of a major American city, he has made the reduction of poverty a priority of his administration. In fact, he has impressed a great many of Americans to the point that they would like to see him run as an independent candidate for the chief executive of our country. Whatever he decides, it is a credit to him that he would be seen as a leader of national stature notably on the issue that we are going to be discussing today.

Brookings, by the way, has its own effort to highlight key issues that face the nation and will be facing the next president of the nation. It is called Opportunity '08 and it features the challenge of poverty reduction and seeking to engage candidates, media, and the voting public in discussion of the best way to meet that challenge in ways that are both ambitious and also practical.

Mayor Bloomberg has ideas and has taken action along precisely those lines as Ron already indicated in his opening remarks. The Mayor has placed a major emphasis on the reduction of poverty in all five boroughs of New York City. About a year ago he appointed a blue-ribbon task force to come up with practical remedies to the problem. Next month he is going to launch a \$50 million initiative to give adults and children cash for taking steps that will help them better their own lives.

I think when you hear him talk about his policies, his actions, and his vision in detail, you will agree with Ron, with Belle, and with others that Mayor Bloomberg's initiatives are among the most ambitious, extensive, and innovative in the country. Mister Mayor, thanks for being with us, and the podium is yours.

(Applause)

MR. BLOOMBERG: Strobe, thank you, and Ron, thank you for those kind words, and good afternoon to everyone. Brookings has achieved a special measure of respect in Washington because it has risen above partisanship, and that is not an easy thing to do in this town which is sort of built on partisanship. Strobe may have the second-toughest job in Washington; the toughest job of course is being the manager of the last-place Nationals.

(Laughter)

MR. BLOOMBERG: You might want to know why I am here. I did not want to be in New York today. The Yankees lost last night 16 to 0, the Mets lost 9 to 2, and Boston comes to town tonight, so I would probably be better off staying here.

Speaking of the tough jobs in D.C., let me say right off the bat, despite any rumors that you may have heard, I did not come to Washington as part of a stealth campaign to become the new Attorney General.

(Laughter)

MR. BLOOMBERG: It is one thing to watch Chuck Schumer's tenaciousness; it is quite another thing to be the subject of it. I have always gotten

along well with Chuck. As a matter of fact, I used to employ his wife up until a few weeks ago, and there was a point where Chuck made some nasty comments about the state of the bridges in New York City after the terrible tragedy in the Midwest and then of course I pointed out that his wife was on record 3 weeks earlier saying the bridges were in great shape. I did not hear from Chuck about that, so anyways he is a good Senator and he really has worked very hard for New York City. It is an honor to be here to join this group today to talk about the Census Bureau's poverty numbers.

On the plane down I was briefed ad nauseum by the Deputy Mayor Linda Gibbs. It was 40 years ago this month this month that the Bureau released its first National Assessment on Poverty in America, and since then we have learned an awful lot about what works and what does not work in the fight against poverty. For instance, we know that a good education is one of the best ways to fight poverty, but for decades, I think it is safe to say throughout this country, and including New York City, politicians just threw money at our schools without holding them accountable for success and a whole generation, many generations of children paid a heavy price. What we did is going back in this country we increased our cost, we antagonized those paying the bills, the taxpayers, and we made no meaningful change in the quality of education in this country. It is pretty hard to argue with those numbers. Now these children are struggling to succeed in an increasingly competitive and global economy and too many of them are losing out. I have said repeatedly the most fundamental civil right is that of a

good education because if you do not have it, then all the other civil rights, you cannot take full advantage of them.

I know from my own life how important a good education is. I am the product of public schools, Medford High School 1960, in Medford, Massachusetts, and then Johns Hopkins and Harvard Business School. I was such a good student; I am one of those students who made the top half of the class possible at all levels. You can always tell how quick the crowd is by how long it takes --

In New York City we have 1.1 million public school students. We have a school budget that is roughly \$15-1/2 billion, in 2 years will be up to \$20 billion annually, and it is a system that for far too long our public school students were victimized by a system that put politics and patronage ahead of learning and excellence.

The good news is in New York City, and that is the only school system I can speak with a little bit of authority on, we really are beginning to turn the schools around by setting the bar high and holding everyone, students, teachers, parents, principals, administrators, accountable for success. The other thing that we are doing in New York City is if they do not deliver, we are not going to continue to fund it. You should hear the screaming when you cut back something. We live in a world where once you decide to do something, it becomes an entitlement and you do not have to perform for it. We have changed the paradigm in our public school system and as a result, no matter how you measure graduation rates in our high schools, they are up 20 percent in the last 4

years since we took over, math scores are up 20 percent, English scores if you take out the English learners, and we have a very polyglot society where our students speak 170 different languages, if you take out those words who do not speak a word of English and obviously are not going to do very well on an English test, English scores are up, science scores are up, crime is down. We had a system where when I came into office we had 12,000 teachers a year quit or retire and that is on a basis of 80,000. This past year we only had 5,000 quit or retire. When I came into office we could not fill the vacancies with certified teachers, period, just could not do it. This last year we had 70,000 qualified applicants from around the country for 5,000 jobs. Why? Because teachers want to be part of a school system I believe where they are held accountable and are rewarded for doing a good job, and one of the things I am most proud of, I ran in 2001 on a platform of improving the public schools, and we put our money where our mouth is, and in the last 5 years our teachers have had three new contracts going for the next few years, and they have gotten a 43 percent increase in compensation. But in return for that they are working harder and they are held accountable. We can with a little bit of pain reassign or dismiss teachers who are not doing the job. This year in September, next month, we are sending out a report card to every single parent grading the school that their child goes to between A and F. People say, What happens if you send a report card to somebody and the grade is F on that school? Maybe the parent should scream because in the past what has happened is the teacher tells the parent this is a good school and the parent says to me my kid goes to a great school, and I said, lady,

your kid cannot read or add 2 and 2. What do you mean it is a good school? Here you are going to have objective, independent ways of measuring the school and measuring the change in how they make it better. We are also for the first time going to fund, and this is truly unique, all of our schools on a per capita basis the same. The truth of the matter is we have for as far back as I can tell always sent less money per capita, and I am talking about significant money, \$2,000, \$3,000, or \$4,000 per capita on a base of let's say 14, we have sent less money to those schools where the kids needed the most help. But by everybody getting together and making everybody accountable, the good news is not only are the scores going up, the scores are going up at double the rate among black and Latino kids who have traditionally always tested much worse than the white nation kids. So the white nation kids are going up, that is great, we want to continue to do that, but those who have traditionally been left behind and we have just put our heads in the sand and not paid attention to them or said there is nothing you can do about it, there is something you can do it, and we are making a difference and I think that will be one of the legacies of our administration and my hope is that we have enough visibility and enough success before we leave office in 856 or 857 days, but who's counting, that our successes will have to go and continue.

Transforming our schools into centers of learning or excellence is expected and failure is not acceptable I think is the best long-term strategy we have for fighting poverty which is what we are here to talk about, and for ensuring America's continued economic dominance. We all talk about the fact that the world is bigger and easier to get around and communicate and more international.

The good news because of technology is that you can get your message out to more people. The bad news is the person sitting next to you can do it as well, and so the world is getting more competitive with technology, not less competitive, and we have to make sure that we give our children the tools they need so that they will not be in poverty, that they will be able to get a good job, make a good living, have the dignity of being self-supporting and be able to take their kids and let their kids go to the next level. Out in Brooklyn we had a minor tornado and I stopped by a Nissan dealer who had lost his roof, and the owner of the Nissan dealership said, You know my father. I said, Who is your father? His father owned, he just sold it recently and retired, Sal the Soul Man's Shoe Repair Shop right around the corner from City Hall. The reason I bring this up is Sal came over here and his son the Nissan dealer came over as a young kid from Italy. Their son followed my daughter to Princeton and was a straight-A student and was drafted by one of the professional baseball teams, but it just goes to show in one generation. I am a little bit older than most of you, but I can tell you that when I grew up the chance to go to some of the great Ivy League schools was inconceivable. If my father had lived, he would have believed it. And yet had he lived, he died when I was a junior in college, he would have seen a granddaughter graduate from Harvard, a granddaughter graduate from Yale, and a granddaughter graduate from Princeton. Those things just did not happen before, but it all comes from having a good education so that you can get into the great schools so you can get an even better education and then go off and who knows what you will do.

The other thing is what do you do about those who are stuck in poverty right now? Because that is really what poverty programs are all about. How do we help them seize the opportunities and lift themselves out of poverty? Most of them are just too old to go back to school and get a high school diploma and then go off to Harvard, Yale, or Princeton. That is just not going to happen, but we still have to find a way that they can work themselves out of poverty and how you do it is really the question I would like to focus on today.

Of course, I do not have to tell anybody in this room that there is no single answer. There is no magic bullet. But we have learned the hard way that you cannot fight poverty by ducking its principal causes and that includes not only a lack of education, but also I think a dependency on government. The 1996 Welfare Reform Law which many people in this room really deserve credit for shaping took aim at dependency, and though it has not been a magic bullet, I think it is fair to say it definitely hit the mark. Combined with the expansion of the earned income tax credit and backed by a growing economy, welfare reform let millions of people into the labor market where they attained the dignity of work and a chance to rise out of poverty.

In New York City or instance, welfare caseloads are lower than at any time since 1964, and they have dropped more than 33 percent over the past 5 years while we have been in office, and that outpaces the national decline. Unemployment in our city is at a historic low. Last year it hit 4.9 percent. If you think about it, this is a city where we have an enormous number of immigrants coming into the city all the time and how do you create an economy that is going

to provide jobs for people? The truth of the matter is, if you have a big influx of immigrants, that is one of the real economic engines to create jobs, and I find in this country the argument that we should stop immigrants from coming into this country to be one of the most damaging and ill-considered things that anybody could possibly come up. This country will not have a future if we do not keep immigrants, 400,000 or 500,000, coming into this country. We should be in control of our own borders; we should decide who comes here, what skills, what languages, all of those things. We should insist that people who are here learn to speak English and to do a lot of things and obey the law. But the truth of the matter is, the economic health of this country is based on a constant influx of immigrants and it has always been so since the country was founded, and particularly in New York City we have been the great beneficiary of that.

Across the nation welfare reform and expansions to the EITC programs have helped us move the percentage of Americans living in poverty from an average of 14-1/2 percent in the early 1990s, to I think it is 12.3 percent today. And while that reduction really is good news, the fact is today's poverty rate is still higher than it was for much of the 1970s. And of course, the accuracy of the poverty measure is another story, and I will speak to that in a few moments. But since it is the measure everyone uses, the question is leaving 1 in 8 Americans in poverty really the best that we can do. Millions of them are mothers and children living day to day struggling to lead stable lives, to put food on the table, to stay healthy, and to survive. Are we just going to shrug our shoulders and hope that the market's invisible hand lifts them up, or pound our fists and demand that

the heavy hand of government pick them up? If we are going to take either route, we are going to fail. I do think there are any ifs, ands, or buts about it, neither of these two methods are something that is going to solve the problem. But I do think that if we are willing to apply the lessons we have learned in fighting poverty beginning with the need to discard ideology in favor of innovation and experimentation, then I believe that we can build on the progress we have made over the past 10 years and drop poverty to historic lows over the next 10 years.

One of the lessons of welfare reform was that cities and states can be both a catalyst and a model for federal action, and so in New York City we are determined to help lead the way. About 9 months ago we established as I think Ron said or Strobe said a Center for Economic Opportunity in the New York City government with a budget of \$150 million to test and evaluate innovative new strategies. Its initial focus, reducing poverty among young adults, families with small children, and the working poor, three groups that together comprise to half the approximately 1-1/2 million New Yorkers living in poverty. Its philosophy is fighting poverty through the proven strategy of encouraging personal responsibility.

I did not say that we are going to take on the welfare problems and poverty problems of everybody. I think if what you try to do in our life is go out tomorrow and go straight to the end game and do everything all of a sudden all together you will accomplish nothing. Progress is made in an evolutionary, not a revolutionary way in almost everything we do, and we have identified these three groups, young adults, families with small children, and the working poor as

groups that we think we can reach out to and have a reasonable chance of influencing their behavior, providing the services that they need efficiently and really making sure that we are getting our money's worth. Up to now, government policy has applied this philosophy primarily to developing policies that encourage work, and I think there is nothing wrong with that. In New York City we are also committed to building on that effort. But we are also trying to go a few steps further, and I just wanted to give you a few examples.

Next month we will launch a controversial pilot program that incentivizes personal decisions, the critical decisions that are most likely to help people break the cycle of poverty. For instance, more than a quarter-million young people between the ages of 16 and 24 live below the poverty line in New York City. Often they are just one wrong, short-sighted step like dropping out of school or committing a crime away from a lifetime of poverty, but I think with the right incentives we believe they will be better able to make the right decisions. And the same idea holds for poor adults most of whom want the same things for their families that all of us want and most of them are trying to succeed. But let's face it, life can sometimes throw a pretty tough curve ball at you, a sick child, a big rent increase, a family emergency, and sometimes the resources just are not there. But if the resources are made available on the condition that a job is maintained or that other steps are taken that will help lead us out of poverty, families can better manage those curve balls instead of falling victim to them.

And that is where our new program, we call it Opportunity NYC, and that is an initiative that really is what we want to talk about. It is modeled on

programs that have succeeded in Mexico and other countries but that have not yet been tried in America until now. And starting next month we will begin making cash payments from privately raised dollars to a test group of young people and adults if, and let me say that word again, if, they do the things that are most likely to lead them to break the cycle of poverty. That means, for example, high school students will be able to earn \$600 for each statewide standardized test they pass, \$400 for graduating, and up to \$50 a month for maintaining near perfect school attendance, while adults will be able to earn up to \$150 a month for working full-time. I think what you are going to say is, and one of the great newspapers in our city announced this, their editorial was headlined "Come and Get Your Cash," and you might say why should we pay people for doing what they are supposed to do? I think it is a fair question, but think of it this way. Every other antipoverty program that has been tried has failed to get the national poverty rate below 11 percent, so what are your options? Do nothing or dress up the same old failed ideas? We have other options but only if we are not afraid of thinking outside the box even if that means breaking old taboos.

And let's face it, if we had been afraid of breaking taboos in the 1990s, requiring mothers to work never would have happened as part of the welfare reform, but now almost everyone accepts that it was a good and necessary thing. That is leadership and you have to be willing to stick your neck out I think on policies where the results are unknown. I do not know whether this program will work. It has worked other places, most notably in Mexico. There are cultural differences. There are economic differences. But if it works, great, and if it does

not work, we will have learned something, but the intolerable situation would be not trying things and just leaving our people who need help in this endless cycle of poverty and despair.

My perspective is why shouldn't we experiment with a program built around the one strategy that has proven time and time again to work wonders? It is called capitalism. Employees are supposed to work hard. Nobody questions that, but the promise of a bonus usually makes people work their hardest. That is called capitalism, and it should not be a foreign concept to government either. We use it through tax policy, loan guarantees and subsidies to encourage or discourage economic activity and personal behavior, for example, to buy a home. We want to encourage homeownership so we let the people who pay taxes and can afford to buy a house to deduct the interest on their mortgage. That is no different than this. They should want to own a home on their own. Or a farmer, we pay them to do what is in their interests, make sure their land gets a breather periodically, not grow the crops that will destroy the marketplace for other farmers, agricultural subsidies, are just another common thing. We have all sorts of tax credits and loans that the federal government makes that try to influence people to do things which arguably in most cases are in their interests. Why not make that for a different group? There is no reason to think that those who are poor wouldn't behave exactly the same way. Arguably it matters more to them, and maybe it will work even better, but we will not know unless we try.

We are going to rigorously evaluate what we do. These are incentives for the poor rather than for the rich, but it using capitalism to

encourage behavior. I have always been a big capitalist. This is called conditional cash transfers in the business and if successful we will expand on it, and if they are not successful, we will modify them or end it. We have gone out and raised privately \$50 million for a 2-year test program. We have hired a very good firm to have a control group and see whether or not in fact people really do modify their behavior. And if it works, I will be out of office by that time, but you would think that our successors, if you have proven ways to bring down the poverty rate that they would have the courage to continue with it.

We all know that learning new skills helps people move from minimum-wage jobs to living-wage jobs, and so we will also test whether conditional cash transfers can encourage working adults to complete training programs for higher-wage jobs that lead them out of poverty and to help more parents enter the workplace and expand their hours. We are also beginning to offer a new child care tax credit, joining Washington, D.C., as the only two cities to offer a local credit. It will benefit close to 50,000 working families in our city, and for many people, especially mothers, it could mean the difference between working and not working, or working 20 hours a week versus working 40 hours a week. I do not think there is any question that a full-time job remains hands down the best antipoverty program ever devised and the most effective way that government has ever encouraged employment, and these other things helping mothers who can pay for child care while they work or giving students and parents incentives to do things that we think will help lead them out of poverty,

those are important things. But the most effective way the government has encouraged employment is the earned income tax credit.

The EITC enjoys unusually broad support from both the left and the right and not because it is a compromise, but because it is innovative and smart and effective. But right now we are not leveraging its full power and that is why today I want to propose a substantial expansion and reform of the federal EITC that I believe will allow us to take the next big step in poverty reduction. Welfare reform and the EITC have primarily incentivized work among women with young children, but it is a good question to ask, Why would you expect young mothers to work and not young fathers? Right now, fathers are missing from our strategy to drive down the poverty rate. They just do not figure, and the gains that we have made over the past 10 years have all been fueled by mothers. That strategy has worked very well, but now we are approaching its limits in part because fathers have been missing from the table and in part because of declining real wages for all low-income workers. If we are going to achieve another round of substantial gains like the kind we experienced post-1996, then we have to do more to connect fathers to jobs and to families and we have to increase the rewards for work so that work pays both for parents and individuals, and I believe that by expanding and reforming the EITC we can do both.

Today you are going to receive a detailed fact sheet on my proposal, but let me just quickly run over a few of the highlights. Currently, the qualifying age for federal EITC for individual childless tax filers is 25, and we are proposing to reduce that to 21. People in their early twenties are making life-

changing decisions and we want those decisions to center on entering the workforce. If they do not enter the workforce by the time they are 25, the odds on them doing it later on go down significantly. Today the EITC maximum qualifying income for single filers is \$12,000 a year, and I think we should raise that ceiling by roughly a third to just over \$18,000 which will substantially increase the EITC grant for those making poverty-level wages. For instance, along with other adjustments to the EITC that we have proposed, the results of these changes would in total mean that someone now making \$11,000 a year who now qualifies for a federal EITC with a grand total of \$86 would be eligible for close to a thousand dollars more in after-tax income, and because New York City and state both have EITCs pegged to the federal program, this tax credit would increase by approximately \$350 more. You can say why we should once again give money to those who should be out there working. The truth of the matter is, if you get an entry-level job and you work at it for a while and you learn how you should behave in the workplace and the fact that you have to get along with people and show up and work collaboratively and collectively, then there is a good chance that you will move up the economic ladder and no longer need the subsidy and become somebody who is paying taxes rather than getting the value from the taxpayer.

I also believe that we should eliminate what is now a significant EITC marriage penalty where families both with and without children, marriage increases a family's chances of rising out of poverty and why would government discourage it? We all talk about the great benefits of marriage and how married

families stay together and there are fewer problems and they are more likely to work, why should we have economic incentives that dissuade people from doing so? And at the same time, why should government give cash to a father who is not paying child support, which gets down to the accountability? Again, I do not think the government should give cash to a father who is not paying child support. We want to give people incentives to do that and that helps the mother and the child, but it also teaches the father that there are responsibilities that come along with fatherhood and you are responsible for your child. We hope that the EITC would be a catalyst for fathers to fulfill their obligations as responsible spouses, parents, and citizens.

What I am proposing today is an EITC that offers more and in exchange expects more from fathers and from all workers. If you owe child support and you are not current on your payments, no check from the IRS, period. An individual should have to work the equivalent of at least 26 weeks a year so that the incentive is not just occasional work that will yield extra cash from the government, but sustained full-time work, bigger benefits, basic responsibilities. And that is a fair trade, and as we have seen time and time again both in welfare reform and education reform, people will rise to the expectations that are set for them.

This proposal that I have discussed would cover roughly 445,000 New York City residents, nearly 80 percent of whom would be new recipients of the EITC. Nationally, 19.7 million Americans would qualify with 10-1/2 million of them newly eligible which would add roughly \$8.5 billion a year to the cost of

the EITC, and it is fair to say that that is not a small chunk of change. But there is no doubt that with more Americans working and more fathers working and paying child support, our economy and our whole society will benefit enormously.

Before closing let me note that so far I have refrained from saying how many people our expanded EITC would lift out of poverty, and there is a reason for that. It goes to a fundamental problem which we have to address if we are serious about reducing poverty. The federal government's poverty measurement as I am sure everyone here knows has not been changed since it was first introduced in 1964. Since then the federal government has launched a number of programs that are designed to supplement income, food stamps, Medicaid, subsidized housing, and of course the EITC, yet none of these programs are counted toward a person's income for purposes of defining poverty, nor are income taxes and payroll taxes deducted out even though they affect the family's income as to regional differences in the cost of living. Nor does the formula indicate that we have made any gains in fighting poverty. In the year 2005, the poverty rate was higher than it was throughout the 1970s, but by virtue of any measure of material deprivation including hunger, overcrowded living conditions, ownership of cars and household appliances, health and dental care and life expectancy, we really have made real progress in fighting poverty and raising living standards since the 1970s. At the same time, the poverty line is now much further away from the middle class than it was back in 1964. The poverty formula you might say is bankrupt. It obscures both the good results we have achieved as well as the hard work that remains to be done. There is just no reason

not to look at the real numbers. There is an old saying that in God we trust, all else bring data. I come from a background where numbers really matter and data drives decisions. I am a big believer that if you cannot measure it, you cannot manage it, and so just as we need a more creative, more vigorous approach to fighting poverty, we need a more accurate method of assessing whether we are making any progress. And that is why in New York City as we pilot many of our new strategies, we are also going to be developing new, more accurate, more informative poverty measures that both sides of the political aisle can support. And I expect that in doing this over the course of the next year, we will be looking for help from some of the people in this room and we will also be drawing on the work that has already been done in this area both by the Census Bureau and by organizations like the Academy of Sciences.

Just as cities led the way in fundamentally changing the welfare reform debate, I believe that they can play the same role when it comes to poverty both in terms of measuring and managing the problem. We can be the pioneers of the next big ideas. But at the same time we need the federal government to expand on the strategies that have already proven successful. So in the months ahead we will be working closely with our congressional delegation especially Charlie Rangel, Chairman of the House Ways and Means Committee, to put poverty back on the national agenda, and I believe that issue number one should be expanding and reforming the best antipoverty tool we have, the EITC. By taking proven strategies to the next level and by experimenting with innovative new pilot programs as we are doing in New York City, I believe that we can help

more Americans become independent, responsible individuals and parents who invest in their own success and the success of their families and their communities. Those investments have the power to break the cycle of poverty and we should do everything in our power to encourage them. All of us have a role to play, whether you are a researcher, an advocate, an elected official, a taxpayer, or a voter. Progress is not inevitable. It is up to us to create it. If we pull together and get to work and don't let the partisan bickering get in the way, I think that we can make a change in this country. If we are willing to look at the numbers and say this works and this does not and the things that do not work, stop them, I think we can make a difference. I think that New York City has shown it, and other cities, incidentally, have as well, I just only have some knowledge of New York City, but I think that by holding people accountable, a few things happen. You work up to the standard rather than down to it, people take great pride in being part of it, it works. It would work with you and it would work with me, and it would particularly work with those who unfortunately were not dealt as good a hand as those of us in this room and need our help. Thank you very much.

(Applause)

MR. HASKINS: Let me introduce my colleague Belle Sawhill.

Belle and I have been running the Center for many years and we look forward to running it for many more years. Belle is going to chair our panel of experts, and so, Belle, I give the microphone to you.

MS. SAWHILL: I wish them to each be brief because we are running over our time here and we would like some chance for those of you in the

audience to ask questions if you would like. I am also going to urge them to make some comments on the Mayor's very interesting proposals. I realize that today, part of the agenda was to comment on the recently released census data, and of course you should feel free to do that. But I would also be interested in hearing your comments on the Mayor's pilot program, on conditional cash transfers, on his proposal to expand the earned income tax credit to men or fathers, and finally, his proposal to measure poverty in a different way. So each of you have written on that in various ways and are experts on it, and I think the people who are here in attendance today would like to hear your comments.

We will start with next to me here, Becky Blank. As Strobe Talbott already said, she is a new Visiting Fellow at the Brookings Institution. She is coming from the University of Michigan where she was Dean of their Public Policy School, the Gerald Ford School until recently. She runs a national poverty center there now. She served on the President's Council of Economic Advisers during the Clinton Administration, and she is a very well-known economist in this area. In fact, her 1997 book which was all about how we could address poverty in the United States won an award for being the best contribution to this area at the time.

Next to Becky is Gary Burtless who is my colleague at Brookings, a Senior Fellow, and who has written extensively on these issues. I think his work in particular on reasons for growing poverty and inequality have been path-breaking. He has also done a huge amount of work on social insurance programs,

and I will not go into any detail here because I know you want to hear from these four people.

Next on the panel will be Robert George who is editorial page writer at *The New York Post*, and Robert, we hope you will explain the rather cryptic remarks that the Mayor made at the outset.

And finally Wade Horn who has Strobe noted was until recently an assistant secretary in HHS responsible for most of the social programs of the federal government that affect children and families, and he is now with Deloitte, and Wade, it is very nice to have you here today. So with that, let me turn this over to Becky.

(Applause)

MS. BLANK: It is a pleasure to be here today and I am looking forward to spending this next year at Brookings and in Washington, D.C. As Ron said in previewing what came out in the report this morning, there is not major news there. In fact, there rarely is major news in the year-over-year poverty numbers. These numbers tend to move relatively slowly and when they move a lot it's big news; but this year like most years, they did not move a lot. Generally the news is good. They came down for almost every group. But for many groups, that change was not terribly significant. So they are moving in the right direction, but they are not moving fast.

So the question is if you are going to put together an article on what is happening in poverty, what do you write about? I am going to tell you the

four headlines that I would pull out of today's press release and choose amongst to write about if I were doing that.

Headline number one, and I must say headline number one is backed by a handout that I put together late this morning after the numbers came out in your packets that you might want to pull out and look at. It is titled Poverty and Macroeconomic Changes in Selected Periods.

Headline number one, poverty is becoming less responsive to economic growth. The interest may not be in year-over-year changes, but that is exactly why the news started looking at trends in poverty. What I show you in this handout is the trend in poverty over the last 5 years since basically the beginning of the current economic expansion in 2001, through 2006, which is the date of our current numbers. I compare that to what happened with poverty between 1991 and 1996, again, the depth of the recession up to the next 5 years of expansion; 1982 and 1987, a recession followed by 5 years of expansion; and 1961 to, and that should be 1966, not '06. So here are four periods of the first 5 years of economic expansion, and it is really quite striking what is happening there.

In the 1960s which was a time when poverty rates plummeted, over those 5 years they fell by 7.2 percent. In the 1980s over those 5 years they fell 1.6 percent, over the 1990s they fell by one-half of 1 percentage point, and in the 2000s they have actually gone up. They have not gone below, they are above where they were after 5 years of economic expansion where they were in 2001. That is really quite striking news and the news here is in the long-term trend, not

in the year-over-year change. Then for comparison, I show you what happened in the macroeconomy over those years. Real GDP is going up in all of these expansions. It is going up a little slower. This is clearly a sluggish expansion compared to some of those earlier ones, but it is not very different from the 1990s. The unemployment rate is falling. Again, it looks a lot like the 1990s, but in quite striking contrast, we are still above poverty as compared to where we were in the depths of the recession, it is higher rather than where it was during that expansion in the mid-1990s. The bottom line here is that the economic expansions we have been having have trickled down less well to use Ronald Reagan's phrases. They are not as equalizing as the 1960s expansion when incomes and earnings among the bottom end of the population went up just as fast and in some years faster than at the top end of the income distribution. There are many, many complex stories as to why that is happening which I will not get into here, but we could go into questions and answers if people are interested. So, headline number one, poverty is simply less responsive to the macroeconomy.

Headline number two. Ron showed you the numbers in child poverty which remain stubbornly high: about one-third of black children are poor, about 10 percent of white children are poor, about 27 percent of Hispanic children are poor. The numbers have fallen a little this year. They are high and they are not falling very fast.

What's the headline? The headline is elderly poverty is actually at an all-time low. If you look at poverty among people 65 and over, we are at the lowest that has ever been recorded since we started recording poverty statistics in

1959, at 9.4 percent. That is well below those child poverty numbers that I just gave you. The reasons for those are a whole variety of things and Social Security is the most important reason for declines in elderly poverty, but increases in improvements in a variety of pension plans, the passage of ERISA in the 1970s which is now showing up in current retirees actually has mattered. There are still poor elderly, but the elderly are less likely to be poor in this country than most other groups within the United States.

Headline number three, most Americans faced declining earnings last year, and that is actually also quite stunning. Look at what happened to GDP. Look at what happened to unemployment. GDP was up, unemployment was down, and earnings actually declined at the median and they declined even faster for some groups below the median. On the other hand, incomes are up at the median, and the question is how can earnings decline and incomes be up? The answer is it is all a story about labor force participation. Americans are not earning any more to keep their incomes up, they are working harder. They are working more hours and more people in the family are working. You ask me why Americans are not necessarily feeling better off? The answer is quite clear that they are not better off when they look at their own earnings packet, they are simply working harder to either stay at the same level or to get ahead, and this year's numbers simply repeat a story that has been in the data now for several years, earnings are down, median income is up a little, the story is all in labor force participation and how hard people work.

Finally, headline number four, I am the Midwesterner here on this panel and I have just spent the last 8 years in Michigan, so I do have to give you the regional story here. The regional story is income is higher and poverty is lower on the coasts. That has been true for a while, and that difference is becoming even clearer. If you look at the six highest median income states, Maryland leads the list followed by New Jersey, Connecticut, Massachusetts, New Hampshire, five of the six states are in that upper corridor here along the Atlantic Coast, and closely following them are a couple of West Coast states. If you look at the lowest poverty states, the top six of those, four of those are Maryland, New Hampshire, Connecticut, and New Jersey. Again, that upper Atlantic Coast is doing very well in terms of low poverty rates, high income.

It is the middle swath of the country that is actually showing ongoing problems and has a much more sluggish economic recovery than the two coasts do. The highest poverty rates if you look at city poverty rates, are Detroit at over 32 percent, Buffalo, Cincinnati, and Cleveland, those old Rust Belt cities that still have not fully recovered from the last 30 years of economic problems. So there is a regional story here. It is good news for those of you from Maryland and the East Coast, it is bad news for those of us from Michigan.

My bottom four lines here are poverty is not very responsive to the economy anymore, elderly poverty is actually quite low, there is not a very good story around median income because the increases in median income are all coming out of harder work, and there is an interesting regional story.

Belle asked me comment briefly on Mayor Bloomberg's statements about policy, and my only comment here is simply amen. I think Mayor Bloomberg is absolutely right in his proposals. I think he is absolutely right in his statements about poverty measurement. I am delighted to hear that they are thinking about trying to implement and income poverty measurements in New York City to try to get at better data there. And he is absolutely right now only in trying new programs to reduce poverty, but also in evaluating them seriously, and I was delighted to hear what he had to say in terms of his proposals. It was right on and where it should be.

(Applause)

MR. BURTLESS: I should comment on Mayor Bloomberg's proposals, too. I agree completely with Becky. She and I sat in a room in New York City she tells me in 1991. One of the crucial ideas of his plan is make part of the earned income credit contingent upon people working at least a minimum number of hours in order to receive the credit. Becky and I along with half a dozen other economists were advising the Canadian government about how to improve the social assistance program in that country, and this was an innovation that we came up with in that room. He has also adopted other excellent ideas proposed by our friend Gordon Berlin up at MDRC and his proposal to reform the EITC is very much along the lines of one of Gordon's plans, and I am like Becky, I think it is wonderful.

Let me start just briefly to talk about today's numbers from the Census Bureau. First of all, the good news is that per capita money income which

is the best overall measure of how Americans are doing on average rose 1.9 percent in 2006. That is the fastest percentage rise that we have seen since 1999, and the second year in a row that we have seen an increase in this crucial number. Per capita income reached an all-time peak in 2006. Median income also rose, but it rose more slowly, only .7 percent, and that is less than last year's gain, but it is still a respectable performance. Median household income, however, is still about 2 percent less than it was in 2000, the peak of the last economic expansion.

The good news does not stop there. As a number of people have noted, the poverty rate fell .3 percentage point or half a million people. In fact, if you look closely, it turns out that folks at the bottom of the distribution actually experienced bigger income gains than did people who are exactly in the middle so that lower-income Americans fared better last year than did people who are in the middle of the middle class. At the tenth percentile according to these latest numbers, incomes rose almost 3 percent after adjusting for inflation, whereas in the middle as I just said, they only grew about .7 percent.

In addition, poverty fell in every racial group. It fell in all the age groups. By my reckoning, the poverty rate amongst the elderly fell to an all-time low. And it also fell although much more slightly among households with some household member who is at work. Interestingly, poverty fell fastest amongst people who are immigrants to the United States.

The less good news is that income inequality continued to inch up. Using the money income benchmark, I think inequality by some measures reached another all-time high in 2006. Since 2000, incomes at the tenth percentile

in the United States have fallen 3 percent, at the fiftieth percentile they fell 2 percent, and at the ninety-fifth percentile they rose 2.3 percent. The end of 2000 was the a peak of inequality and these income changes that I have just described indicate that inequality has increased since then with people further down in the distribution have seen their incomes fall, people at the top have seen them rise. On the whole, only income groups in the top 20 percent of the income distribution have seen their incomes reach new all-time highs in the last year.

The bad news is that two indicators of the quality of jobs that people hold declined last year. First of all, as Becky mentioned, median earnings of full-time year-round workers fell a little more than 1 percent last year. Second, health insurance coverage declined once again and employment-based insurance fell the most. Between 2005 and 2006, employment-based insurance fell by one-half percentage point of the population. That is how many fewer people received health insurance coverage by virtue of an employer-sponsored plan. Overall, the uncovered population rose about one-half percentage point of the population. Since the year 2000, 4-1/2 percent of Americans who used to get employer-based insurance have seen a loss of that insurance. It has been offset partly by gains in government-provided insurance, but that is focused mostly on children. For prime-age adults there have been very big drops in the percentage of people who are covered by insurance.

The decline in median earnings that I mentioned may or may not be a terrible thing. One thing to bear in mind is that the number of Americans who are full-time year-round work schedules is growing last year considerably

faster than it has in more recent years. It is growing considerably faster than the population of people who you would expect to hold full-time year-round jobs. It may be that the decline we are seeing in median earnings is reflecting a lot of additional people being brought into full-time year-round work who may have more marginal employment characteristics, but we will not know that until we can analyze the data a lot more.

But the really horrendous numbers here are the big drops that have occurred over the last 6 years in the number of people receiving employer-sponsored health insurance. Among 25- to 34-year-olds, the percentage with employer-sponsored insurance coverage dropped by 7.7 percent of the population. Among people 45 to 54, it is 5-1/2 percentage points. And increases in government insurance have not offset these big declines. Among 25- to 34-year-olds, people just getting started, just starting their families, there has been an increase in the percentage of people who do not have health insurance of 5-1/2 percentage points and the increases in noncoverage have also been large amongst people in middle age.

Let me make a couple of comments about this. I mentioned that the employer-sponsored insurance system is insuring a smaller percentage of prime-age people. Nonetheless, that system is absorbing a growing percentage of all the productivity gains that we have. Many people say that productivity growth is now showing up in anyone's paycheck, it is not being reflected in the well-being of middle-class households. That is not exactly true. Compensation per hour has grown 1.1 percent a year since the peak of the last expansion. It has

grown a little faster than 1 percent a year. That is not much less than productivity has grown. Money wages have grown less than half that. The reason is that employer contributions for health and for other fringe benefits like pension plans have been growing much faster than the productivity gains of American workers. In spite of the bigger bills that employers are facing for their health coverage, employer coverage of their workers is declining. These big declines in the share of the workforce that have health insurance are occurring notwithstanding the fact that employer contributions for health coverage have really gone up. So do not kid yourself. This is a major problem for middle-class working-age families that are dependent on their employers for providing insurance that they can afford. Thanks.

(Applause)

MR. GEORGE: Thank you. It is quite an honor to be here. I am not going to try and match the brainpower of these policy experts here in analyzing all these numbers. What I would like to do is take a look where politics and policy kind of come together on some of these issues. Actually, I am sorry that the Mayor is no longer here because I was going to ask him if he was leaning toward Chuck Hagel or Sam Nunn to elevate out of poverty next year as a potential running mate.

I was quite impressed with his presentation earlier today because as his predecessor, Rudy Giuliani noticed in the 1990s, often as goes New York, so goes the nation on a number of social policy issues. That was certainly true in the case of crime, and a lot of the things that the current mayor is doing in terms

of education are having some significant impact. And what Rudy Giuliani did in terms of welfare reform was one of the major pilots that the federal government was able to adopt in broader welfare reform.

I will admit our editorial page at *The New York Post* was somewhat, shall we say, skeptical, and I guess we still remain skeptical, on the idea of cash payments, even though they are privately funded, to address some of our social issues. However, what I would say to bring together what the Mayor is trying to do in his expansion of EITC, the real significant aspect is that our policy over the last decade and a half in terms of trying to deal with welfare and poverty and so forth, it is very mother and family based. That is right in the sense that a society needs to put our children in the best possible circumstances and they are the ones as Pat Moynihan first pointed out in the 1960s who are most impacted in terms of poverty and in terms of growing up in fatherless homes and so forth. So it makes sense that our policies were focused on trying to figure out how to get children out of poverty and get children out of welfare.

What we have found out though is, and the top headline coming out of this is, that it is harder and harder to address poverty just through economic expansion. The question is how we address our social policies to make a heavy dent in the poverty figures. I applaud the Mayor in the sense of now taking a look at where fathers are, where men are in the poverty story, and by elevating their economic circumstances you also will eventually elevate the family structure. What I would suggest if the Mayor wants to continue the idea of cash payments to try and create a better structure is let's take a look at what really is the strongest

determinant of poverty, and that is a single female-led household. The children who grow up in those households are far, far likelier to grow up in poverty than a child in a two-parent household. So aside from just getting rid of the marriage penalty, if there is a couple of a certain economic status who do get married, fine, give them a cash bonus for getting married and see what that does. If the Mayor believes that incentivizing these things, putting a financial reward in for this kind of good behavior, that is one of the greatest impacts that you can have. Similarly, if a young girl graduates high school at 18 years old and she graduates by not getting pregnant, fine, give her another cash bonus. From the editorial perspective we are somewhat skeptical of this, but taking the Mayor at his word, let's give it a shot.

It is the case that even still now one-third of black children live in poverty. It is not a coincidence that upwards of 65 percent of black children are born to unmarried women. Those are the figures. That is not a coincidence. So again, if we want to take a look at the poverty numbers, if we want to get beyond just the economic deterministic way of looking at things, we are going to have to take a look at that broad policy and try and figure out a way to get more children growing up in two-parent households. And I will say this, some of my conservative and my Republican friends might not like it, I think the fact is that for this to happen it may very well be figures from the left side of the debate coming to the table and agreeing with these things. Because we saw in the 1990s, we got welfare reform when Bill Clinton did the social policy version of Nixon

going to China and signing welfare reform, and that in a sense is what we are going to need to take it to the next step forward. Thank you.

(Applause)

MR. HORN: First I want to thank the Brookings Institution for inviting me to be part of this event today. I also want to thank everybody who is here. Poverty and particularly efforts to eradicate poverty are not very popular today certainly in the political discourse, and it is a credit to each of you that you would take time out of our busy schedules to be here and be part of this conversation.

Also in reading the U.S. Census Bureau report I could not help but notice that for the 5 years I was in office in the Bush Administration, poverty increased each of those 5 years. I left and poverty declined. I am glad I did not agree to that pay-for-performance contract. But it should not come as any great surprise that the official poverty rates have declined in 2006. That is because we know in 2006 the unemployment rate fell from 5.1 percent to 4.6 percent, and among single mothers who are the ones most likely to live unemployment rate fell in 2006 from 9.2 percent to 8.5 percent.

Yet we should not be throwing wild parties at the reduction in poverty figures that we see because still there are 36-1/2 million persons including over 20 million children living in poverty in the United States today. Driving these figures seem to be at least three factors. First of all, the lack of work and particularly full-time work. According to the Census Bureau report, a person 16 years of age or older, the poverty rate for those who are employed full-time was

only 2.7 percent, for those employed part-time it was 12.6 percent, and for those who do not work, it was 21.1 percent. Family structure also seems to be driving a lot of the poverty. The poverty rate for married couple households was only 4.9 percent. That compares to 28.3 percent for female-headed households with no spouse present, and 31.2 percent of male-headed households with no spouse present. And race continues to be a driver of poverty. For whites the poverty rate is just 8.2 percent, versus 10.3 percent for Asians, 20.6 percent for Hispanics, and 24.3 percent for blacks. Those are the statistics.

The question is what we can do about this. First, as the Mayor points out, the best antipoverty program is employment, and particularly full-time paid employment. It is simply too expensive to try to eradicate poverty through government transfers alone. And even if we could do it, even if we had all the money in the world, doing so would violate a basic I believe shared American value of reciprocal responsibility, that Americans are very generous in their nature in helping those who fall into difficult circumstances, but they expect at least for the able-bodied to do something in return. So the idea of trying to eradicate poverty through government transfers alone is both too expensive and also I think in contradiction with a fundamental shared American value.

Welfare reform, building on this idea of shared responsibility and reciprocal responsibility, clearly has improved things a great deal for single-family-headed households. But we still have a long way to go, and particularly in helping those who are trying to escape welfare dependency and poverty, accessing full-time and not just part-time jobs.

Second, it seems to me that we ought not to be content with just moving people a little bit above the poverty line. The fact of the matter is, making \$100 more than the poverty line does not make you substantially better off than earning \$100 below the poverty line. So we should not throw wild parties anytime we find someone has simply moved above the official poverty threshold. But rather, what we ought to do is continue to work with those individuals and families to ensure that they can experience not just job retention but wage growth and advancement in the workplace.

This is difficult to do primarily because we do not know how to do it very well. Every well-controlled study that I know of that has tried to help with the advancement of former welfare recipients in the workplace, for example, have either found no results, very marginal results, or in some cases even negative impacts of the strategies that we have tried. But that does not mean that we should stop trying. As the Mayor said, and I think he is quite right, progress is not inevitable and so ignoring a problem is rarely the solution for trying to overcome it.

The third thing we need to do as Robert George pointed out is we should focus some attention, not all attention, but some attention on family structure, but here again we do not really know what is going to work. The federal government is currently undergoing \$100 million in experiments to try to determine whether it is possible to help couples who are desirous of marriage for themselves to be able to help them form and sustain healthy marriages in the long-term. We do not know what is going to work. The federal government I think

has some fairly interesting strategies for about how to go about doing that. But we ought to at least try. We ought to at least try because, again, doing nothing is very unlikely to solve the problem.

But finally it seems to me we have to do more to help low-income and especially minority men. This is not part of the Census Bureau report, but according to Doug Besharov at the American Enterprise Institute and some of his calculations, the percent of African American men who are living in poverty has declined over the last three decades from 39 percent in 1968, to 27.6 percent in 2004. But it is still extraordinarily high compared, for example, to the poverty rate for white males in 2004 at only 11.3 percent. So it seems to me that if we are going to deal with poverty, we need to also deal with issues related to low-income men and especially low-income minority men.

What can we do? First of all as the Mayor suggests, we ought to expand the EITC in my judgment for single adults at low wages. I also think we ought to take seriously the fact that over the next decade or so a million men are going to be released from prison and the majority of those according to calculations that I have seen are going to be minority men. What we need to do is find programs to help them reenter society in ways that both help them not to recommit crime, but also to become employed. I think one of the ways to do that is to reinvigorate a vocational educational system in this country that is first-rate, world-class, and will allow access not just to prisoners who are leaving prison, but also to those disadvantaged youth who may find skill-building in things such as

plumbing and electrician and carpentry a pathway toward escaping from poverty themselves. Thank you.

(Applause)

MS. SAWHILL: Many thanks to all of you. I am afraid we are more or less out of time according to my watch, so I apologize for the fact that we do not have time for some Q and A. I want to thank all of the speakers. I want to note that Brookings will be releasing a volume on the future of children edited by myself and Ron Haskins which will include a chapter by Gordon Berlin that lays out the basics of the plan that the Mayor talked about today for those of you who are interested. Becky Blank also has a chapter in that volume, and I think you will find many other interesting ideas, so I just wanted to advertise that.

Thank you very much to all of you for being here, and thank you to the panelists for a very interesting and instructive discussion.

(Applause)

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