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REPRESENTATIVE PAUL RYAN

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A CONVERSATION WITH SENATOR KIRSTEN GILLIBRAND (D-NY)

Introduction:

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Keynote Address:

THE HONORABLE KIRSTEN GILLIBRAND (D-NY)
U.S. Senate

A CONVERSATION WITH REPRESENTATIVE PAUL RYAN (R-WI)

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P R O C E E D I N G S

MS. SAWHILL: Good morning, everyone. Hope everyone is feeling bright and cheery this morning. It is sunny and a reasonable temperature again.

I'm Belle Sawhill. I am a co-director of the Center for Children and Families here at Brookings, along with Ron Haskins. And we have invited a group of experts from around the country to join us today for the first annual Summit on Social Mobility in the United States. It was organized by colleague, Richard Reeves. And we're really delighted to have so many wonderful experts here to talk about this issue all day. But if we're going to put social mobility on the agenda in the United States and figure out what to do about it, we're going to need help from people in public life. And so it is just a tremendous honor to have someone with us today to begin to help us address these questions.

Senator Gillibrand was first appointed to the Senate by the governor after Hillary Clinton vacated her post. And then she was elected on her own in 2010 for a six-year term. She has worked on all kinds of issues. I read her bio and looked at her website and there's so many there that I couldn't begin to list them all. I think probably she's best known right now for her advocacy of ending sexual assault in the military.

Now, some people have referred to her as the next Hillary Clinton. And Harry Reid, very uncharacteristically, I think, for him, once referred to her as the hottest member of the Democratic Caucus. (Laughter) And I can't imagine Senator Reid saying that, but evidently he did.

Now, as the mother of two young children, and one of only 20 women in the Senate, she is especially focused on the needs of women and families. And she believes the women's movement has stalled out and wants to see at least half of all Senate seats and half of all governorships be women in the future. And I want to heartily

endorse that goal and I want to add to it one that I'm sure she would agree with, which is I would like to see a woman president of the United States before I die. And Senator, maybe it will be you.

So it is with great pleasure that we welcome you to Brookings and I'm sure I speak for all of us when I say that we're really looking forward to your remarks.

(Applause)

SENATOR GILLIBRAND: Thank you, Belle. Well, thank you, Belle, for your leadership and for hosting today's forum. I think this is going to be a very interesting conversation that, frankly, the American people are having at every kitchen table today.

I want to thank the Brookings Institution for bringing us all together to talk about a topic that is really vital to the future of this country and to talk about some fresh ideas to give more children and working families basically the opportunity they need to achieve their potential.

Last week marked the 50th anniversary of President Lyndon Johnson's declaration of an all-out war against poverty, ushering in a new era of commitment to security and opportunity for every single American, no matter their circumstances that they were born into or whatever kind of hand that life dealt you. The same week we marked this milestone in American history, the Senate and the House had a chance to do one simple act to live up to that promise: by extending a lifeline to one 1.3 million jobless Americans; 1.3 million Americans who, through no fault of their own, who want to work, who need to work, and are diligently looking for work. They were denied this lifeline, this basic lifeline that keeps them afloat during tough economic times for no reason but politics.

Democrats and Republicans may well have honest disagreements on the best way to grow our economy and create jobs for all those Americans who are ready

and willing to work, but we should be able to agree on a basic core principle. We should stand by those who are struggling and never leave anyone out in the cold. But all too often this is exactly what happens here in Washington for reasons most would find inexcusable. It's the same old political game being played with the SNAP initiative, better known as food stamps, which the House of Representatives would like to cut \$40 billion over 10 years. They would have us all believe that they're just cutting waste, cutting fraud, abuse, ending free rides on the taxpayer dime. But the reality is when you're cutting food stamps you are just taking food off the table of families in this country, taking food out of the mouths of hungry children, taking food away from seniors who are on fixed income, from veterans who gave their lives for this country and everything for this country who are at a time of need. That's actually who you are taking food away from.

And it makes me angry because all we hear about from the other side is that those on government assistance are somehow scamming the system or lazy. I've never met a lazy child who's hungry, have you? I've never met one man or woman who is on unemployment benefits or who needs food stamps who wants to be there. They don't want to be there. They would prefer to be working, providing for their children, feeding their children. I've never met a mother whose children are well-fed who is on food stamps.

And on top of this economic hardship, a lot of these families it's a loss of confidence, it's a loss of dignity. And that's all the motivation that they need to work as hard as they can to find a new job and to regain that stability that their family so desperately needs. That's what the 1.3 million Americans are fighting for: a job, an opportunity to work. And this assistance is meant for them as their safety net.

So when politicians callously attack those receiving government assistance they're not attacking the nameless and the faceless. They're attacking our

kids, our seniors, our veterans who have given so much.

I think we need to do much better. It's not who we are as Americans. We are all in this together and we have to create the federal policies that reflect those core values.

Now, I know we will hear a lot of politicians finding a new sense of compassion and empathy over the weeks and months ahead. But when you look at their policies, they fall short of those words. We see policies that trade off cutting food assistance to families that need it to protect billions of dollars in profits for insurance companies that don't need those guaranteed profits. If you look at the policies, they will gut Head Start. There's not a parent in America who doesn't know that early childhood education is the difference between their children reaching their full God-given potential and not. You will see policies that are designed to cut Medicaid. What is Medicaid? It's access to health care for those who need it most.

Simply put, these are not the priority of a nation that fulfills its moral obligation to those who need help. These aren't the policies of a nation that does what we can to support Americans who have fallen on hard times. Children and families who are hurting and hungry need more than a slogan, so we should at least agree on this: Let's do more than just find the right way to talk about it. Let's actually look, as Democrats and Republicans, for policies that focus on our core shared values and protect those who are struggling to make ends meet.

Now, I've traveled across my state of New York, and the stories of struggle actually haven't stopped. Parents are working their hardest to get by, to provide for their kids, but the reality is that things seem to be working against them. For as far as we've come and for all those who have been lifted up since LBJ took poverty head-on, the fact is income inequality today is at record level. College affordability is slipping

away. Seniors are working longer hours for less money.

And contrary to the basic American value that we reward work in this country, the real value of workers' wages is on the decline. As a result, families are having a tough time.

But all along, the American dream hasn't changed. We still all, as Americans, dream of getting an education, providing for our families, raising our kids, paying for college, and making sure we have some money for retirement. But the rules of earning the American dream have changed. The skills and tools that all but guaranteed our parents our grandparents a place in the middle class won't cut it today. The world has changed and our economy has changed. And most importantly, the American family and the face of the American workforce has changed significantly. And that's where I see the greatest potential for reviving a middle class, an opportunity for all those who are fighting to make it there.

The new faces of our workforce over the last four decades are now women. In fact, women are increasingly the new family breadwinner. Women are the primary wage earners for a growing share of homes across America.

In 1960, only 11 percent of families had the female, the mother, being relied on for her wages to provide for the kids. Today, that's 40 percent. Forty percent of wage earners in America are mothers who are the primary wage earners to provide for their kids. Forty percent of the families with children under 18 rely only on the mother to pay the bills, make those tough choices at the kitchen table, and feed their kids. But you wouldn't know that by looking at America's workplace policies today. They're fundamentally stuck in the past.

Congress and state capitals across the country simply have failed to keep pace with the new economy and the modern American workplace. The key to

creating growing economy and the key to an American middle class is built to thrive in the 21st century is women. Without doubt, if given a fair shot, women will be the ones who will ignite this economy and lead America to a revival of its middle class, and that's what I want to focus on today. It's called the American Opportunity Agenda. It's a set of five basic principles that will modernize the American workplace with policies that empower women and families, and give them the chance to earn their way and get ahead into the economy, achieve their full potential, and basically reflect the values of our nation.

First, rebuilding our American middle class relies on keeping every woman who wants to be in the workplace in the workplace earning a paycheck. Now, this is a situation that many in this room may well have faced. For anyone who has ever had a new baby or a sick family member or a dying mother or father who needs care around the clock you know what that feeling is like when you have to make a choice between providing for your family and staying in the workplace or caring for your loved one at home. Choosing between your loved one and your career is a choice that no person should ever have to make, but this is a choice that's happening every single day. And more often than not, it's the woman who will choose to leave the workforce to care for that family member. When they do, they will earn less income. They will miss out on raises and promotions and they lose out on retirement benefits. This can set women behind. It risks their future success and it risks the stability of their own families.

And it can also hurt businesses. Today's lack of paid family medical leave keeps some of our most highly skilled, best trained, hardest workers out of the workforce. Democrats and Republicans should be able to agree America's strongest asset is our people. We should change our policies to reflect that and give working parents a fair shot. The Family and Medical Leave Act we have today basically provides for unpaid leave, job-protected leave for serious health events. But only about half of our

workforce actually qualifies for unpaid leave and many more given that opportunity can't afford to take the time off. But Congress can and should do much more to support these workers and strengthen our economy by expanding paid family medical leave.

Under my bill, called The Family Act, we would create a self-funded, paid family medical leave insurance program and it doesn't add one dime to the deficit. Based on successful state models, it works by establishing an independent trust fund supported by both the employee and the employer, contributions of a small amount in their wages. It's basically an earned benefit that would make paid leave available to every working America, no matter how big your company is that you work for, a big business or a small business, whether you're part-time or whether you're full-time. The cost is about the cost of a cup of coffee a week.

When a young parent needs to care for a newborn, it shouldn't come down to outdated policies that lets her boss decide how much time she can take off, how much time it will take her to get back on her feet, with that decision perhaps affecting the fate of her entire career. When any one of us, man or woman, needs time to care for an ill or dying family member we shouldn't have to sacrifice our job and risk our future to do what we think is right. The Family and Medical Leave Act first passed with strong bipartisan support, so there's no reason why Democrats and Republicans can't come together and support it again today.

Let me just give you one real-life example to show why this is something we should all be able to support. For those who desperately want to reduce the rolls of those on government assistance this is a really great way to do it.

I have an employee, she was single mom. She was working as a waitress. She was working 40 hours a week earning \$2.19 an hour plus tips. She basically was able to bring home about \$700 a week or about \$24,000 a year. That's a

few thousand dollars above the poverty line. When she got pregnant she had no health care benefits by her employer, so she enrolled in Medicaid. When she was about to have her baby she knew she could not afford the hospital bills to deliver her baby, so she had to quit her job. Because she was able to be on Medicaid, that covered her hospital expenses, but because her employer gave her no sick days, no vacation days, and no paid leave, she wasn't able to have her time with her infant at home, so she had to quit her job. She enrolled in WIC so she'd have enough money and she enrolled in food stamps. Now, this is a woman who was working full time, 40 hours a week, basically on the edge of poverty, and couldn't provide for her kids. If she had had paid family medical leave in that job, she could have stayed in her job, had the time she needed, and have the benefit that would have protected her and her family.

We also have to work on things as simple as raising the minimum wage. Now, when we're talking about low-wage workers, most people don't understand not only the prevalence of minimum wage workers, but also how hard hit they are. Did you know that of all our minimum wage earners 64 percent of them are women? And did you know that if you are working 40 hours a week on our minimum wage you're earning \$15,000 a year? If you're a family of 3 that is \$3,000 below the poverty line. So we are saying in a country that has always said we reward work and if you work hard every day, you will make it to the middle class, but that's not true. Because if you are working 40 hours a week and on the minimum wage, you're basically earning \$290 a week.

Can you imagine what it would be like to live on \$290 a week today here in Washington, D.C.? Well, I have an example for you. Her name's Lucila Ramirez and she actually works at Union Station. She's been working as a janitor at Union Station for 20 years. She's never had a sick day. She's never had a vacation day. She has no benefits. To work at the same job for 20 years and still be earning \$8.75 an hour with no

benefits, it doesn't sound right. Now, she's about to retire. She doesn't know how she's actually going to retire because earning so little she's been able to save very little. Hard-working people like Lucila, they're not looking for a handout. They just want to work hard every day and be able to provide for their family and to have some hope, some glimmer that they, too, could be able to see the American dream.

Now, under the bill that we're working on in the Senate it would give Lucila a raise. She'd get \$10.10 an hour. It'd bring her income up to \$21,000 a year. She's one step closer to getting out of poverty and moving into the middle class.

Now, raising the minimum wage to \$10.10 an hour would help 33 million Americans, 17 million women, many women with children just like Lucila. Millions of mothers immediately would be able to do more to support their families and put that money right back into the economy. Raising the minimum wage is also good for business. An increase to \$10.10 an hour would raise our GDP by up to \$33 billion over the course of just 3 years with those increased earnings, which means increased spending on household goods, on food, on clothing, on things families need. With that added activity in our economy we could create up to 140,000 new jobs.

The next issue that I feel very passionate about that I think would make a big deal of difference for working moms is basically understanding the need for affordable child care. Today, more women are going back to work sooner after having a child, creating a much greater demand for affordable child care that allows them to stay in their job. Now, the cost of child care is about \$6,700 each a year, much more for an infant, just about the same amount an average family spends on groceries. If you can't afford child care, as many middle class families can't, and you don't have a family option, the choice you're left with is to leave your job and stay at home and care for your children.

Now, if you just think about the numbers again, let's say the average

between an infant and a child is about \$10,000 a year. You're minimum wage earner; you earn \$15,000 a year. How are you going to afford child care? Kindergarten doesn't start till your child is five. So from zero through five you have no option. There is no affordable option. So imagine what you do as a single mom. Again, 17 million of those minimum wage earners are women; a lot of them are single mothers. What do you do? You look for informal care. You look for your mother perhaps or a lady down the street or someone in your building. What happens if your informal caregiver's sick? You miss work. What happens when you miss work? You have no sick days. You'll probably get fired. You certainly won't be promoted. You lose out on every bit of economic potential and economic opportunity you have because there is no affordable daycare option.

Just as important, we need universal pre-K. We should focus on the fact that when children have that chance to have early childhood education they are able to reach their God-given potential. High-quality early learning leads to strong cognitive, social, emotional, and language development, key skills that every child in America needs. Any childhood development expert will tell you this fact and so will every mother. The first five years of a child's life is a window we have to give them those essential skills for success, but for millions of families struggling, this is a chance that they're never going to get through no fault of their own and no other reason that their families were born into a life of less opportunity. The block that you live on should not determine the success of the life you will have. That's why we need to make these investments today to bring quality affordable pre-K to every child in America. This will give every child the chance they deserve to start out strong and to make sure that their hard work is what takes them how far they can go.

Every dollar that you invest in early childhood education, it generates up to \$11 in economic benefit throughout the child's whole life. That's an NIH statistic. And

it's important for our overall economy today. When children have access to pre-K it means more working mothers get to stay in the workforce, provide for their children, and stay on a path to advance their careers. That's good for the whole economy.

Critics will say that our debt and deficit, we just can't afford this. I agree that we have to do more to get our deficit under control, but every budget that we write is about choices. They're about our priorities. They're about who we fight for. And, frankly, in a global economy, when we're competing with countries in markets in every corner of the world, we can't afford to lose a step. When we close our doors to early childhood education we risk a future engineer, scientist, or doctor that could make the next big breakthrough that changes the world and ignites a new economic engine. A strong early childhood education is one of the best things we can do to propel more kids out of poverty on a sturdy path to a brighter future, so we should invest in our children.

The last piece of my proposal is probably the most obvious: equal pay for equal work. It's a promise made 50 years ago with the Equal Pay Act, a promise that continues to be broken every single day in this country. Today, women make up more than half of America's population and nearly half of our workforce. Women are out-earning men in college degrees and advanced degrees and are a growing share of the primary household earners. But still to this day, men are out-earning women in wages for the exact same work. On average, a woman earns 77 cents on every dollar a man earns and even less for women of color. African-American women earn 69 cents on a dollars; Latinas earn 58 cents on the dollar. It has to change.

How can any two-income family or a family where the mother is the sole breadwinner get ahead if they're shortchanged every month? If we want to have a growing economy and a secure middle class and a chance for more families to get ahead, simply pay women fairly for the work they're doing. It's really that simple. And it's

a huge economic engine. If you just paid a dollar for a dollar, you could raise the U.S. GDP by up to 4 percent. It's a huge economic engine. It's plain common sense and it's just the right thing to do.

So let me conclude. Fifty years into the War on Poverty with the deck stacked against too many in this country. Let's commit ourselves with greater resolve to living up to what the American dream was always meant to be. It's a dream that makes our country the land of opportunity; a dream that says it doesn't matter from where you start, hard work pays off, you can get to the American dream and earn your future; a dream that for too long has been out of reach for too many people. Let's do what we can do to create new opportunities for those who need it most and change the course of America's middle class. And without a doubt, it will be women who will lead the way. When women lead this fight, we will end poverty in America because only when every American woman and family gets a fair shot they deserve to achieve their full potential will America ever be able to achieve hers. Thank you. (Applause)

MS. SAWHILL: I'm going to try to start here. Can everybody hear me all right? Okay, great.

Senator, thank you so much. That was quite an exhilarating challenge to all of us and I think if I could summarize your agenda for American opportunity, it has five planks: paid leave, raise the minimum wage, affordable child care, universal pre-K, and equal pay for equal work. And I think these are all really important issues and I want to kind of relate them back to the theme of what we will be discussing here all day.

You mentioned the War on Poverty and the fact that we're having an -- or celebrating an anniversary now and everyone is talking about that. And one of the academics who's here today, Jane Waldfogel from Columbia University, she and her colleagues have recently done a study which you may or may not have seen, but I found

it very interesting because it shows that although many people, especially on the right, have said, well, in the War on Poverty, poverty won, it didn't work. Their study shows that the War on Poverty actually reduced poverty appropriately measured by something like 10 or 11 percentage points. I think I have that right, Jane.

But I think there was another message coming out of that study and out of the discussions that we're having now, which is we did pretty well creating a safety net that would be there for people at the bottom who weren't doing very well, but we didn't do as good a job at changing the labor market, helping people to achieve middle class status through their own efforts and becoming self-sufficient. And I think there are some elements of your agenda that speak to that and some that are more really just catching people and helping them when they're down, like unemployment insurance is part of the safety net. Pre-K programs are part of helping people climb the ladder. There are some debates now about pre-K because, of course, there was this study of the Head Start program that showed that it wasn't having the kinds of effects that we earlier hoped it had.

I guess my question coming off of that is when you think about where we have -- and I'm talking long-term now. I'm not talking -- I mean, obviously, you're dealing with legislative issues in the here and now, as you should, but when you think long-term and sometimes, you know, we worry, those of us out here in think tank land, that up there on Capitol Hill there isn't quite enough long-term thinking. What do you think we most need to do to improve long-term opportunities for people to be self-sufficient? Which it's not an argument against helping them, you know, if they're down on their luck, but what should we -- what would be your top priorities there?

SENATOR GILLIBRAND: I think the most important change we need to make is recognizing the face of today's workforce because most of our workplace policies

were set in place in the '50s, '60s, and '70s, when if you had an American block and there were 10 homes on it, 7 or 8 they would have a husband going to work and the wife would be staying at home. Today on that same block, five of the houses --

MS. SAWHILL: I remember that world well.

SENATOR GILLIBRAND: Five of those houses have two parents working, three have a single mom working, and only two have a parent staying at home with a child. So if you don't actually create a workplace that has enough flexibility to accommodate families and the needs of families, you are going to constantly be undervaluing and seeing underperformance of your workers. So if you want to tap into the full potential of your workforce, meaning women who are typically the primary caregivers for both children and aging parents, you need to create a more family-friendly workplace policy, and that means something as simple as equal pay for equal work to make sure that wage earner isn't being shortchanged every month. But something like paid family medical leave, so, again, you don't have women off-ramping every time there's a family emergency, which is constantly happening. And so if that woman is never getting the chance to be promoted, to earn more, to put more back into the economy, at a degree of 48 percent of our workforce in New York State is women, that's a problem. You are really shortchanging an economic engine in your workforce by not giving those opportunities to excel and to constantly be earning more and getting ahead. So you need that flexibility.

Something as simple as universal pre-K and affordable daycare, that's five years of that worker's life for every child that she has that she's going to need that kind of support or she's not going to be in the workplace full time or she's not going to be able to have her highest earning potential. So those are all engines that are being entirely untapped for about half our workforce. It's a huge problem.

MS. SAWHILL: Yeah, I think it really has been an enormous transformation the fact that women have moved into the workforce and, as you say, are now 40 percent of the primary breadwinners. But, you know, Hanna Rosin wrote this book recently called *The End of Men*. And she and others have talked a lot about the fact that one of the reasons we have so many single parents is because the men can no longer make enough money to get married and support a family. Is that also a concern, you know, in arguing for women's rights to climb the ladder and do better? What do we do about the men? Do you have thoughts about that?

SENATOR GILLIBRAND: Well, they're still earning a dollar on the dollar, so they are being paid fairly for their work.

MS. SAWHILL: Yes, okay.

SENATOR GILLIBRAND: So I'm less concerned about that. But I think we want workplace policies that support all families because there may be men who want to be primary caregivers or men who need the flexibility when their mother or father is dying. That's why paid family medical leave applies to women and men. And I think if you had more family-friendly policies that both parents would be able to take advantage and be able to be there when needs arise. And for all those families that are single-parent families, whether it's a male or a female, they need that flexibility. So these are gender-neutral policies, although they will help more women than men because more often than not it's the woman who has to sideline her career for family, but there are many men in the same situation.

MS. SAWHILL: Okay. Well, let me open this up for the audience to ask a couple of questions here. Please state your name and your affiliation, if you would. Anyone?

Yes, right here. No, you, right, on the aisle there.

MS. RANCK: Thank you. My name is Edna Ranck. I'm with the World Organization for Early Childhood Education, which is called OMEP. And I want to point out that Robert Samuels' column in today's *Washington Post* quotes Dr. Sawhill and Dr. Haskins about the poverty issues, so ready that.

I want to caution you not to make a dichotomy between child care and early education. I don't think you were, but quite often people do. They see one as quite different from the other when, in fact, all programs for children from six weeks to six years are educational. Children are learning all the time. They don't start when they go to school. And they are -- both provide care.

SENATOR GILLIBRAND: Right.

MS. RANCK: So just make sure not to --

SENATOR GILLIBRAND: Yeah. No, universal pre-K is a different goal than affordable daycare just because there's different mechanisms, but I know my children were in a daycare and I know the early childhood education they received was tremendous from the time they were infants straight till they were in kindergarten and fifth (*sic*) grade. But that daycare was \$10,000 a year, so the affordability's a huge problem. So there's too many moms who couldn't use the daycare that's available to federal workers because they couldn't afford it. And that's why the affordability, I want any child to be able to go to a daycare of the highest quality that my children were given because I saw the early childhood education components built right in from infant care straight on to when they were ready to enter pre-K. And that's why affordability is equally as important as universality.

MS. SAWHILL: Well, one more question because we are running out of time.

E.J.?

MR. DIONNE: Senator, welcome to Brookings.

MS. SAWHILL: E.J., everybody knows you, but --

MR. DIONNE: Yes, thank you. And I usually have a really loud voice, but welcome to Brookings. As you know, I'm very sympathetic to this agenda you've put forward. I am curious why this hasn't taken hold more within the Democratic Party or maybe it will. Because it does seem to me some of the proposals are obviously consensus proposals, like the minimum wage, but the package speaks to a lot of different aspects of what they're talking about. Are we going to see more action sort of not just from women members, but party-wide on these kinds of things?

SENATOR GILLIBRAND: I think so. I think as women and as mothers we have a particular sensitivity often to these issues because we see it every day. I mean, I see what benefit my children get from daycare. I see what benefit they got from a great pre-K program. I know that I couldn't have done my job well without the flexibility that I was given for paid family medical leave for both of my children. I know the difference it made for me personally. So when I speak to these issues, I speak very passionately about them and I know what opportunities are being missed for those who don't have them because I know what it would have been like for me if I didn't have them. So I can speak from the heart and also from real-life experience, so that's one of the reasons why I think these issues are coming to the fore now.

But I do think the Democratic Party and the Republican Party will be able to grab hold of these issues as a new generational issue, as something that speaks to what are the changes we need to make to really create an economic engine and actually make a middle class that can thrive. So I think it can be something that can inspire both Democrats and Republicans.

And I do see amplification from a lot of places. The President gave a

very significant speech where he mentioned a couple of those ideas in his speech just a few weeks ago. About a month ago, we had Speaker Pelosi do a really good press event with a number of members in the House on these issues a few months ago. So I think these issues are going to continue to be talked about and I'm going to do everything I can to make sure I talk about them a lot, so that people begin to say that's a good idea actually. That could have a real economic impact that would make a difference, and that these are positive for businesses. These help the economy grow.

MS. SAWHILL: Senator, we really wish you well on this agenda and please join me in thanking the senator for being with us.

SENATOR GILLIBRAND: Thank you. (Applause)

(Working Sessions)

MR. HASKINS: Good afternoon. My name is Ron Haskins along with Belle Sawhill, who's playing hooky right now I guess. We co-direct the Center on Children and Families here at Brookings.

We've had a long day of discussions. It started this morning with Senator Gillibrand and now we've been talking about poverty and opportunity and mobility in the United States. Quite fascinating, had great people here. And in our relentless attempt to be nonpartisan or bipartisan, we begin the day with a Democrat and end the day with Chairman Paul Ryan of the Budget Committee.

Here's something that might surprise you: Knowledge counts for a lot in Congress. (Laughter) Paul Ryan's career illustrates this claim. First, he's a former congressional staffer and we all know that they're necessarily brilliant. And second, upon arriving in Congress, he looked around and asked himself what makes this place run? The answer, of course, is money and the budget is the source of all money, so he decided he's going to learn more about the federal budget than anybody else. And within

an hour or two, he knew more about the budget than anybody up on the Hill. And, of course, most senior positions on the Hill are based on merit and logic, so it was natural that he would become the head of the Budget Committee.

Here's another thing that might surprise you: Before he was so interested in the budget, he was very interested in issues having to do with poverty and opportunity, especially opportunity. He had top staffers in this area, which is always a key to understanding what a member of Congress is really concerned about. And recently, he's been doing an amazing thing, which is spending a lot of time in inner cities and other poor communities, meeting with people who run programs for the poor. This is not exactly on the top of the list of most Republican members of Congress, so it's quite an amazing thing.

So let's see what he's learning by visiting these poor communities and what policies they are driving him to. So Chairman Ryan. (Applause)

REPRESENTATIVE RYAN: Thanks so much, Ron. And I saw Belle -- there's Belle right there -- I saw Belle over in the hallway and she and I and Ron had a great talk the other day. I'm a big fan of what they do in their work.

And I want to thank you for coming over. I used to come to Brookings and crack these jokes about coming out of the incubator and the cocoon of the conservative think tank area, but this is like my fifth time in this very room, I think, so I don't think I can crack those jokes anymore. I feel comfortable coming over here these days. Don't hold that against me, though. Right, exactly.

I even made it through your report on social mobility, the whole thing. It came out six years ago. I read it last week. (Laughter) But I'm grateful you invited me here, too. And I'm very pleased to see this conversation occurring.

Now, Ron and Belle, they asked me to talk about two things. First, how

do I see the issue of opportunity? Second, what are some ideas to increase opportunity? In other words, what is opportunity and how do we get more of it?

Here's how I see it. Behind every opportunity is someone who takes a chance. You mentor a child, you advise a student, you hire somebody. Two people, normally strangers, they form a bond and they work together to create value, to spread knowledge, to help each other. So I would say that the key to opportunity is trust. And government, when used wisely, can increase that trust.

Take one example, interstate highway system. That's something we all could agree on. Of course the federal government should build the interstate highway system because that would actually encourage interstate commerce. And it did for a simple reason: it got people to interact. And the more people interact, the more they trust each other. And as we all know, where there is trust, there is collaboration. Where there's collaboration, there's economic growth.

So to me, when it comes to judging a particular policy reform, I've got a really simple test. Does it bring people together or does it pull them apart? Does it increase trust and collaboration or does it stifle them?

Government is a very powerful tool. Too powerful, you might say. Just as it can build and encourage, it can frustrate and deter.

You know, as a conservative I look at Ronald Reagan and look at his insights. And one of his great insights was that taxes don't just take money out of people's pockets, they can end up taking people out of the workforce. They discourage people from putting in that extra hour or from hiring that extra worker. And so just as government can increase opportunity, government can destroy it as well. And perhaps there is no better example of government's ability to disappoint, to miss the mark, than LBJ's War on Poverty.

This month marks the 50th anniversary of that war. And for years politicians have pointed to the money that they have spent or the programs that they have created, but despite our spending trillions of dollars, 47 million people live in poverty. That's 15 percent of our fellow citizens. It's one out of seven people. It's the highest rate in a generation. We're spending a lot and it's just not working. It's missing its mark.

Well, why? I think it all goes back to opportunity. Poverty is not just some form of deprivation. It is a form of isolation. If there's anything that I've been learning it's that.

What do we know about the poor? Ron would say three things. They're less likely to have graduated from high school, they're less likely to work full time, and they're less likely to have gotten married before they had kids. They're cut off from three crucial sources of support: education, work, and family.

Now, government isn't solely responsible for these trends, but in other ways government is deepening the divide. Over the past 50 years, it has built up a hodgepodge of programs in a furious attempt to replace these missing links. And because these programs are so disorganized and dysfunctional, they pull families closer to government and away from society in so many ways. Our goal should be to reintegrate the poor into our communities, but Washington is walling them up as if they're in some massive quarantine. As my friend Senator Mike Lee says, we need to bring in the poor, to expand their access to our economy and our civil society.

They are not fulfilling their potential and we, we are all missing out. We have to remember that poverty is not some rare disease from which the rest of us are all immune. It is but the worst strain of a widespread disease otherwise known as economic insecurity. Most families worry about making ends meet. All of us have felt isolated at

times. That's why a concern for the poor, it is not some policy niche. This cannot be some box checked on some new contract with America. This goes to the very, very heart of the American experiment itself.

So how do we bring in the poor? How can the federal government help? I'm afraid I don't have all the answers, but a little humility in Washington might be a good start. Today I'd like to talk about a few ways to improve our anti-poverty efforts.

Here are two key ideas: simplicity and standards. I think they would help with one big problem that we call the poverty trap. You see, it turns out the central planners aren't very good at planning after all. Washington tackles problems in a haphazard, Whack-a-Mole approach, and poverty is no exception. It is just the nature of the beast.

So before Lyndon Johnson even became President, we had Social Security and AFTC. Johnson added Medicaid, Head Start, and Job Corps, among others. Soon after he left office, Washington kept adding to the alphabet soup: the CSFP, the CCDBG, the SCHIP, the list goes on. Gene Steuerle down at the Urban Institute, he has done some really interesting work on this topic. Because the federal government created different programs to solve different problems at different times, there is little to no coordination among them. And because these programs are means tested, meaning families become ineligible for them as they make more money, poor families effectively face very high marginal tax rates. Government actually discourages them from making more money.

What does this mean? Let's take a single mom with two kids living in Colorado. If her income jumps from 10,000 to \$40,000, she won't keep much of that extra \$30,000. Instead, she'll lose most of it to higher taxes and benefit cuts. According to Steuerle's calculations, if she's enrolled in programs like food stamps, Medicaid, and

SCHIP, her implicit marginal tax rate will be as high as 55 percent. And if she's enrolled in other programs, like housing assistance and welfare, the rate will reach above 80 percent. In other words, you go to work and you'll keep less than 20 cents of every extra dollar you earn.

Now, I'm sure she's not going to walk around with a calculator saying what is my implicit marginal tax rate? But she gets it. She is trying to get ahead and her government is holding her back. This has to be addressed.

And the good news is there's a better way to do this. Policymakers are working on a solution to this problem all around simplicity. In 2012, Britain produced a far-reaching reform called the Universal Credit. The government's now putting this idea into practice and it is going through a rough patch. There are no two ways about that. Maybe you've discussed that here today. But the basic concept is very sound. We should learn from their experience.

It took six means tested programs ranging from housing benefits to income support and it collapsed into one overall payment. The old programs? They cut off abruptly once a family made a certain amount of money. On the other hand, the Universal Credit tapers off gradually.

We've got some experience with this sort of an idea ourselves. We have the Earned Income Tax Credit. At minimum wage it makes it more expensive for employers to hire low-skilled workers. But the EITC, on the other hand, gives workers a boost without hurting their prospects. Many economists have found that the EITC increases employment among low-skilled workers. And like a Universal Credit, it gives families more flexibility. It helps them take ownership of their lives.

Now, there's certainly room for improvement. Just last week, my friend Senator Marco Rubio, he proposed that workers get assistance once a month instead of

once a year so it's easier for them to plan ahead. That's an idea, in my opinion, that makes a lot of sense. But whatever form assistance takes place, we have to encourage work. In other words, there should be standards.

It's not a novel concept. In 1996, Congress began to require people on welfare to work, and welfare rolls, they dropped dramatically. Child poverty fell by double digits. The problem is we have not applied this principle far enough. We need to do more. As Ron likes to say, a man who is involved at that moment, what works is work.

And we need to change the way we think about work. It is not a penalty. It is the shortest, surest route back into society. If you're working, you're meeting people. You're learning new skills. You're contributing to society. That is the best way to get a raise or even get a better job. We want people back in the workforce so that they can share their talents and their skills with the rest of us. We are losing out just as much as they are. In short, federal assistance should not be a way station. It ought to be an on ramp, a quick drive back into the hustle and bustle of life.

We've got a lot more work to do. We have to tackle a whole host of issues: education, criminal justice and criminal reform, health care. But reformers at the state and local level, they're already doing a lot of this hard work. The federal government should let them take the lead and learn from their example.

I like to think that anything I've said here is not very radical, but you can already hear the howls of protests from certain corners. All I would say to the critics who are criticizing new ideas and perhaps new thinking in a more effective War on Poverty, all I would say is we want to hear their ideas, too. Good intentions are not enough. Concern for the poor? Concern for the poor does not demand a commitment to the status quo. It demands a commitment to results. We should not measure our success by how much we spend on welfare. We should measure our success by how many

people we help get off of welfare.

Later this year, I plan on saying a whole lot more about this subject. But before I roll out any policy prescriptions for poor families I need to hear more from the real experts: the families themselves. If there's one thing I've learned after 15 years in Congress it is that Washington does not have all the answers. In fact, sometimes they're right under our noses and right out in our communities, not in this city.

My mom used to always tell me, son, you have two ears and one mouth, use them in that proportion. Somewhere in Congress I lost sight of that a time or two. But I think all of us who care so deeply about this issue, not as a niche, but as part of the growing American experiment, we have to heed that kind of advice. Just as we need to run the numbers and study up on the issues, we need to listen to the people we are trying to help because they're the people on the front lines. Only the people in the community can solve the problems facing their community.

And trust? That is the bedrock of opportunity. And the federal government, it has to trust them. With all due respect to all the brilliant minds here at Brookings and those lesser lights over on Capitol Hill, we need all hands on deck. We need to enlist these poverty fighters, the people who never come to Washington, we need to enlist these community leaders and these working families in the real War on Poverty.

There is only one way to beat poverty and that is face to face. For too long, too many people have watched this effort from a distance. You know, it's like this. They've said to themselves I'm working hard, I'm paying my taxes, the government's going to take care of this. And in so many ways the government has reinforced and encouraged this view. That's not going to cut it anymore. We need everyone to get in this game. We need everyone to get involved person-to-person, community-to-

community, face-to-face. And the truth is when you're helping people in need, you're helping yourself. So if we reintegrate the poor in our communities, we will reinvigorate our country overall because a country with healthy, growing families will have a healthy, growing economy. We will all benefit from the economic and personal growth. At its best collaboration does not just build a growing economy, it builds character. It makes us better people. It will make us a better country.

So Ron and Belle, I want thank you for your invitation. I enjoy the conversation we're about to have, I look forward to it. And I think that it's vital that we make every single citizen, every single one of them, a full participant in the American experiment. And if we have a vibrant battle of ideas on how best to achieve these outcomes, we will get there and we will make this moment what it is. Thank you very much, appreciate it. (Applause)

MR. HASKINS: Thank you. Interesting remarks. I bet a lot of people in the audience are reflecting on them and thinking about the questions they'd like to ask you, but I am the one that gets to ask you the question.

So a lot of what you say has the ring of what in the old days used to be called compassionate conservatism. Are you a compassionate conservative? And what is a compassionate conservative?

REPRESENTATIVE RYAN: I don't like that term or the premise of it because it presumes that conservatism itself is not compassionate. So I'm not a big fan of the term "compassionate conservatism." I believe that conservatism, as I understand it, otherwise probably known as classical liberalism, is the most compassionate form of government because it respects the dignity of the individual. Its goal and attempt is to help the most people have the best life and to reach their potential. We have to fight for better ideas to make sure that we realize the American experiment.

What is that to me? The condition of your birth does not determine the outcome of your life. That's what I was raised -- you know, growing up in a small town, Irish Catholic family, from immigrants that came over from the potato famine, that's the American idea as I understood it. My big fear, you, Belle, everybody around here has documented this so well, Stuart over at Heritage, is we're starting to lose sight of that. We're losing not only mobility, we understand that, but whole generations of Americans don't know what this is. And when you explain it or tell it to them, they don't think it's for them. That's a problem. And I do believe that conservatism is the best answer for this. Otherwise I wouldn't be who I am.

MR. HASKINS: I bet I know the answer to this next question, but it'll get a laugh anyway and I think it expresses what many on the left think about compassionate conservatism. Tony Blair said the only difference between compassionate conservatism and conservatism is that under compassionate conservatism they tell you they're not going to help you, but they're really sorry they're not going to help you. (Laughter) Now, I'm going to guess wildly that you disagree with that.

REPRESENTATIVE RYAN: Yeah.

MR. HASKINS: But this does show the left makes jokes about this sort of thing. I realize you don't like the term, but many things you discuss are I think part and parcel of what most people think of, you know, local, working face-to-face, helping people in the place where they live, listening to them, and so forth. All these used to come under the head of compassionate conservatism. So what do you say to people on the left saying that's not going to cut it?

REPRESENTATIVE RYAN: Well, if those who are advocates of the status quo or who advocated for the status of where we are right now say just do more of this, that doesn't cut it. And for those who say it could be worse, that's hardly an effective

answer.

So what do we mean when we say “conservatism” or why we have better ideas? I truly believe that we have made the mistake in this War on Poverty, an unintended consequence, mind you, that we have displaced community; that we have crowded out and pushed aside what many of us call civil society. And we told people in this country that it is no longer their responsibility to help care for others. Now, that is not saying this is just a convenient excuse for cutting a program or stopping the federal government’s role and just saying it’s up to people locally. No, I’m not trying to say that. What I am trying to say is I think the left made the mistake in thinking this is all about material deprivation and what we ended up doing, we isolated people in our communities and we put up walls separating people from integrating with each other. We need to tear down those walls. We need to look at how these programs are actually doing harm trapping people in poverty and how we can refocus on an agenda of upper mobility, of turning that escalator back on and getting people back into life.

Now, I always hesitate to say this because as a person in government it sounds preachy, but you cannot ignore the culture. Look, you’ve written all this stuff about marriage, about the breakdown of family. These things cannot be ignored. But it is not somebody in Washington who’s going to solve that. That is our culture. That is our communities. That is our churches. That is our media, everything. But as conservatives working in government to make a difference, we can remove a lot of barriers that are harming our culture. We can move a lot of barriers that are slowing down income mobility, that are harming economic growth and opportunity. And those are the kinds of things that I think we should focus on. That, to me, is what a proactive, positive conservative solution would look like.

MR. HASKINS: Republicans are intent on making government smaller

and this means they cut programs. Many people see you as a hero because you've been a leader in this movement and tried to balance the budget and cut programs, and we have indeed cut programs. Do you think, is that a necessary part of your War on Poverty, of your attempt to help poor people, to cut programs?

REPRESENTATIVE RYAN: It has nothing to do with a line on a spreadsheet. It has nothing to do with what the number ought to be. It has everything to do with is this working or not? And "working" meaning are people getting on with their lives and hitting their potential? Are people having the best chance to make the most of their life in this country and our society? And I do believe that freedom, free enterprise brought forth by keeping government limited is the way to go, is the way to maximize that.

Now, that doesn't mean that we believe in no government. What that means is we believe in a government that is effective. We believe in a government that looks to its role and does that very effectively, and we are not doing that. We're biting off more than we can chew. We're crowding out civil society. We're presuming that we can replace these missing links in society that just can't be replaced by anything other than, you know, family.

And so I look at this fight we have because I do believe we will lose this century as an American century if we go down the path we are on. It doesn't matter whether you read Charles Murray or Bob Putnam or any of these folks. We have a dangerous demographic, a dangerous trajectory we're on in this country. The budget's part of that. The entitlement and debt explosion are part of that. The economy and slow economic growth are a big part of that. But the greatest casualty of this dangerous trajectory are the least among us, the poor who are being trapped in poverty.

And so I really believe we need to take a look at this. And when we apply our principles -- liberty, freedom, free enterprise, self determination, subsidiarity is a

term people of my faith use, along with solidarity and community -- you can have a rich, vibrant mosaic of a society where people can really make the most of their lives; where we can get back to those days of upper mobility; where people come to this country or are born in this country and say, you know what, I can make it. I can do it. I can be who I want to be. We can get there if we really competed for these outcomes.

And if we measure all of this stuff by how much money we throw at it, what the spreadsheet looks like, how many tax dollars you can put into something, we will miss the mark. But if we measure based on outcome and results, then I feel like we can make a difference.

MR. HASKINS: So let's assume you're right and that the real problem is government and too many programs and removing too much authority and responsibility from local levels and churches and so forth. Can you actually foresee that you could convince some of the people in this audience and the people in the media and voters of Wisconsin and the rest of the country, especially states like New York and California, that that's true and that government is really in the way and that if you balance the budget and cut spending and have these kind of community initiatives that you're talking about that it'll be a better result?

REPRESENTATIVE RYAN: Yes.

MR. HASKINS: You think you can convince them on that?

REPRESENTATIVE RYAN: Why would I be doing this if I didn't believe that?

MR. HASKINS: Well, there are a lot of people that do --

REPRESENTATIVE RYAN: I mean, honestly.

MR. HASKINS: I mean, some people call it a heroic act and know that you probably can't convince people, but you know you're right and you're going to try to

explain it to them.

REPRESENTATIVE RYAN: Yeah. Yeah, I'm not one of those people who likes -- look, a friend of mine once said you don't want to be sitting on your front porch in your rocking chair with your grandkid on your knee saying, you know what, you know, granddaughter, you know, I want you to know that while America went to hell in a handbasket, I just want you to know I voted no every step of the way, you know.

I think -- I do believe that a majority of Americans understand that what's going on today is not working, that our society is fraying at the seams, that we have to do something different, that the status quo isn't working, and that I think new ideas based on these ideals that were the founding principles of our country that made us so special and great in the first place, I really do believe that a majority of Americans can warm to this, can agree with this, can embrace this. If I didn't believe that why would I be doing this? I mean, what's the point?

So do I believe that the principles of welfare reform which were majoritarian principles in 1996 can be that way again? Yes, they were. The results were very effective. Do I believe that Americans want able-bodied people to have a better chance at a better life? And do I think Americans want a safety net that's effective, that is there for the truly indigent, people in need? Yes. Conservatives believe that, too.

So I think what happens in these debates is we just characterize each other. We just lump somebody into a caricature as in this is a liberal who just cares nothing but growing government and taking power from people and debt and deficits, and blah, blah, blah, blah, blah. Or this is a conservative who's heartless and doesn't care, who just wants, you know, to help the rich, who just wants, you know, no government. You know what? It's probably somewhere way in the middle between those two spheres.

And so I think if we just rely on these caricatures, we'll just do this the

whole time. We'll just smash against each other. But if we actually have an adult conversation about how to restore economic mobility, a conversation about our culture which is inherently non-government, I think that's pretty important and I think we can make a difference. And I do believe that a majority of Americans still believe in the American dream, the American idea. And if they knew they could do something to make a difference in their communities and help advance it, they'll do it. And I do believe that this can be done, yes, I do.

MR. HASKINS: Okay. So I'm going to end by inviting you back to Brookings when you get ready to say exactly what your agenda's going to be, as you promised during the speech. I hope you'll come back here --

REPRESENTATIVE RYAN: I'd be delighted.

MR. HASKINS: -- and tell a big audience, I suspect we'll have an even bigger audience to hear the specifics explain.

REPRESENTATIVE RYAN: After Heritage, right, Stuart? Yeah.

MR. HASKINS: No, no, before Heritage. (Laughter)

REPRESENTATIVE RYAN: Yeah, right.

MR. HASKINS: Yeah. So thank you so much for coming. It was wonderful.

REPRESENTATIVE RYAN: My pleasure. Thanks for having me.

MR. HASKINS: And please join me in thanking Chairman Ryan.

REPRESENTATIVE RYAN: Thanks. (Applause)

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