

THE BROOKINGS INSTITUTION

Welfare Reform & Beyond Public Forum

AMERICAN DREAM:

THREE WOMEN, TEN KIDS, AND A NATION'S DRIVE TO END WELFARE

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**INTRODUCTION, PRESENTATION AND PANEL ONE**

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**Moderator:**

JODIE ALLEN, Managing Editor for Finance and Science, *U.S. News & World Report*

**Introduction:**

ISABEL SAWHILL, Vice President and Director, Economic Studies, Brookings

**Presentation:**

JASON DePARLE, Staff Writer, *New York Times*

**Panel 1: Policymakers**

BRUCE REED, President, Democratic Leadership Council

REP. CHARLES STENHOLM (D-Tex.)

REP. E. CLAY SHAW, JR. (R-Fla.)

**Question and Answer Session**

## **PROCEEDINGS**

MS. SAWHILL: Good morning out there. There are lots of seats up here near the front for those of you who might still be milling around back there, and we'd love to fill them up.

I'm Belle Sawhill. I want to welcome you to Brookings. We're here today to talk about a terrific new book by Jason DeParle. It's called "The American Dream," and it's about the 1996 welfare reform bill and how it affected the lives of three mothers and their children in Milwaukee.

As many of you know, we spend a lot of time here at Brookings looking at research and having discussions and seminars and forums on welfare reform and its effects on families and children. But I think that there is no substitute in all of this research for gaining a much more nuanced and complex understanding of the lives of the families that were affected by the bill.

This book is about hardship, but it's also about chaos. It's about striving, but it's also about giving up. It's about how welfare has sought to change people's lives and how, in the end, maybe it didn't very much. It's a really fascinating story, rather depressing. I can't recommend it too highly.

[Laughter.]

MS. SAWHILL: I know that sounds like a contradiction. But I was reading it on a late plane flight coming back from Colorado and I was very, very sleepy and I still couldn't put it down.

To moderate today's session, we're pleased to have Jodie Allen. She's the managing editor and business commentator, or columnist, at U.S. News & World

Report. She has a long historical interest in these issues. She worked on Nixon's Family Assistance Plan and, later, on President Carter's welfare reform called Better Jobs and Income--for those of you who are old enough to remember those earlier fights about what to do about the poor in America.

So with that, we've got such a great panel here, I don't want to take up any more time. Let me turn it over to Jodie.

MS. ALLEN: Thank you, Belle.

Well, I do want to welcome you all here today. Several of you know well, and as Belle has mentioned, that I am a recovering welfare junkie. The subject has been among my favorite policy indulgences for many years, although I have kicked the habit in recent years and now spend my time worrying about the GDP and the trade balance. But reading Jason's wonderfully reported and beautifully written portrait of the current state of our welfare world, I have to admit that I could feel that I might be going to fall off the wagon again.

We have a very busy morning, very tight schedule, especially our two congressmen who have joined us today have a very tight schedule. So I am not going to spend a great deal of time introducing our panelists. You have bios for all of them in your packets and can peruse them at your leisure. They are all so distinguished that if I describe anything much about them, it would take the whole morning. I do want to make sure that we have at least a quarter of an hour for discussion among the panelists and to answer questions from the audience.

So, just briefly, let me--of course, Belle has already described Jason DeParle and he is familiar to you, I am sure, from the many, many things he has written in the New York Times. And not only the Times itself, but the New York Times

Magazine. He is a winner of the George Polk Award for his reporting on the welfare system and a two-time finalist for the Pulitzer Prize.

Jason will speak first. Then he will be followed by--I think I will ask you to go second, if you don't mind. Congressman Stenholm, who has represented the 17th District of Texas since 1979, is the co-chair of the conservative Blue Dog Coalition of Democrats. He worked closely with Republican Mike Castle of Delaware in developing the census compromises that were essential to the passage of the 1996 welfare reform bill, which is the focal point of Jason's book.

We expect Congressman Clay Shaw to join us shortly. He is the congressman from Southern Florida, and it was he who served as chairman of the Human Resources Subcommittee at the time of the passage of the '96 welfare. He was the primary author of the bill and is widely regarded as the most influential Republican working on the welfare issue.

Then last, but certainly not least, we will have Bruce Reed, who is president of the Democratic Leadership Council--this is the national organization that launched the so-called New Democrat movement--and he now runs the DLC's Progress and Prosperity project. Most relevant to today's debate is the fact that during his eight years of service in the Clinton-Gore White House, he was President Clinton's chief domestic policy advisor and he was, to my mind, anyway, the key player in shaping the welfare reform law. I think it will be very interesting to hear what, if any, differences there are among all our panelists with regard to how that law has played out in practice both at the national level but actually at the local level where actual people's lives are involved.

So without any more ado, let me turn it over to Jason DeParle.

MR. DePARLE: Thank you, Jodie. And thanks especially to Belle and Ron not only for having me here but for having this project of so many years. It was often--I've told them this privately, I'll say it publicly, usually the first place I turned when I wanted to find out the relevant research on a given welfare topic was the Brookings Web site, if not calling them directly. I think they've run a wonderful project.

The book is called "American Dream." It takes its title from an obscure line in Clinton's first welfare speech, February 1993, in which he said, "I think we all know in our heart of hearts that too many people never get a shot at the American dream." That's the tapestry for the book. It's larger, I think, than just the welfare bill itself, but it's a broader look at their lives and what opportunities they felt they had, they indeed had, and how the law changed that.

It starts--it's really two colliding narratives. I'll summarize the book quickly, and I want to talk about one character, the main character in the book, a woman named Angela Jobe.

The overview of the book is its two competing and ultimately colliding narratives. They both start in October 1991. The first one is that a talented young speechwriter named Bruce Reed is sitting in an office in Washington, D.C. crafting a campaign speech for a long-shot candidate for president named Bill Clinton. And he's trying to craft his welfare message and tries a few lines that don't work and hits on one that does: "We should end welfare as we know it."

The line comes out to no acclaim. The New York Times doesn't cover the speech, the Washington Post focuses on something else. But soon this pledge gathers momentum and ultimately sends nine million women and children from the rolls. One of them is a woman named Angela Jobe, and she's the main character of the book.

In October 1991, just as Bruce was writing a speech, she was getting on a bus from Chicago to Milwaukee with her best friend and sister-in-law Jewell Reed. Their boyfriends had gone--I say "sister-in-law," it was really "sister-not-in-law" but the sister of the father of her children. They called each other cousins. They get on a bus to move to Milwaukee because their boyfriends have gone to jail in Chicago, and their boyfriends were paying the rent. So without the help from the men, welfare alone wouldn't cover the rent in Chicago. But in Milwaukee, they could use the welfare check to rent an apartment and have money left over. That's all they knew about Milwaukee when they got on the bus. They'd never been there. They get off the bus in Milwaukee to start a new life on welfare just as Milwaukee is poised to be the end-welfare capital of the world.

So these two stories--their move to Milwaukee to get welfare and the Washington attempt to end welfare--come together in their lives.

I'll skip quickly over how they got off of welfare. There's one other part of the book that I don't have time to talk about now, I just want to mention quickly, and it's the family history. I got a very--a third cousin comes up and joins them, so it's three women in Milwaukee, all members of one extended family. I got very interested in their family history and I traced it back six generations. It's an African American family. I took it back to slavery. My editor at Viking said if you really need to indulge this itch of yours, please don't spend more than a week on it. It took about a year and a half. So much for listening to editors.

It started when I met Jewell's mother one day and I said, Ms. Crenshaw, tell me about your life. And she looked at me. I wish you could see her face. Just a, you know, a face that's passed through hardship to wisdom. And she says, Well, Jason, I

was born in 1937 when black peoples was just beginning to come out of slavery. I was born in Jim Eastland's plantation in Doddsville, Mississippi.

Just all kinds of bells went off in my head. Some of you will know the name "James Eastland," some of you won't. He was one of the last towering segregationists of the South, chairman of the Senate Judiciary Committee, who used to walk around saying there was a pocket in his vest where civil rights bills went to die. And so I'm wondering, did she really live on the Eastland plantation?

It was all true. The plantation is still in the Eastland family. She still had relatives living there. In the summer of 2000, I met her 85-year-old great uncle.

The relevance for the welfare story, quickly, is that a lot of the behaviors and problems and difficulties that we attributed to welfare--non-marital childbearing, poverty, dependency, substance abuse, on and on--were prevalent on the plantation and sharecropping societies long before there was welfare. This is not a point that I can claim as an original one. Nick Lemann made it in his great book, "The Promised Land," and Leon Dash made it in his work, "Rosa Lee." So I'm following in the footsteps there of two very distinguished journalists. But I think it was a point that was left out of the welfare conversation in Washington and casts a larger context for the struggles that the families went through. It wasn't something that just arose with welfare, their problems, and it wasn't going to go away just without welfare.

Angie quickly becomes a full-time worker. Two of the three women I followed--the good news in this story is that two of the three women become full-time, steady workers. Angie had been on the rolls for 12 years, had no high school education, by anybody's definition was a hard-to-serve case. And within six months of the work requirements coming down in Milwaukee, she was off the rolls and had a full-time,



steady job. Jewell took a little bit longer, but not much. Both of them, defying many, many predictions including my own, became full-time, steady workers.

The other piece of good news, particularly in Angie's case, is that it had a certain meaning for her. Mickey Kaus, Bill Clinton, others had this idea that work-- Jason Turner--had this idea that work didn't just have economic value but that it had moral, spiritual value--it made people feel good about what they were doing, it connected them to the larger community. I have to say, I think in Angie's case that's largely proved true. She became a nursing aide. And if any of you know anything about nursing homes, it's a terrible industry to work in physically. They get injured more often than coal miners. They earn half the pay, about one in four don't have health insurance, one in five live in poverty. It's really hard, difficult work and the subject of lots of scatological jokes in welfare offices, since it involves trafficking in bedpans.

Angie loved it. It really brought out a kind of empathy in her and a creativity that wasn't evident in other parts of her life. There's a story I like to tell about Angie, where early on in her nursing career she was taking care of a frightened, frail, elderly white woman who looked up at her as Angie was trying to clean her up and snapped at her, "Get your hands off me, you--" you know what. A racial epithet. And on the streets, Angie's, you know, knife would have come out. She just looked at the woman in the nursing home and kind of laughed and said, Well, the you-know-what is taking care of you 'cause you can't do it yourself, so you might as well let me.

And she just laughed it off, and she felt, actually, a bond with this woman, who was vulnerable and frightened. I thought it was a great example, I think, of what Mickey and Bill Clinton and other people were talking about.

So that's the good news. The less good news, I think, comes on the economic side. Angie and Jewell and Opal all released their welfare and earnings records to me going back for 12 years, so I was able to get good data on how their actual earnings and welfare income changed over that time. Angie wound up, if you compare her last five years on welfare to her first three years off, on average she was up about \$3,400 a year after leaving welfare--which is pretty good news, up about 15 percent. But that doesn't account work expenses. Even a modest estimate for her transportation costs would wipe out about half that gain. And she also lost health insurance during most of that time. In her case, that wasn't too crucial, because she was fairly healthy. But Jewell, the other woman, had bleeding ulcers and was hospitalized and had her wages garnished.

I don't think they--they may have been up statistically, they may have been a little statistically better off, but it didn't really translate into a kind of better living that they could feel. And I was surprised. Both of them out-earned about 85 percent of the people coming off the rolls. So they were in the upper quintile. And I was surprised nonetheless at how much hardship they suffered. I don't think I was particularly prepared to see that, or hadn't expected that. There were many times they ran out of food. Angie had her lights shut off three times in three years. Jewell, as I said, had her wages garnished. And the interesting thing, perhaps the saddest comment on Jewell having her wages garnished was, when I asked her about it, she said, Well, everybody who works is going to have their wages garnished. She kind of looked at me like, you know, you don't have your wages garnished? It was entirely expected to her.

The last of the three ways in which I primarily evaluated their lives was what effect it had on the kids. I mean, you could make an argument that even if they're

only holding steady in material terms, if their kids are on a new trajectory we could really feel good about the reform. And this is where I wound up most discouraged. You know, Clinton used to--we all talked about role-model mothers, having mothers go to work was going to make them role models for their kids. Clinton used to like to tell the story about Lilly Harden, a woman he had met in Arkansas who, when he asked her what the best thing about being off of welfare--he said, She looked me in the eye and she said, Now when my boy goes to school and they ask him what does your mama do for a living, he can give an answer.

Well, between the time that Governor Clinton told that story and President Clinton repeated it, that son had gone to jail for a shooting and he went on to become a career criminal in North Little Rock.

Okay, so that's one anecdote. There's a broader literature, I think, that shows adolescents are not doing well when their mothers go to work, and that certainly was the case in Angie's family. Her daughter really struggles, misses half of 7th grade, ends up dropping out, getting pregnant. Her son--and when she talks about role models, when I asked him about who his role model was, it wasn't his mother, who was working, it was the drug dealer that his aunt was dating, because "he had that dust," as Redd said--"dust" being money.

The last point I'll close on is the importance--what I really came away with was feeling the importance of fathers, that you can tell a story about Angie and Jewell, where they move from welfare to work. You could say Angie had been on welfare for 12 years, gets off welfare, has a full-time, steady job, 401(k), becomes a steady full-time worker. It sounds like a story of transformation. But really, told through a different lens, she starts as a low-income single mother raising kids by herself

in a chaotic environment and she ends as a low-income single mother raising kids by herself in a dangerous inner-city neighborhood. I mean, you could tell that story that something changed; you could also tell the story that, you know, not a lot did.

What came through in so many of the personal narratives was the yearning for a father, not only for the economic help but for the emotional bond. Kesha, Angie's daughter, who's a really struggling student, decides to enter a cross-town high school, which requires her to get on a bus. She's got asthma. It's complicating her ability to go to school. But the reason she wants to go to that high school is because it has a pre-law program and she wants to get her dad out of jail. She's writing her dad letters. He's serving the equivalent of life in jail.

There's a story like that with each of the characters. The story with Redd, where he writes a school essay--this is Kesha's little brother--about an abandoned mouse who's crying in the woods. And he showed to me. And I read it. And all of a sudden he looks up and he says, That's about my daddy. He didn't even realize when he was writing it that he was the mouse and his daddy had abandoned him. Angie becomes a nursing aide in part out of a desire to connect, be a caretaker because, she said--this is her sophisticated analysis--that she hadn't taken care of alcoholic father when he died. There was just a great yearning for the fathers. In terms of setting a future agenda, that's where I hope Congress would go.

Thank you very much.

MS. ALLEN: Thank you, Jason.

**PANEL 1: POLICYMAKERS**

MS. ALLEN: Congressman, tell us how you see it.

MR. STENHOLM: Thank you, Jodie.

Let me just say participating in the welfare reform bill was one of the most interesting, fascinating, and educational endeavors that I've been involved in. We started out from the standpoint that Texas had just passed a welfare reform bill, and we wanted to make certain that Texas could be Texas and that we didn't have federal guidelines superimposed upon what the state was doing. Because quite often, when the federal government mandates certain things without paying for it, it creates problems at the local level, whether it be for government or otherwise.

I told my staff back in the district, we set out to do a research project to find out what we were talking about. It's easy to stereotype. Welfare is not a community. Welfare is individual men and women who have unique problems, some of their own making, others not of their own making. And one of the things that I discovered was that most people on welfare did not want to be on welfare. The stereotype that so many of us in political life, talk about welfare as being something that is, you know, is--you name the word and put it upon it. Found out that's not true with the actual people.

We set out to find out how many individual entities there were in Abilene, Texas, and San Angelo, Texas, that were involved in welfare of some shape, form, or fashion. We had to quit at 200. When you count your individuals, your churches, private associations as well as public, there were too many to count.

Then we did our research and we then participated, with Clay and with the administration, in trying to put together a reform bill. I think it's safe to say today it

hasn't worked as well as the advocates claimed it would, and it hasn't worked as badly as the pessimists said that it would. I think we've made a good step forward in what we need to be doing, but we've got to go further.

Why do I say that? My current district, the 17th District of Texas, one out of every three families I represent have gross family incomes of \$27,000 a year and less, with both spouses working. Now, if both spouses are working on \$27,000 a year, I ask every audience that I speak to--the Rotary Clubs and others--if you and your spouse, both working, trying to raise a family of one or two children, could you feed your family, clothe your family, house your family? And obviously, the answer is yes. But then, educate your family? And buy insurance at the current market rate for a family of four unsubsidized by somebody?

Now, there's always one in the audience says, Well, by dang, I did it; if I could do when I was growing up, they can dang sure do it too.

[Laughter.]

MR. STENHOLM: And we take that ultra-conservative mode which has no rational explanation whatsoever. There is a problem. We have a problem today. You can't do what is expected to be done on a minimum wage of \$5.25.

Now, I have never voted to increase the minimum wage because of the opposite effect that happens on small businesses and job opportunity. But I have always voted to increase the earned income tax credit because that makes sense. You reward people for doing that which we say we want you to do; i.e., get off welfare and get a job. But when you get off welfare and get a job and you're a single parent, usually a mother, and suddenly you find out you have childcare expenses, if you happen to have been on

welfare and have no means of transportation, you suddenly find that you have a cost of getting to that job.

And then all of a sudden you find the practical aspects that, unfortunately, too many of us in government choose to overlook--conveniently--under the idea that privatization or getting that job is enough to get there. And I have not read the entire book. I've read some of the excerpts. And I think some excellent points are made, that we must consider as we continue the effect of welfare reform. No one is entitled to anything from the United States government. No one. We have to get away from that stereotype--I'm entitled to this.

But everyone is entitled to a chance if the person does their part. That was the whole concept of welfare reform. Taking a job. Once you take that job, then there should, there must be benefits. And if the private sector cannot provide health care insurance, then the public sector has got to do it some way. One of the things that we overlook quite conveniently is the cost. The cost of doing nothing, i.e., letting those on welfare who suddenly find themselves--they're making \$1 too much so they don't qualify for Medicaid--suddenly become eligible for health care at the emergency room, which is the most expensive way that you can have it provided.

Summation. Let me say I think we've got a lot of work yet to do, but it's work that must be done. It's work that must continue to be done as we provide opportunities. I just participated in another endeavor in the new 19th District of Texas now in which there are three areas that have been summarized that are extremely important--and I think it's directly applicable to the subject today:

Education. We must continue to emphasize education so all people understand if you don't get an education, you're going to be in a terrific economic pressure pot all the rest of your life.

Health care. We have got to solve the method of how we provide health care to all of our American people at a cost that is affordable but that makes sense rationally.

And then immigration policy. We can't continue to absolutely do nothing regarding immigration policy and expect to do anything in the broad spectrum that we're talking about today.

MS. ALLEN: Thank you so much.

Congressman Shaw has joined us now and so I'm going to ask him to go ahead. I've already introduced you in absentia. We have a tight time schedule, and we know you have.

MR. SHAW: I'm not miked. Besides that, I think I might keep you awake a little better if I could stand up here rather than sit down and speak to you.

Welfare reform today has many mothers and many fathers. There are so many people who have come in and looked at the success of welfare reform. And as you know, politicians, we all will jump and try to associate ourselves with what is working.

I want to just kind of walk you through a little bit of the process that we went through in the passage of welfare reform, because it was many, many, many battles that we fought. But right at the outset, I want to-- by the way, Jason, I want to compliment you for your book. I do want to speak of one inaccuracy that you do have in that book. You referred to me as a country club-type person. You obviously have never seen me play golf.



[Laughter.]

MR. SHAW: You would give country clubs bad names once they see me play golf.

But I'm very impressed with the book, that you were able to bring something together such as this and make it actually readable and enjoyable.

I'd also like to point out the gentleman in the back of the room, Ron Haskins. Anyone in politics knows that if you don't have good staff, you don't get good law, you don't get things done. Ron Haskins is really the true hero on welfare reform. He was my staff person when I chaired that committee, he fought all the battles all the way through, and I think together we have really changed the world for so many people. And this is tremendously important.

The battle for welfare reform, it started out with the only people really caring about it are people that are to the right of the political center. Unfortunately, their message was not whole. It wasn't all that we needed to talk about. We needed to go back and really look at the root of the problem.

I was mayor of Fort Lauderdale for three terms and, as part of being mayor, ran a CETA program. And I always was very concerned about the dropout in CETA. The problem was that welfare was always an alternative. We were competing, telling people they could work and learn and make something out of themselves, but they always had this to fall back on. There was no problem with just going right back to it. And, you know, particularly when you start thinking about it's tough to get off of welfare, I think you see how that needed to be stopped.

This welfare system that grew up, I think, was--the government was actually buying the souls of people. And it was an evil thing, the way it was set up.

Telling people you don't have to work, don't get married, have kids, and the check's in the mail. That's wrong. That's wrong. And that's what happened to so many people, they fell through the cracks of life.

Now, when you see the success of welfare reform, which we all like to talk about today, you have to look at the real hero of welfare reform. That's the single mom. It is a very tough thing for her to get up in the morning, take care of the kids, get them breakfast, get them off to some kind of a childcare, whether it be school or whether childcare, and then go to work. Then reverse that process at night. Come home, feed them, see that they do their studies or whatever they're doing. And then repeat this thing the next day.

But we have reduced the welfare rolls by 50 percent in this country. And that is a tremendous accomplishment. Now, when we were going through this, we were hearing over and over again that we're going to be starving the kids, that they're going to be laying on grates at night. That hasn't happened. One of the great moments that I had in being chairman of that committee was when we brought in one of the welfare workers that told a story about a young man who came to class one day and he was just all excited and raising his hand. And he got up, and his message was, My mamma went to work today.

We've got to remember these were people, so many people, who had no conception that there was anything other than welfare. It was something you grow up, you have kids, and you start getting a check. And that was life. No one in the family worked. No one on the block worked. And the only people actually working were out front selling drugs. And that is a horrible, horrible environment.

We looked at welfare reform as a rescue mission. We went through some tough, tough times in negotiations on all of these. Everything was negotiated, every single thing. Should religious organizations be able to have access to the funds for job training? How much money is enough to put into childcare? How are these monies to flow--can they go from job training into childcare? We put that as, really, one of the number one priorities. And then we thought, too, don't let these people lose their health coverage under Medicaid, and we went back and saw to that.

Job training. I went to so many of these job training classes. And you go in and you see the people that come in, you shake hands with them, and they're looking at the floor. Absolutely no self-esteem. And one of the biggest things to do is to build them up, make them feel that they are somebody and they can do something and they can take control of their lives. And they did it. They did it.

Now we're getting down to trying to reauthorize welfare reform. And we're getting bogged down in all kinds of issues that have no business being brought up. We passed a bill through the House, the Senate has bogged down, we can't get cloture over there. They try to put things such as minimum wage on it and things that have absolutely nothing to do with welfare reform. And we're just doing it a year at a time. And that's too bad, because we don't need to listen to the same arguments time after time that we heard while we were going through this.

I'll never forget the day that this bill came to the floor. One of the members from the other side of the aisle got up and read the story that all of us have heard. I can't phrase exactly what it says, but it talks about the Nazis and how they came for so-and-so and, you know--you've heard the story. And equated that to us that were on this rescue mission. To us, that fought for job training. To us, who fought for

childcare. To us, who fought for medical treatment to continue and to see that these people were propped up because we realized that they were victim of a failed government program. The government had set up the last plantation in America and there were those that were fighting to save it. Pay people to stay where they are. Take the human spirit and do away with it. That is sinful behavior, in my opinion.

So I really look at the welfare reform as, I think, one of the proudest accomplishments of Congress in decades. And we did it in cooperation with the governors, too. We called the governors in, Democrats and Republicans. What's working in your state? Tom Carper, [Lawton] Chiles, they were part of that program. And of course Tommy Thompson, who was one of the great heroes of setting up welfare programs at work. And we looked at those programs. See what is working.

I remember that Tommy said that, he said it's the first time, he said--he usually has to come into federal offices, congressmen's offices, and have to kiss their ring. I said, Tommy, you've kissed other things than the ring. I said we are here to learn from what you have experienced and bring that experience to our legislation to put it together. And as a result, it's been something that's really been wonderful for this country and has set the mold for the rest of the world, I think.

So I think welfare reform is wonderful and, Jason, I appreciate very much your capturing some of the history of it. You always wonder what's going to happen when these things just start drifting away. You've written a great book. I looked in the index and looked where my name was, and I've read those portions of it. But I--

[Laughter.]

MR. SHAW: But I intend to read the rest of it and look forward to a complete read. I just got the book. Ron Haskins sent it to me down in Florida--and Matt

Weidinger, who's right here in the front row, who is now the chairman of the committee--they were both kind enough to give me copies of it. Matt even put little tabs on the parts he knew I was wanting to read, which made it a very quick read for me. But I congratulate you on, I think, a very, very fine book.

Thank you.

MS. ALLEN: Thank you so much, Mr. Shaw. I'm going to move immediately to Bruce Reed, keeping on our very tight schedule.

MR. REED: Thanks, Jodie. Thanks, Congressmen.

Well, Jason, congratulations. I loved the book. As a professional has-been, I'm a sucker for any book about the '90s, but this was particularly good. I'm part of that elite club of what Amazon calls customers who also bought books by David Ellwood and Larry Mead. So it's good to see a gathering of such people.

I knew Jason could write a great book on this subject because I met him 20 years ago, when he was actually part of a welfare-to-work program, otherwise known as the Washington Monthly--

[Laughter.]

MR. REED: But I must confess I opened the book with a great deal of trepidation. Because back in '93 and '94, when Jason was on the welfare beat for the New York Times, his whole job was to ruin my day. Every week he would lead the paper with another page 1, above the fold, high-profile leak from a high-ranking unnamed administration official who said either that welfare reform wasn't going to happen or wasn't going to work. He killed us with unnamed sources. We finally--our welfare reform working group finally had to stop meeting so that Jason would stop writing about it.

In recent years Dick Chaney has become known for four words that didn't exist while Jason was around--"secret administration task force." This election would be over if Chaney had put some of our people on his task force, believe me. When Jason left that beat, we were the only White House in history to be relieved to learn that we would be covered instead by Robert Pear.

So 10 years ago, if you'd asked me to choose an author to write the book on welfare reform, I'd have said yes to Kitty Kelly, I'd have said yes to those swift boat guys before I would have suggested Jason's name. But I think one of the great things about the book, one of the things I like best, is that even though he'd been covering this issue for a couple of decades, Jason was able to approach the subject with something we don't see very often on this topic or, for that matter, most social policy or political topics nowadays, and that's a genuinely open mind.

I didn't agree with everything he had to say about the Washington debate--maybe we can come back to that in the discussion--but I thought the reporting from the real world was extraordinary, both in Wisconsin and in Mississippi. I differ a little bit with Belle. I think that the stories of these women are incredibly inspiring and depressing at the same time.

A couple of things struck me from the standpoint of a hardened wonk. One was that what a difference the big picture of welfare reform seemed to make and how little so many of the policy minutiae that we spend so much time arguing about seem to matter. Clinton gave us some good advice when we started back '93, which was that if we got the values right, this had a chance to work, and if we got the values wrong, all the details in the world wouldn't matter. And I think that has proved to be the case.

What's striking about Angie's story and Jewell's story is that even though, as Jason points out, welfare was only a small part of their income, not the center of their universe, and even though they didn't really follow the welfare reform debate in Washington and would have laughed out loud if they'd heard some of the debates that we were having, somehow they got the message that something had changed and it was time to go to work. It's not entirely clear how they got that message. Based on Jason's reporting, the welfare office wasn't doing a very good job of passing it on to them. But the message got through all the same, and Angie and Jewell and millions of women like them went to heroic lengths to act upon it.

And even though, from a financial standpoint, welfare was not as central to their lives as many on both sides of the debate might have wanted to make it sound, the way that they responded to the change in cultural signals that came along with welfare reform suggests that the patterns of the old system had a greater hold and a hold that plenty of women were ready to let go of.

And I think that's an important lesson for all of us wonks, that we spend all this time looking at human behavior from a distance through our social policy telescopes and we forget that, for people in the real world, the experience is exactly the reverse. They're look back at us through the wrong end of the telescope and, you know, they can't really make out many of the details. They can get a general sense of the big picture and people don't know what the EITC is, but they got the idea that work was finally going to pay better than welfare. They have no idea what the caseload reduction credit or the participation rates are, but they got the general sense that they'd better look for work. And I think maybe one of the reasons that the welfare law has had a greater impact than many predicted, though we still have a lot of work to do, is that it got the

values right, whatever qualms many of us in this room might have about some of the details.

I think the other clear lesson, as Congressman Stenholm said, is that our work has just begun. The great success stories in the book, Angie and Jewell, in reward for their triumphs have earned the chance to go through all the struggles of being part of the working poor. And I have, you know, like many of the people in this room, I have a long to-do list about what we ought to do next to complete this social contract. You know, you ought to be able to get health care without going on welfare or without feeling you're going on welfare. You ought to be able to count on childcare and after-school for your kids when you go to work. Good things ought to happen to you when you go to work, not--your life shouldn't get harder because you did.

And we ought to be building an ownership society, but we ought to start by building that ownership society for the working poor and people who are aspiring to the middle class, not working our way from the top down. We ought to begin competing with one another who can see who can do the most for our poorer schools and who can turn them around the fastest. We ought to be expecting more from the states, not letting them settle into the comfort of the new status quo.

But the thing at the top of my to-do list is to say, as Jason mentioned--he starts the book out with Clinton's speech on ending welfare as we know it. If I were writing that speech today and had to focus on one thing, I would make it about bringing back fatherhood as we knew it. And Jason had a great piece in the Sunday Times last month on this issue. It just breaks my heart that we're not pulling out all the policy and cultural stops on fatherhood the way we did on welfare 10 years ago. Because the most powerful impression I took from the book wasn't how the three women or 10 kids



survived on or off welfare, it was how they survived the men who came into their lives and the fathers who were hardly ever there.

And I think it goes to what Jason said about how welfare reform has yet to transform the lives of the kids. I'd still argue that they'll be better off over the long haul with a new norm of work in place, but moms can only go so far as role models if fathers don't show up to be role models as well. And what's interesting about the men in this book is that they're not cartoon characters. They love their kids, they're not deadbeats--they're not dead-brokes, for that matter. They're absent largely against their will. A couple of them are in prison, another's around only when--well, isn't around because the woman can't take it anymore having him around. But throughout the book they're largely sympathetic characters. And yet, you can't read the book without thinking that, except for drugs, which completely wreck one of the women in the book's lives, nothing is doing more harm to the mothers and the kids than the role these men are playing, or not playing, in their lives.

It's difficult to come up with a clear policy answer, but I think that we have to be more determined than ever to change the culture of fatherhood the way we sought to change the culture of welfare. There are some perfectly good ideas out there--marriage promotion, fatherhood promotion, re-entry assistance. Those are all nice programs. But we've got millions of low-income, low-prospect, low-responsibility men who are out there looking at us from the wrong end of the telescope. If society's trying to change that culture, I don't think we're doing big enough things for the big picture to get through. I think we have to figure out a way to dramatically up the ante on both the opportunity side and the responsibility side--you know, more opportunities to work but a firmer expectation that people have to go to work; more efforts to help men overcome

barriers from drugs to low skills, but also a lower tolerance for refusing to overcome those barriers.

There ought to be more discussion about this issue. Al Gore talked about it in the 2000 campaign, put a few ideas on the table. John Kerry and John Edwards have some proposals to increase supervision for men coming out of prison and make fathers work off the child support they owe and give them the chance to go to work. I know Ron and many on the other side of the aisle have some interesting ideas. But I think we have to challenge ourselves to do something big here. You can make all the arguments in the world against doing anything now. We heard all those arguments 10 years ago--there's no money, we don't know what works, we might do more harm than good. But we're not going to fundamentally change the culture over the long haul unless we challenge ourselves to not just look back at what we did in the '90s, but figure out what we're going to do particularly about fatherhood in the next decade.

I agree with what both congressmen said, that the bipartisan effort that we got to go through with welfare reform was a wonderful experience, and it saddens me that good men like Clay Shaw and Charlie Stenholm have to spend the waning days of this congressional session down here reminiscing about what we did eight years ago and don't have the opportunity to hole up in the Capitol hammering out the details of a welfare reform reauthorization bill or dreaming up something bigger to do to help poor people take the next step.

I refuse to believe that the era of solving big problems is over. We bet the farm on the women Jason writes about, that they could do a lot more than anyone dreamed of, and they've shined far beyond what we had any right to expect. They don't get to quit, and neither should we.

Thanks.

MS. ALLEN: Thanks, Bruce.

I want to start off the discussion among ourselves and then we will have time for questions from the audience.

I wanted to raise the question of what next. I know, because you were all involved in the development of this law, that there's much you could say to each other about, you know, how Jason described it and how it really went on. But that is, in a way, ancient history. My concern at the moment is that the program could suffer from too-early success and then a loss of interest. None of us who had been pushing for a reorientation of welfare since the early '70s to emphasize jobs instead of transfer payments ever expected as big an impact on a caseload as occurred. My models that I programmed in the 1970s, back in that part of my life, predicted maybe a most optimistically 25 percent reduction in the rolls.

So I was astounded and indeed very pleased, and I'm sure Mickey was too, when the number turned out so big. But as Jason's book points out, cutting the rolls is not in itself the end. The idea of those of us who promoted jobs instead of welfare was that it would improve lives.

Now Jason raises questions in recounting these women's lives--although two of them, against great odds, seem to be persevering--as to whether the game is worth the candle. My worry is, Mr. Shaw reminds us of the CETA program. The CETA program was actually doing a lot of good, but didn't really run that long; that it's very difficult to run government programs, especially programs that try to provide services. And Jason in his book has some particular examples of how, at least in Milwaukee, contracting out to companies produced results not unlike some of those we're now seeing

in Iraq. But whereas we are a great deal more patient with malfeasance from defense contractors, we are very harsh about misspending or less than efficient expenditures by either government agencies that are doing social services or by contractors doing it.

My worry is that not only will we not do what all of you have called for, that is, to try to get the bugs out of this, try to build up the efficiency of welfare operations, especially in inner cities, but also then to provide additional services, that Congress will--or even has already lost interest and said, well, heck, we cut the rolls in half, why should we pay any more attention.

So let me hear you all talk about that.

MR. SHAW: Well, I would say, first of all, I mean, we talk about the reauthorization, so we've got to look at it at least once a year with these short-term extensions that we're talking about. And we're getting bogged down, I think, on some silly things. We want to tighten the work requirement a little bit. The Democrats want to have more education be counted as work. We increase I think by \$1 billion the childcare, because all of us recognize the need for that. And I think some of the Democrats, at least over in the Senate, have said, you know, that's not nearly enough. And we just--you know, we're just trying to get the thing moving.

You talk about the fathers and Mr. Reed talked about the fathers. There have been initiatives. The Fatherhood Counts initiative is an important one. We want to make these guys that are hanging out on the street marriageable material. And we've done a great deal of work on that, as has the Bush administration with some of the people that they've taken aboard.

But I think the problem is--as I see it, and Charlie may come from a different direction on this--we don't want to see an erosion of what we've accomplished.

That's the problem. Charlie voted for it on final passage, as did I. And it was a struggle all the way through this thing. President Clinton had vetoed it twice. We had sent it back, quite frankly, after a lot of debate as to whether we wanted to give the president another bite at the apple right before the election. But on August 22, 1996, in the Rose Garden, he signed the bill, much to his credit. And those in his administration who fought us tooth and toenail--tooth and nail, I should say, not toenail--

[Laughter.]

MR. : [Inaudible] has no toenails.

MR. SHAW: Maybe I should say toenail, I don't know. But much to their credit, they went to work and said, okay, fine, the boss signed it. He had some resignations within the White House as a result of his signing this bill. But he did sign it and they went to work. Shalala, who was very much opposed to it, is now the president of the University of Miami, the site of the first debate. She was somewhat angered over his signing it, but she wanted to make it work.

MR. DePARLE: Mr. Shaw, could I jump in?

MR. SHAW: Yeah.

MR. DePARLE: You have two policy agendas here. One's on the fatherhood part of the law and one's on the work requirement. I'm not your policy advisor, but if I was, I would urge you to spend whatever capital you have to get the fatherhood thing off the ground, because it seems to me much more important. To me it seems a tragedy that we're having an arithmetic fight in Congress over whether these rates are going to be 50 percent or 60 percent or 70 percent.

Among the many reasons I think that's a tragedy is because these agencies can fake them. The caseworkers I found in Milwaukee were just typing stuff in

the system. They needed to have somebody working 30 hours a week, they'd never met them. They put them in, oh, yeah, she's got--she's coded down for--we're going to have her do 10 hours of GED and 20 hours at the community work site. She was--this is one of the three women I was following--she was in a crack house. She was homeless, pregnant, in a crack house. She was coded in the system as perfectly meeting the work requirements.

So I don't know that that's even a problem that Congress can fix. But I have to agree with Bruce, if you could do something to get this fatherhood thing off the ground, that would have such a bigger impact in the real world than trying to tinker with those percentages.

MS. ALLEN: Well, what about Kate Boo's stories about those women in Texas? Katherine Boo won a Pulitzer for her reporting on welfare-related issues, went down to Texas and spent a lot of time there meeting with some women who were in one of these, you know, get-married programs--whatever they call them. And they were all quite willing to get married. It's just the lack of acceptable men, I mean, you know, by any stretch of the imagination. It seems that we've just got to get more serious. But it's going to take a long time, and I wonder if we have the patience. I mean, you don't change the education system and expectations overnight, although I think that we're making important steps with things like charter schools and so on, but are disappointed in the regular schools. But are we going to have the patience?

MR. STENHOLM: I'd just make an observation. What made it work in 1996 was a willingness to work in a bipartisan way. Clay was great to work with, from my perspective, and I share his statement about Ron Haskins and the staff work that went in. This is the ingredient that must happen. When you take something as

controversial as and as important as welfare and you make that change, which I happen to agree with what Clay was saying about the necessity of making that change.

But we had an ingredient there of an administration that had very strong opinions, and they were holding out for what they believed. We had a difference of opinion on the majority, but we had a willingness to come together ultimately and to make compromises so that we could move forward. That is totally missing from the current Congress and the current situation. And when you don't have that kind of pressure on us, then we won't get a welfare reform bill, we won't do the things that I believe we could do. There are some on my side of the aisle that are still willing to work, but we seem to get mixed up in all of this big-picture politics that we do, that it keeps getting killed in the Senate and what have you.

But that was the thing that--I hate to say I enjoyed it, because this was not one of the most enjoyable experiences that I went through. But it was one of the most helpful and most educational for my overall philosophy of government and how I had a lot of constituents that have benefited from what we do, actually benefited much in the same way as your book. But by the same token, as they have benefited, they have now run into a second tier of problems that we should be addressing. But we have not been able to come together as yet, and won't until the 109th Congress.

MR. REED: Jodie, I'd say I hope we have the patience. Of course, it will take a long time. Welfare reform took a long time. It took about 40 years. It took long enough that from the time Daniel Patrick Moynihan starting sounding the alarm in 1965 to the time we actually passed a bill, he'd changed his mind on the whole thing. So, you know, welfare reform was the Mideast of social policy and various administrations--you had the presidents who were willing and Congresses that weren't, Congresses that were

willing and presidents who weren't. Finally we had a Congress that was willing and a president who was.

But look, we see the problem there now, and there should be room for people on both sides of the aisle, without regard to ideology, to recognize that this is every bit as much a crisis as the broken welfare system was. I think, you know, whether we have a president who wants to make his mark as a compassionate conservative or a new president come January, that either of them ought to look at this as a real chance to not just kind of maintain the gains of welfare reform, which both of them supported, but actually build a new legacy of their own.

MR. DePARLE: Bruce, the most exciting, encouraging thing to me about the welfare experience is that something in this area finally worked.

Bruce and I are exactly the same age. And we both started thinking about this stuff in the mid-'80s, when there was just such a feeling of pessimism over the whole field of welfare and poverty. Every index of social and economic well-being was bad and getting worse. And that stopped. And you can argue about what part of it was the economy, what part of it was the welfare bill, whether it just stopped getting worse or whether it got better and how much better. You can calibrate those gradations. But this law was part of a process that did leave the world of social policy in better shape.

So to me it builds confidence that you don't have to feel like there's nothing we can do. I'm a little puzzled why that energy and momentum hasn't translated into the next step.

MS. ALLEN: I think that's very key.

We have time for just a couple of questions from the audience.



QUESTION: During Tommy Thompson's later years as governor, he made the observation that welfare reform will be more costly than welfare, at least in the short run, because he argued that to make it work you have to provide education, training, transportation expense, childcare, and so forth. And I guess I'd like the panel's assessment as to whether you think those who are the leading proponents of welfare reform today are prepared to make the kinds of investments that I think then-Governor Thompson was saying are necessary if this is going to work.

MR. STENHOLM: I'll be glad to take that one, because what we've--we have provided, despite the fact--we were spending per welfare recipient about \$7,000 in 1996. Now we're spending about \$16,000 a year. We're spending more. But there's less people getting it. So the question is, are you actually spending more--yes, per recipient, we are. But are we spending more on the system--and it's pretty flat funding as far as the system is concerned. So it's gotten more--it's more expensive to pull somebody out of welfare than it is just to feed them. But the result is that they get off the roll. And our success has really made it very cost effective.

QUESTION: I was struck by the use of several terms through the discussion, the idea of the American dream, the idea that values drove the design of the initial welfare bill. I think one of the core American values is that if you work hard, you should be sufficiently rewarded for your work and, perhaps more importantly, you should have the opportunity to advance, to achieve economic security, move to the middle class, in a sense achieve the American dream.

So I guess I have a two-part question. One is, did the families that you covered, did they really embrace, understand, think about the American dream in terms of moving toward the middle class? Was that a real possibility for them?

And then secondly, this value, why wasn't it part of the initial--it's not articulated in the initial welfare reform bill as being a value of moving people into self-sufficiency, if you will. And is that an idea that conceivably could be introduced in the current debate for the reauthorization?

MS. ALLEN: One minute for you to answer.

MR. DePARLE: I spent a lot of time trying to put myself into Angie's mind and understand the way she saw the world, particularly when she, as an adolescent, when she made many of the decisions that shaped the rest of her life--dropping out of school, dating a guy that's selling drugs, having kids. What I came away with was--one thing that surprised me is there was no sense of victimization on her part. She didn't think of herself--there's no sense of subjugation. She didn't think of things that--she didn't think she was oppressed in any way, kept down by society. And there really wasn't a sense of, like, great aspiration that had gone awry, either. When I asked her what did you want to be when you grew up, I didn't get the sense that she had had a vision she wanted to get to but never could get there.

What I really came away feeling was just a great sense of alienation on her part. So to answer your question, did she think of the American dream in the classic way that lots of others of us think of it, no. At one point I finally just said to her, Angie, it's a big, prosperous country out there, lots of people make it here. What's the matter with you? Why couldn't you get with the program? She kind of welled up, and she said--talking about moving from Chicago to Milwaukee--she said do you think we came here just because there was so much waiting for us here? So many jobs here for us, so much opportunity? We didn't come for that.

There was just, I think, a paucity of a sense of possibility on her part. And it stood out to me because I used to live--I spent a year living in the Philippines in a poor community there. The teenager in that family is now 30 years old and she's a nurse, and she's been trying to get in the United States for 10 years. I've been trying to help her. And when I listened--throughout this reporting, I'd be getting these calls from this desperately poor woman in the Philippines, just if only she could get to Milwaukee, she'd give anything to get to Milwaukee. The clash between those perspectives was striking to me.

MR. SHAW: I think one of the important parts of all of this is giving people self-esteem. Now, in Congress, we know a lot about self-esteem because we have too much of it. But we need--this is what you first do when someone comes into job training. You make them feel like they are somebody. And that is important. This goes back to what Jason said about this girl. She didn't feel like a victim of anything, she just felt like, you know, this is my role in life and this is the way it's going to be. You have to teach them out of that.

MR. STENHOLM: I've got some living examples of the self-esteem that has come with the opportunity to get a job, the opportunity to get a job, the opportunity to go back and to get an education, to train yourself. And the pride that was expressed. I've got live, living examples. Therefore, I think the efforts that we put forward have been well worth it. The problem now is to take the next step. And that is the frustration that Clay has expressed and that I share.

The question before, you know, spending money is not the answer by itself. It's how you spend it. And that's where we ought to have more serious dialogue about how we make these programs work instead of this constant debate that we have

between those that want to eliminate and et cetera. We ought to be looking at how we take that next step in the real international marketplace that we're in today. But we've been unable to do that in the 108th Congress. I hope the 109th that we'll be able to step forward and have the same kind of serious dialogue that I enjoyed working with Clay Shaw as somebody on the other side of the aisle. Because Clay's heart was in the right place, Bruce and the effort there--everybody wanted to do something. We ultimately compromised. That's missing today.

MS. ALLEN: On that note, both pessimism and optimism mixed, I think we'll have to end--which is too bad, because I think there is a whole lot more that we could discuss. But we do have the second panel.

I want to thank all our panelists so much, and especially Jason for writing the book.