

THE BROOKINGS INSTITUTION

WORK OVER WELFARE: WELFARE REFORM TEN YEARS
LATER

Washington, D.C.

Thursday, November 16, 2006

STROBE TALBOTT

President of The Brookings Institution

Overview:

RON HASKINS

Senior Fellow and Co-Director,
Brookings Center on Children and Families

Moderator:

ISABEL SAWHILL

Senior Fellow and Co-Director,
Brookings Center on Children and Families

Keynote Addresses:

SPEAKER NEWT GINGRICH

Chairman, The Gingrich Group; Senior Fellow
American Enterprise Institute for Public Policy Research

THE HONORABLE CHARLES STENHOLM
Senior Policy Advisor, Olsson, Frank, and Weeda
Former Member of the House of Representatives

Panelists:

REBECCA BLANK
Dean, Gerald R. Ford School of Policy
University of Michigan

WENDELL PRIMUS
Policy Advisor, Office of the House Minority Leader

REP. GEORGANNA SINKFIELD
Georgia State House of Representatives

VERNA EGGLESTON
Commissioner, Human Resource Administration
City of New York

ROBERT RECTOR
Senior Research Fellow
Heritage Foundation

BRUCE REED
President, Democratic Leadership Council

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

P R O C E E D I N G S

STROBE TALBOTT: (In progress)... as a very real success. And I think there's no question that part of the reason for that is that Republicans and Democrats worked to make it happen and to make it a success, and they did so — and this is not irrelevant to current events in the wake of a mid-term election when the party that control the White House lost control of the Congress.

I want to say just a word about our two keynote speakers this morning and you'll hear more about our other panelists a little later. We're very lucky to have with us two prominent players from that drama ten years ago. We're also very lucky to have rookie experts with us who were deeply involved in shaping the legislation.

Newt Gingrich, with whom I had an opportunity to work on several occasions on foreign policy issues, was of course Speaker of the House at the time and he was a principal architect of welfare reform.

Congressman Charlie Stenholm played a key role as well. As a leading Blue Dog, which is a bit of political jargon that's been back in the news a bit over the past week or so, he helped craft the final compromise. Now, all of that all made for quite a story, and it's hard to imagine anyone better qualified to tell that story than my colleague and friend, Ron Haskins. He was the staff director of a key committee in the House, he was extraordinarily influential in the process and he's now one of the stars of our economic studies program. His book is called *Work Over Welfare* and it is not just a narrative reconstruction, a kind of tick tock of what happened and who did what to and with whom; it is also a very

insightful set of lessons on how the legislative process works and sometimes how it doesn't work. And I would suggest in that wake of the events of the last 10 days, Ron's book could not be more relevant.

My colleague Belle Sawhill is going to introduce the program. She was an associate director of OMB in charge of social policy for the Clinton administration. She now directs our Center on Children and Families, and is a leading light in this country on social policy economics.

So, Belle, I guess that makes you — if not quite a player coach, then sort of a referee coach or a referee player in our event this morning. The process is going to be this — as I say, Belle will get us started and Ron's going to summarize the book and then we'll hear from Mr. Gingrich and Mr. Stenholm, both of whom by the way, have enlivened what goes on here at Brookings on a number of occasions and we're very grateful to have them back. Ron, are you first?

MR. HASKINS: Thank you Strobe, I appreciate it. So we're gathered this morning for two reasons; one worthy and one perhaps a little less worthy. The worthy reason is the celebration of the 10th anniversary of welfare reform, which was — regardless of what you thought about the Bill at the time or not it was an extremely important event that's had a major impact in American social policy. And then the less earthshaking event is the publication of my book about that experience. I want to thank both the Speaker and Mr. Stenholm for taking time out of their schedules to come today and for members of the second panel who we'll introduce in a few minutes.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

I planned to write this book almost from the moment I heard in the middle of the night — the first — and this will be interesting to you — I fell asleep watching the returns and I think, as I say in the book, the celebration — bi-annual celebration of defeat for Republicans. And I woke up at about 3:00, and the first thing I heard was Speaker Gingrich, Speaker Gingrich, and of course I thought I was dreaming, but I resolved almost from that moment I was going to write a book. In fact I kind of warmed up with the 1988 welfare reform bill that many of you may remember. So I was in the habit of keeping notes and keeping documents and so forth, and so I really wanted to write this book and the reason is that I knew that if we passed this bill it would be a historic bill. There was no question in my mind, we had already written the bill and because of the Contract with America, we had legislative language, we had complete — virtually complete agreement among Republicans in the House — this is Lesson No. 1 for the Democrats taking over, you've got to first make sure your troops are on the same side. They're not necessarily off to a great start. So we had complete agreement, and we were confident that our leadership would convince Dole; and Dole was running for president and he had to be more conservative and what better way than to support welfare reform. So it worked out. So the first thing, very important bill and established, maybe forever in American social policy the Republican principal: demand more, spend less.

The second reason is, frankly, defensive. The things that were said about this Bill on the floor of the House and were said about Republicans who supported it in the *New York Times* and *Washington Post* and so forth, were

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

really beyond the pale. Republicans and the Bill itself were often compared to Nazis coming at night for children and so forth. So I felt it was important to establish that none of these ideas were new. That Republicans had worked on them carefully, had crafted these ideas, we had an A team, an absolutely magnificent team of members who knew how to support the bill and if you look back at the Florida debates or the debates in the committees, you will see the Republicans more than held their own in all the criticisms of the Bill.

And I also wanted to explain why the ideas that were embodied in that Bill, even though controversial, actually had good justification, both in research in many case, and in other cases in logic in American history.

The third thing is that I had, very much in mind, students and regular citizens who I wanted to show them how the Congress works. Like two of the people on this podium, I consider myself a man of the House. Like all Americans, I love democracy, but I absolutely fell in love with the House. It's a little messy sometimes, and the full range of human behavior is on display in the House of Representatives. If you don't believe that ask Steny Hoyer. So it's an amazing place but it works and you can pass immense legislation and not just welfare reform, but many other pieces of legislation passed. I wanted people to understand how it actually works and what people actually do and how you overcome various barriers and so forth.

And then, finally, it's an amazing, fascinating, glorious story that anybody should be interested in regardless of their position. So it was a good idea to write this book.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

Now, we're going to deal with results later, but I want to start about the achievements of writing the Bill. Again, regardless of your position, it's fascinating how the Bill was actually passed. And it just turns out that by coincidence, complete coincidence, many of the people who played major roles are involved today on the podium now, on the stage now and will be in the second panel.

So I took some passages from the book, all of which involve people who are here today at Brookings and that you'll hear from now or a little bit later.

The first episode, I would call Rector the Wrecker. After the President had twice vetoed the bill, the governors came to town *duce ex machina* and introduced a bipartisan bill that had already had a lot of support. The Democratic governors were also in support of the bill, they also had the Medicaid bill that turned out not be very bipartisan. So this immediately gave a big boost to welfare reform and we were all very excited. So we planned a conference in which the Republican — a conference call in which the Republican governors were on the call, the Speaker was on the call, several leaders from the Senate, Archer, Shaw, it was a big phone call for Ingler to explain the bill and for us to react to it. Here's what happened at the end of that call: We all agreed that next few days were vital to building momentum behind the governor's proposal.

Barber asked Gingrich if he would call Ed Feuner, president of the Heritage Foundation and ask him if he could persuade Rector to keep quiet for a few days. Gingrich said he would try, but I couldn't see anyone who knew

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

Rector or Heritage could think the Heritage hierarchy would try to muzzle him or that if they did he would submit. There was no force known to man or God that could keep Rector from trashing the governor's bill and in the most derisive possible terms which is exactly what happened. And as a result of that, or partly as a result of that, the bill did change very substantially.

Now, if there were influences from the right there were also powerful influences from the left and I would say that the single most important influence, brace yourself, was the social science study. Shocking as that might seem. It was a study done at the Urban Institute under the tutelage or contract authority, let me say, of one Wendall Primus seated right here in the front row and they modeled what that horrible Republican bill would do to poor kids in America. And the bottom line is that it would cast a million children into poverty. So here's how this episode played out in part.

Wendall was successful in creating a strong piece of evidence against the Republican bill, but in the zest to fight those evil Republicans, he had resented the administration, after all many of whom had supported the bill as we'll find out later from Bruce Reed with a problem of nuclear dimensions. There was now in existence a credible, empirical study still a closely guarded secret claiming that both the House and Senate bills would cast a million or more children into poverty. But how could the president sign a bill that his own administration claimed would throw a million or more children into poverty. It is remarkable that the staff in HHS could create such a difficult situation for an entire administration and even for the President of the United States. Even more

remarkable still, Wendall did it on purpose, knowing full well that he was putting the administration in great difficulty and at the same time putting his continued employment in jeopardy, watching Wendall carefully throughout this period and having known him for many years I have no doubt that he didn't care a fig about keeping his job. Oh, the nerve of those liberals.

So what happens to young men who behave in this fashion?

What happened in this case is found in this wonderful book here. Alice Rivlin who is now at Brookings, as you know, both before and after being in the Clinton administration and she was head of the Congressional Budget office and Alice Rivlin put Ken (off mike) a senior official the one to be in charge of the poverty report. And Ken was ordered to tell Wendall that if wrote any reports or released any more data on child poverty, he would be dumped in the Potomac. Now, you'll see on the second panel that Wendall has survived all this, but he is a little wet.

Third, I would call this one, Newt says, No. One of the most remarkable parts of the bill and the least understood is that Republicans had lots and lots of internal conflicts especially the House and Senate sometimes within the House. And this is a minor example, but I think it's very interesting in it highlights one of the most important factors that led to the passage of the bill and that was the decisiveness of the Republican leadership throughout this whole period. The episode here is that the governor of Wisconsin Tommy Thompson had a huge waiver that he had requested from HHS and the President said he would sign it, but then he didn't or at least he waited. So Speaker Gingrich had the idea to bring

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

this bill to the floor and passing it so that it would approve the waiver and HHS would be kind of out of the picture, which happened. But it hadn't been through conference and all that, so Thompson tried to get the final bill in the welfare reform bill. And Clay Shaw and Bill Archer and a few others decided we really should not do this. This is like comparing a basketball and a marble. I mean the welfare reform bill is huge in its importance and in this little Wisconsin thing, you now, we don't want to give people arguing against the bill another argument. So their goal was to get that Wisconsin provision out of the bill.

As I'm about to ask Gingrich for a final decision on the Wisconsin waiver I wanted CBO to give me at least an approximation of the waiver's cost so I can give Gingrich a good reason to kill it as expected CBO resisted. They don't like to make back of the envelope estimates. So we went through a little game in which I played is it more than X is it less than X, and CBO responded possibly, possibly. Through repeated promptings of this sort I got enough information to of the analysts that I felt justified in claiming that the waiver could cost as much as \$1 billion over five years. In the immortal words of Everett Dixon, "A billion in real money." A quick phone call revealed that Gingrich was in a meeting in a dinosaur room; it was a dinosaur room because Newt had actually a head of a dinosaur in a glass case in the speaker's conference room. I dashed out of the legislative council's office, ran across Independence Avenue and entered the capital through the south staff entrance winding up in the dinosaur room in a minute and a half tops, a new world record. And surprise, Gingrich had been meeting with members who had now gone to the house for a

vote. He was still sitting at his long conference table talking with Bob Walker a member from Pennsylvania and one of Gingrich's most trusted advisors. I barged in and halted their discussion, quickly summarized the situation and concluded with a CBO concern that because the labor could lead to increased food stamp and Medicaid costs the waiver could reduce our savings by over \$1 billion over five years. And then I asked, "In or out?" Gingrich never skipped a beat, "Out," he said. Little did either of us know that he would have to be decisive again before the day was over and a way more important decision. But to find out about that one, you have to get the book.

Finally, Bruce Reed, again seated here in the front row. A wonderful story about the Clinton administration because the Clinton administration mimicked many of the things that we did in the Congress namely with the good leadership and they had clear positions, but now the time had arrived this is actually the day that the final conference report is on the floor of the House. There are all kinds of delays going in the House because the Democrats are dying to know what the President is going to do. So as is his habit, he has a big meeting, he has the cabinet in there and so forth.

And they go through the reasons and arguments against the welfare reform bill and virtually no one on the cabinet supported it. so at the very end the President turns to Bruce Reed and he says, "So Bruce, why should I sign this bill?" And here's what Reed does. After an hour or so of discussion, Clinton turned to Reed, arguably his top advisor in welfare policy and he asked them to review the arguments for signing the legislation. An opportunity like this is what

draws many young people to politics including those like Bruce Reed who could have chosen distinguished careers in fields with shorter hours and longer bank statements. Whether on the staff of the most junior member of a city council or the President of the United States, policy advisors spend their time preparing for the occasions when they will be asked to explain and justify a specific recommendation on a specific policy. It was the fate of Bruce Reed to have the opportunity to bring all the welfare reform arguments together in an attempt to persuade the President of the United States in front of an audience that was, to say the least, not sympathetic, to sign the most important social legislation in at least half the century.

So Bruce went through the standard arguments about — it would definitely have good effects on work and that was Clinton's main goal all along, child support provisions were excellent, it probably would not have the bad effects that everybody predicted and so forth. And then Reed made an argument that must have landed with some force on Clinton. Although (off mike) tend to be cynical about the promises made by politicians during campaigns, those who work with politicians on a regular basis know that they take their campaign promises seriously and usually do everything they can to hold to them. Clinton had made a highly distinctive, surprising and popular promise to end welfare as we knew it. Reed pointed out that if Clinton did not sign the report now it might be a long time before he or any other President had a chance to so deeply reform welfare and convert it a work program. The opportunity to sign revolutionary welfare reform does not come along often.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

Presidents since Lyndon Johnson had been attempting to do something big and bold about welfare and all had failed. Now Clinton could be the one to achieve major reform and as we all now know, Bruce's arguments must have been effective, because the President did decide within half an hour of that talk to sign the bill. And from that I would conclude the President listens to Rhodes scholars.

Now, as to the affects of his signature on that bill we'll find out more later this morning. But now I have to impart bad news to the members of this audience. All the doors to this room are locked and no one can leave until they can show proof that they have bought this book. Thank you.

MS. SAWHILL: Well, I think you get a sense from what Ron just said that he was deeply involved in the legislative process and when I got to Brookings and realized that we were going to doing a lot of work on welfare reform, I thought what a great opportunity it would be to get Ron to come and join us in that effort. And we have been working together for about six years now and Ron is not only a skillful legislative analyst and actor on the Hill, he has turned out to be an excellent person to look at the research on the affects of welfare reform and to help us synthesize it in ways that I think have been valuable.

So I just want to say that despite his humor and his storytelling, there is a serious side of Ron that I see and all of us at Brookings see and admire a great deal. You always know where Ron stands on an issue. There are no hidden agendas there; he treats everything with humor and total openness and integrity.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

But I want to move quickly to our keynote speakers. We are extremely honored to have them here today. I want to extend our enormous appreciation to both of them for taking the time to be here. It's often said that some people need no introduction and that's certainly true today. Former Speaker Gingrich was first elected to Congress in 1978, served for 20 years. He's probably best known as the architect of the Contract with American that helped the Republican take over the Congress in 1994 after 40 years of Democratic rule.

Welfare reform was of course a part of that contract and for this reason I think it's particularly appropriate that he is here today. I have had the privilege of hearing him talk at a lunch, a small lunch that we have on Fridays here at Brookings and I think it's fair to say when he was here with us recently and gave us his vision of what he hoped the nation would look like in the future, we all found it a compelling vision, at least from the 20,000 feet from which he usually operates.

Former Congressman Charles Stenholm spend 26 years in the House where he not only worked on welfare issues but gained a reputation for bipartisanship in diverse areas from agriculture to social security to health and an area that he's still working in and that is the budget. I very much wish that he was still in the Congress, because I believe such bipartisanship is badly needed right now and if there were more people like him in Congress both Democratic and Republican the country would be better off.

So I know all of you are eager to hear what they have to say, so without further ado, let me turn the podium over to Speaker Gingrich.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

MR. GINGRICH: Thank you very, very much. I'm delighted to be here. Charlie and I came in together back in 1978 and my wife has been the Chief clerk of the House Agriculture Committee where Charlie was the ranking Democrat, and I think fair to say, her favorite Democrat on the committee. So we did a lot of work together and a lot of topics over the years. And he actually is one of the people who invented the term, "Blue Dog," and originally put together the Blue Dog Democrats and created a moderate to conservative center in the House which I think will be a fascinating thing to watch over the next year as it resurrects its importance.

I was glad to come. When Ron asked me to come I felt an obligation to come, because I don't think we would have gotten the welfare reform done without Ron's personal leadership. Politicians provide the vision, they can provide driving force, but they can almost never provide the technical skill, nor would their schedules permit the level of intensity of focus and the duration of focus that somebody has to put into it. And Ron was one of the handful of people who, when we went back home to campaign or if we went off on Congressional delegation trips, or if we went off to meetings on 22 other topics, he was left back there hidden in a room somewhere trying to wrestle with Page 212, Line 7 and meet some kind of goal to get the bill done and put in the right shape. I think literally without the years of work — and I remember working '88 and the earlier effort of welfare reform — you know, without all of that effort it would not have happened. And I commend strongly his book, which I thought was interesting. Although I'm going to offer a slightly different view

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

because it's a very fascinating book, but it also has the biases of being written from the perspective of the ways and means committee staff, which is a world in which there is the important central reality called the ways and means committee and various, strange interlopers from the speakers office, the White House, governors and other unintelligent areas of the world who don't quite appreciate what it's like to be on ways and means. I think there's a certain tinge to that. I'm going to come back to it in a minute.

My perspective — I'm going to talk briefly about the past lessons learned and challenges for the future. From my perspective there are a couple of big principles that underlie this. The first is a pattern of long-term change, which I actually first encountered as a college teacher reading books, I think by Sun Quest that were published here at Brookings, on the rise of the major social policies of the 1960s which traced their origin back 10 or 15 years earlier than they were actually enacted into law. And I became fascinated when I was still teaching at West Georgia college with this notion of long waves of fundamental change and the difference between cutting a deal this afternoon at the margins and what does it take to develop an idea, move it through public awareness, gradually build up support for it, get it to crystallize into implementable form and then actually get it enacted and implemented.

If you look at welfare reform, I think it's fair to argue that in many ways it begins in 1966 with Regan's campaign for governor in which he articulates welfare reform as a very major goal and he then reinforces it with his initial inaugural address in '67 and by 1970 he's negotiating the first work fair

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

program. And this is where Rector became famous, because Rector was Regan's expert in developing this model and Regan negotiates with Nixon in the next administration an exemption for California to attempt a work fair approach, which interestingly had the goal of actually increasing income for the working force. It's captured very elegantly in a new book — a book couple years old now called, *Governor Regan*, by Canon, which is a very, very useful study of that period because the various Regan documents are now available and you can actually see the inner workings of the governorship.

It gradually grew as an issue, but when Regan first cast it as an issue, it was essentially avoiding fraud and defending middle-class taxpayers from people getting unfair amounts of money. I think the two books that changed the underlying fabric are Charlie Murray's *Losing Ground* in which Murray proves, pretty convincingly that a passing system of income supplement actually can be harmful, because it allows people to avoid learning hard lessons like going to work on Monday. And Murray's book in the mid-80s I think was the first real breakthrough in making the moral argument that the current system as it existed was actually crippling the poor by teaching them very bad habits.

Something which is reinforced by a terrific book called, *When Children have Children*, which is done by a Washington Post reporter who actually went and lived in a public housing project, try and understand what was happening and describing — well, we're really cultures of pathology. These were not people who were not able to understand middle-class behavior. These were people who were being incentivized into destructive behavior and were learning it

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

very well. They were doing precisely what the signals told them to do.

The other book which shaped my effect was right after we won the election; Bill Bennett called me and said I had to read Marvin O'Lasky's *Tragedy of American Compassion*. And if you have not read that, I cannot over-commend O'Lasky's efforts to go back into the 19th century and look at what I would call the moral philosophy approach to saving the poor. Because in the 19th century there was a middle-class self awareness of the work ethic, of the habits of achievement of the importance of saving, all the things which are captured, by the way, in the original 1913 Girl Scout manual, What every girl should do for her country, which is a remarkable capture of the pre-welfare state, pre-New Deal mindset that said, for you to rise, you have to acquire certain habits and you have to have responsibility. And it was a relentlessly different model than the one we had inherited from the 1960s.

So if you take that underlying pattern — Bill Clinton correctly understood it in his very serious effort to move the Democratic Party away from the left back towards the center, there was a key reason why he campaigned in 1992 on ending welfare as we know it. He didn't explain very much what that meant and you could then feed into it a Rorschach test. So he could be in fairly liberal circles explaining we'll end welfare as you know it because you'll be better off and have more money. And he could be in conservative circles and he could say this means we're going to go to work fair. It was a perfect Clintonian campaign device and worked for virtually everybody who watched it. But it did set a premise that what wasn't going to survive was the current system. Now,

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

what happened with the election of '94 — again, it was very practical. I am a populous majoritarian, Reganite. Regan was an FDR New Deal Democrat, but there's a long tradition in this country. We had welfare reform the Contract with American because it was wildly popular. It was not complicated. We thought it was morally right, we thought it fit our philosophical position and when you were on the radio talking about it, people driving to work were nodding yes. So it was a major component of what we wanted to get done. One of the places where I think I disagree with Ron and he may want to comment or modify my observation, I actually think it was very helpful to have the governors involved. I think it brought in a level of practicality and a level of implementation focus which took a stage beyond the general public policy. If you read his book, he's fairly critical to governors because they're outsiders, they're not federal, and they didn't work for the ways and means committee. They actually thought they ought to have their opinions, you know a whole range of things they were doing that were grotesque.

But I thought if you looked at what Thompson had been working on and what Niger and Leavitt had been working on, these were serious people with serious ideas who had at a daily level were actually more intimately involved in trying to solve this than were people at the federal level. So I would argue it was actually a very helpful thing.

This was also very bipartisan. It was both bipartisan in wrestling with the White House, but it was bipartisan inside the House. We did a number of things, for example, involving food stamps where we actually were deeply shaped

by the Agriculture Committee position and changed where we would have, I think under other circumstances. And with Charlie's leadership and the leadership of the White House, if I remember correctly, final passage was actually, I think 98 for and 99 against, but it was very closely split, with only the hard left saying no we won't vote for it under any circumstance. And in that case showing great position about principal over popularity, because by that stage there was a New York Times article saying 92 percent of the country favored welfare reform, including 88 percent of the people on welfare. So it was fairly remarkable. The country had talked to itself in over a 30-year period had really reached a significant conclusion.

There are two key decision points from the internal standpoint, and Ron I know remembers one of these with great intensity. One was a conference — there was enormous pressure from the Dole campaign to keep Medicaid and Welfare reform together which would — so that Clinton couldn't sign it. And there was a very real debate over achievement versus symbolic argument and what did the House Republicans need. And it was a very significant moment and I've always thought that Congressman McQuery in particular was very effective in getting up in the conference and saying, "Look, you have an opportunity to go to the country this fall, having achieved something genuinely historic, or you have an opportunity to stay, continue to fight in a way that's not going to be very helpful." And we then made a decision. And one of the joys of leadership was I got to call and tell Dole's campaign manager, Scott Reed, that we were in fact going to pass the bill in a free standing way, knowing the President would sign it.

Some of our folks thought the President in signing in, that we were putting him in a box because it was slightly before the Democratic convention. But the truth was that they decided they hated me so much that Clinton could have signed virtually anything and they would have said, Okay, you're better than Gingrich and therefore we'll stick with you. So he signed it which I think was very popular with the country and his left stayed relative quiescent because they were more determined to try to beat us.

A couple of other thoughts about this — it's very interesting if you look at the results. And I agree with what Ron said, one of the saddest moments for me was a speech that John Lewis gave. I admire John Lewis immensely. I think he's a genuine American hero and if you look at his role in the desegregation period, he's just a remarkable figure. He went to the floor even though we'd been friends for many years, and he gave an extraordinarily vicious speech about this bill, that it was fascist and that it was going to destroy children and that we hated kids and go down this whole list. But he was operating in the larger framework. If you look at the actual results of the bill, which I would argue have been relatively positive although not — a different range of problems I'll talk about at the end. If you look at the general results of the bill, it was in fact a serious bill, a serious effort to get something done and to try to deal with the real problem. However, long before John Lewis' speech, promptly after I was elected, and you can compare this with the recent publicity about speaker-elect Pelosi, the last cover story we got from Time and Newsweek before the election of '94 was "Angry White Men," with my cover in both magazines as personification of angry

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

white males fighting back from the threat of extinction. The next thing that happens is Time magazine has a cover about Thanksgiving that shows me as Scrooge holding Tiny Tim's broken crutch. I've always liked this particular editorial moment. It wasn't enough that I stole the little tike's crutch, I broke it. And the title of the cover is — I'm not even sworn in yet, the title of the cover is "How mean will Gingrich's America be to the poor?"

Newsweek which had been left behind by this clever and non-partisan cover caught up the following week with a cover that had me as a Dr. Seuss figure entitled "The Grinch that Stole Christmas".

Now this was the left's interpretation of welfare reform, which was you had to be anti-poor. I then stupidly answered a question accurately. I was on the Brinkley Show, it was back then, ABC this week, and I was asked directly, in circumstances where mother's can't take care of their children, what would you do? And I answered with something that Lynn Martin the Secretary of Labor had said to me which is — and I used the wrong term. I said, "In a worse case, if you have a drug-addicted mother living in a very dangerous neighborhood where the child could in fact be killed by her boyfriend — which had just happened in New Jersey the previous week — I think that they're better off to be in an orphanage." This became Gingrich wants to steal your child and put him in an orphanage. And I had grown up near Hershey, Pennsylvania and learned at Hershey, so actually the Hershey school system is probably the highest funded orphanage in America and a remarkable institution. So I got all this — beaten up about Gingrich is anti-poor because he wants to put them in orphanages. I decided in

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

retrospect if I was doing it over again, I would describe prep schools for the poor. Because if you think about it's totally appropriate for rich people to send their kids off to boarding school. This is not seen as a sign that their vicious and indifferent, it's a sign they want them to have the right kind of elegant education in appropriate surroundings while networking with people that will make them even richer.

But I'm going to come back to that, but that was symbol of where we were at. I think the results — again, other people will talk about this much more. I think the results have been relatively positive. For those who were susceptible to incentives towards work and education, there has been a remarkable transition. And almost all the data says they're better off. I think that the challenge we have is that the people left behind are now harder cases. It's as though you had a survey of a population with a health problem and you took care of everybody who had a cold and now you're up with people who have pneumonia. So the people who are now left behind are actually much harder cases involving much greater complexity requiring dramatically more change. Let me give you three examples, because this is something where frankly I would love to work with Brookings as well as the American Enterprise Institute where I reside part time as a senior scholar and trying to find a way to reach out and develop a totally new approach.

Let me start with a fact from the Gates Foundation. Last year in Detroit, 21 percent of the entering freshman graduated on time. That means four out of every five young people entering the Detroit public schools as freshmen in

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

high school did not graduate on time. This is catastrophic. This is a nightmare for public policy. And we've been looking at this since 1983 when the nation of Risk first came out and we are nowhere in solving it. Now what's the consequence of this policy? If you were an African American male who drops out of high school, in your 20s you will have a 73 percent unemployment rate, irrespective of the economy. 73 percent unemployment. By your mid-30s 60 percent of you will have been in jail or will be in jail. The jails are dangerous, lack any substantial ability to rehabilitate, have a very high level of recidivism, or people who get out of jail go back to jail and are essentially colleges of crime, they are also in many cases drug ridden. Utter total social irresponsibility on the part of the country at large. And I would argue that thinking through the very poor and thinking through the scale of change is the next great challenge in American domestic social policy and that it is much harder than welfare reform. Welfare reform was about marginal shifts in incentive towards people who were susceptible to changing their habits in a way that takes some effort. I'm very, very proud of America Works, for example, which is one of the most remarkable institutions in the country and which had a big impact on my thinking about welfare reform, because they actually — Mario Cuomo invention, where they're actually incentivized off poverty — I mean off of welfare and into jobs and they only get paid if they stay in the job at least six month. And if you've never looked at America Works, it's a remarkable institution and a model of the future. They're also now doing a project on helping people leave prison where they're getting even better results than they have with the hardcore unemployed. But the

underlying core problems that we face with the poorest and least capable people in this society are very, very profound. I'm going to give you just three general principles.

Einstein said, "Insanity is when you think that we're doing more of what you're already doing, you'll get a different result. And I'm (indiscernible) to look at whether it's inner city education, whether it is employment, whether it's an acculturation, whether it is pre-natal care. There are a whole range of areas where if we're serious about solving these problems, we need to have the moral courage to think in profound ways about how big the change has to be.

Second, General Eisenhower in the Second World War said that he never saw, if he was faced with a problem, that he couldn't solve. He always made it bigger. But he had never succeeded in solving a major problem by trying to make it smaller. But if he could make it big enough he could find a solution. So, for example, the Center for Health Transformation, we have a project on diabetes and obesity, there's an enormous problem with kids 12, 13, 14 years old who are overweight, under exercise and I don't think there's a medical answer for that. I think the first part of an answer is to require mandatory physical education, five days a week for K through 12 and to recognize that unless you go back to a country that exercises, you're not going to be country that exercises. Now that's real change. Now there's a whole series of changes like that. So we started over here with a 12-year-old who needs help and we end up over here with a proposal to change the entire country because that's the only practical way to make sure this 12 year old is part of a class of changes. I think that's the scale of thinking we

need for those who the most out of American culture.

Third, I think because of the nature of where we're at, the rise of China and India, the rise of massive scientific change, the aging of the baby boomers, the decaying of our industrial era governments, the most important phrase for the next 20 years politically is real change will require real change. And I would really encourage you to look at the metrics-based model that Giuliani developed called Compstat, which they used for policing in New York, C-o-m-p-s-t-a-t. You can see it in *Giuliani's Leadership*, which is a terrific book and Bill Bratton's Turnaround, he was the police commissioner that implemented it and you see a variation of it in Michael Lewis' *Moneyball*, which is about the use of metrics by the Oakland Athletics.

But here's the point I'd make. If we can figure out the right metrics and we can actually build what, for the lack of a better term, I'll call success stat for the moment, and we could actually say here are communities who are currently incapable of success. Now what changes do we need and how are we going to measure it to help them migrate from here to here? Frankly in some cases it's going to be Native American reservations, in some cases it's going to be the inner city poor, in some cases it's going to be Appalachia. But there are across this country a substantial number of Americans who are outside the system, who don't know how to be productive, don't know how to lead complete lives, don't know how to get educated and when they look at these income distribution patterns — if you adjust for the number of people who are literally out of the system, just redistributing money is not going to get them there. I mean, what

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

you're going to have is very self-destructive people with more money. And, again, some of you would say it would beats being self-destructive with no money and you can make a good case for it. But it is not by itself a solution. So I just want to suggest that one of the lessons you should take out of reading Ron's book and looking at welfare reform is to ask yourself the question: What should we now be conceptualizing? What should our new model be to develop a generation of fundamental reform that applies to the heart or core out-of-culture folks that achieves at least as much of a breakthrough as happened — and then there's a secondary question which is very important which is very important, which Ron knows more than I do, which is: What have we learned under the current system that we should at the margin be improving even for people who are being helped by this because we can certainly improve the current system from it's current production? But I do think that this larger underlying problem is much more profound and will turn out to be much harder than what we did in 1996. Thank you all very much.

(Applause)

MS. SAWHILL: Thank you very much. We're going to turn this right over the Congressman Stenholm for some additional remarks.

CONGRESSMAN STENHOLM: Thank you, Belle. Ron when I woke up that morning I didn't think I was dreaming, I thought it was a nightmare listening to Speaker Newt Gingrich. But got over that one. I woke up and have to say that the subject today — I guess still surprised a lot of people some of the things we got involved in, because being the House Agricultural Committee you

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

think you had problems Mr. Speaker with the Ways and Means committee, think about me getting a temporary green card from the AG committee to come into those hallowed grounds and work on some of these issues.

Ron, you know, it's a pleasure, not reading your book — and I'm speaking now for Becca Tice and Ed Lorenzen (?) who are my staff that worked closely with you and of course Clay Shaw goes without saying, another one of our classmates and who elected — it was the way legislation is supposed to happen. It's the way the legislature is supposed to work. My philosophy over my 26 years in the Congress and then the years before and the years after is, I'm partisan during elections, but the day after it doesn't matter to me whether you've got an R or a D after your name. if you've got a good idea, let's work on it.

President Clinton, when he was running and talked about ending welfare as he knew it, that's a no-brainer. That was a no-brainer then, because if we hadn't have changed welfare as we knew it, where would we be today?

I came at it though from a little different perspective. I haven't read all of the books and the philosophy about this and I always loved to listen to Newt, because you're great. I mean, I love the way you put together things that an old west Texas boy can understand and apply west Texas tractor seat common sense to the same problem. You know, when you have a problem and you've got the President of the United States saying we've got to solve it and you've got a Contract with America saying you've got to solve it, let's solve it. Let's go to work on it.

Now, we started at it a little bit differently because I started in my

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

own district. I told my staff back home to start doing some research on welfare in the 17th District. And my staff worked for about two months and we stopped at 200 different entities that were involved in some way in dispersing aid to people that need help, our churches, the government entities, et cetera. And so as we did we began to hear the people on the ground of what they thought needed to be done and it was a fascinating exercise and a very educational exercise. And then also about that same time the state of Texas passed a welfare reform bill and one of our entries into this was trying to help the state of Texas make sure that what we in Congress did would allow Texas to be Texas and we worked very hard on that concept, because since the delivery of welfare is often in state-supported or in some cases state-mandated efforts it just seemed logical that we ought to take a good look to make sure whatever we do is going to fit and is going to work with those that are ultimately going to have to disperse it.

One of the most educational happenings to me that caused me to get as involved as I did was speaking to a lot of people who were on welfare. And contrary to some of the rhetoric that we heard at that time, the deadbeats and people that want to — sure there are some of those, but the overwhelming majority of people in the 17th District of Texas that were on welfare would prefer not. And then you start talking about the practical day-to-day problems, the mother with a child, forcing them to work. You had better answer the question of child care, you had better answer transportation. You had better have some other questions and that's where it became not so much a philosophical direction, but it's how do we do what needs to be done and do it in a way that hurts the least and

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

accomplishes the most. And to a lot of people if you haven't done that you ought to try it some time. Sit down with some of the people that are there and talk to them. Take the call in the middle of the night from a mother that said, "You know Charlie, I know what you're telling us and it's good and I've gone back to college to get an education so I can, and we've worked out the child care. But now I've got a problem. Because I got a job, I'm earning too much and they're about to take my Medicaid away from me." A practical problem that had to be solved. And as we proceeded through the legislation began to have those compromises.

You know the President was absolutely correct in vetoing the first two in my humble opinion, because we took a little while to get there, because there were some different ideas by — I never mean to disparage anyone's philosophical direction. I respect everyone's views no matter how crazy they are and I expect the same reciprocity back at me. No matter how crazy I am, I expect you to respect my views. And then you can sit down in a political environment and begin to look for solutions. You know you can have the greatest idea since sliced bread, you can know exactly what ought to be done, but in the legislative area, as I've told my constituents many times, I've got to convince 217 of my colleagues to agree with me and then we've got to get 51 senators and then we've got to get a Presidential signature. That's the way the legislative process works. Quite frankly, Mr. Speaker, your party could have used a little bit of your leadership over the last year or two. I guess in a perfectly honest way I'm glad they didn't because now we have a chance to lead again. But I hope the same spirit will prevail in some other areas right now, of dealing and solving some very

real problems in a world that has changed considerably in the last 10 years.

Taking a look at welfare and the results now, how do you make it work better? How do you take, in some cases, scarcer resources? How do you take the concept of PAYGO and meet the needs? Farm foundation is conducting a series of hearings — not hearings but forums. Our forum this last Tuesday was on nutrition, food, feeding people. That's 60 percent of the agricultural budget. When we start talking about welfare reading the Post this morning it's started to argue about the definition of hunger, let's keep an open mind and let's look at that. But hunger is pretty well defined to me. If you don't have enough to eat you're probably going to be hungry. Some of us probably have too much to eat. But how do you take the food delivery system? Agricultural. That has given us the most abundant food supply, the best quality of food, the safest food supply at the lowest cost to our people of any other country and we're the most criticized and maligned pieces of legislation that we can have because of differences of opinion, but the end result is we have the benefit of the abundance of food. Very important to the welfare of the human race.

Tremendous challenges out there in the world now as to how we feed a world that is going to be growing 50 percent more people in the next 50 years and our challenge is to feed them on less ground acreage than we've got today to feed the six-and-a-half-billion people today.

Technology could not agree more with Mr. Speaker, your emphasis on education and taking a look at that one. That's another one that really needs to be looked at and looked at in the same way — I guess I would say

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

in my humble opinion, look at it from a common sense standpoint. Ask ourselves the same question that I asked myself as I asked the people I represented, the people that were on the benefiting side of welfare. How can we change it? one of the things that jumped out real quickly is quit making everything so complex. Try being an uneducated person and try signing up for all of the programs and can you imagine the frustration you get into when you have to answer the same questions the same way going from this location to this location to this location. Why couldn't we have one-stop shopping? We moved a long way towards that with the welfare reform of 1996, one-stop shop. We're not there yet.

Technology — oh, a smart card. You know we've gone away from food stamps to now the card. Tremendous improvement in the efficiency and we've done a wonderful job, a great job, but still not good enough in eliminating waste, fraud and abuse. There are some technology things like data mining that could be used to improve the efficiency of the food stamp program, of Medicare, Medicaid, all the components. We're not using it. it's going to be a challenge for the 110th Congress to figure out how can we take the technology and convince those of us who are concerned about the community that what we're doing is not going to hurt them but is going to help them? In a tight budget, every time we can increase the efficiency of the delivery of any program that means there's more money to do what? To provide the benefits of the program. It's awfully hard to get that over to a lot of people, but that's one of the things that got me as involved as I did.

And I will end by recounting a conversation that John Tanner and

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

I had with President Clinton. We were on the floor, we were called out to the cloak room and we got on the phone right at the time that Ralph was having his influence and the President was talking to us and John Tanner had worked very hard being on the Ways and Means Committee with Clay Shaw and with everything that had happened up to this point. And the President was agonizing as to whether to sign the bill or not sign the bill and we had come to the conclusion at that time that this is the best we're going to do. Mr. President, it's your call, but if you veto this one, there's going to be — we're going to make an effort to override because we have done the best we can do in the political system to get it to the shape it is and we believe it's worthy of your signature. I was very glad when he signed it. He deserves the credit for helping break — or helping change welfare as we know it, but also the Speaker, the Republican majority and the leadership and all the rest that put their time and effort into it deserve the recognition that Ron puts into his book. And I conclude by saying, Ron, what you did as a staffer was — I had many wonderful experiences while I was in the Congress, but this particular effort from an old cotton farmer from west Texas that shocked and surprised and infuriated some of getting as involved, I was very happy to get involved and even happier to see that the results have come out to where even the most severe critics say it wasn't a bad job.

MS. SAWHILL: Let me thank both of you for those very interesting and thoughtful comments. I was particularly struck by the fact that what emerged here and what both of you said was not so much a difference in political philosophy as a difference in perspective on the strategies for change.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

With Speaker Gingrich talking a lot about the need to save the day, the need to think in terms of paradigm shifting major systemic changes in society and Mr. Stenholm talking about the equally important task of making existing systems work better applying a little of that west Texas pragmatism and simplifying life for people who are dealing with current programs and so forth. And it seems to me that what is wonderful about what we've heard here is that we obviously need some of both and to me anyway, it fits together rather nicely and I think we'll build more, what we will hear from in more detail from the next panel.

I also think it speaks volumes to Ron's contribution, because he was the one who had to keep the train on track on a day-to-day basis while, as you said, Mr. Speaker, as there were rest of you giving vision and energy to it, but not getting it done on a day-to-day basis. So I just want to thank all of you for your contributions. I have lots of questions I could ask, but in light of the time here, I think I'm going to call on one or two people from the audience before we move to the next panel.

I might ask the two of you former members to think a little about the question I was going to ask if we had time and that is: Given what just happened with the change in the composition of the Congress and given that you came in in 1994 with a similar situation facing a President of the opposite party, what advice would each of you give to Nancy Pelosi as she confronts a similar situation moving forward. I think everybody here might be interested in hearing just a few comments about that even though it's a little bit off the subject of today's forum.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

MR. GINGRICH: Well, first of all I think the situations are very different. But the point Charlie made that I thought really deserved re-emphasizing was that when the system works at its best, and I didn't do this so much in welfare reform where we already had a fairly formulated model, but I did it a great deal in Medicare where I chaired the task force on reforming Medicare in '96 and '97. Having the Congress work correctly so you go back home and you listen to actual practitioners on the ground whether they're indemnity he local welfare office or whether they're at some local church groups or whether they're meeting with groups of the poor themselves so you're actually getting feedback at a fundamental delivery system level is really an important part of how the American system works at its best. And I think is a unique part of the role of our model of divided legislative executive which works better, I think, than a parliamentary system in surfacing things from the grass roots so that you're actually trying to legislate in contact with reality. And I think that part of what Charlie said is really a big deal and is really greatly underestimated up here, especially by academic staff and legislative staffs who will try to avoid doing that as much as possible. And it means going out to strange places they've ever been and visiting the people they don't know and getting involved in stunningly non-academic conversations. But it does mean that really good legislators have a grip on reality that is very, very different.

The other big difference, I think, it will be interesting to watch how this works out in the next couple years. We were operating in an environment where we had both one a very large positive election, which is part

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

of the difference between where the Democrats are at right now, and we were trying to govern from a center right majoritarian coalition which actually wasn't radically different from Clinton's personal view. I mean, Clinton is a much more centrist politician than his party and so there was a maneuvering room most days to actually get a fair amount of stuff done that you would not have had if we were either hard right or if the President had been hard left. And I think in that sense we were probably in some ways — this is — I'm not saying I expect anybody to give a Democratic friends to agree to, but we were probably in some ways easier for Clinton to get major things done than he would have been with the Democrats in charge, because what he was favoring was a level of structural reform that was antithetical to the people who had actually created the structures. So the Blue Dogs were much more able to work with us in that setting and we could actually pull things off that you could not have done in other circumstances. That's my observations. Do you have any advice for Mrs. Pelosi?

CONGRESSMAN STENHOLM: We Democrats got in the minority in 1994 the old fashioned way. We earned it. we got back the majority the old fashioned way, we earned it. or put it — reverse that. Republicans lost the majority the old fashioned way, they earned it. Now, having said that, Madame Speaker, look at the elections, and look at the Democrats that were elected. And do not for one half a second believe that those that were elected are to the far left of the center. They are not. They are going to be more in the mode of the practical type of problem solving. So my advice to the speaker is look for two or three things to begin working on. Social security, Medicare, Medicaid, not

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

going to solve them, but at least start on it instead of talking about taxes in the negative sense, talk about taxes and let's do what I think Charlie Rangel is going to want to do is honestly talk about tax reforms. Have hearings, look at tax reform, have the discussion on that early on. But spend a whole lot of time listening to the Blue Dogs and the non-Blue Dogs that are probably more Blue Dog that some of the Blue Dogs regarding what needs to be done. There are some serious problems that need to be fixed and there's a wonderful opportunity. And same thing, Mr. Speaker I agree with you, when you've got divided government, you've got an opportunity to do some governing. When you've got one party in control, you get what we got. No oversight, no hearings, don't apologize for oversight. Every committee ought to start doing oversight, that's a Constitutional responsibility of the legislature which they have done to little of in the last five years. Be careful how you do it, but do it.

MS. SAWHILL: Okay. One or two questions from the audience? Yes. Please identify yourself.

MR. OXTER: I'm Dave Oxter, Research Institute for Independent Living and I deal with disability issues. Our information was that more than 40 percent of the people on the welfare roles in 1966 were disabled or had a child who was disabled. Anecdotal information says that they were disproportionately sanctioned, disproportionately had their case closed and even in the five-year limit they were disproportionately affected. 20 percent moved to the SSI. My question to the panel is: What hard data is there that can give us information about what happened to those people with disabilities on the welfare

roles?

MS. SAWHILL: Ron, you might want to speak to this.

MR. HASKINS: Everything you say I think is correct except the 40 percent. I think that would be pretty difficult to demonstrate. First of all 60 percent have left the roles and of those who have left 80 percent have worked at some time. And about 60 or 70 percent worked at any given moment. So there has been a tremendous outpouring of work. So if they had a disability it was not a disability preventing them from work. And I think it's always a mistake to think if someone has disability they can't work, because many people with disabilities can work. SSI, I think is doing what it was intended to do. It's enrollment has increased somewhat especially among adults. In fact it seems to go up every year, but it's still difficult to get on the SSI program. There's a lot people believing, I'm sure this will come up on the second panel that we're missing a group in the middle that's not seriously enough disadvantaged or disabled to qualify for SSI, but they have a lot of difficulties to prevent them from working productively on a continuing basis and we need different programs for that group, not unlike the group that Newt was referring to in his presentation of people that we really need to focus a lot on and need a lot more help and it would probably be even more difficult than welfare reform.

MS. SAWHILL: I think that I don't see a lot of hands out there so I think we should move on to the second panel. Let me conclude here by thanking again, Mr. Stenholm and Mr. Gingrich for spending this time with us and for being so thoughtful in their comment.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

MR. HASKINS: I'm really pleased to be involved in the second panel in many ways a dream panel — people who were deeply involved in the welfare reform process here in Washington, the people also who are implementing the bill and been involved at the state level. So it's the state level as well as the federal level and we have quite a diversity of political perspective represented up here so it gives us a great chance to hear a wide range of opinions about the bill. Now most of the discussion this morning has been about the bill itself and congress and congressional process, which is fine, we can continue that if we want to, but we talk about any of the issues that were raised in the book, we can talk about the results, which I think some of the people would like to, and we're going to follow a very simple set of rules. We're going to give every panelist two minutes for an opening statement and then I'm going to start pestering them with very difficult questions. So we'll start right here on my right with Georganna Sinkfield. I met Georganna when she accosted at a meeting at the national conference of state legislators. Can you imagine? In '95 and criticize (off mike) bill I just never got over it so I decided we'd give here a chance now to come to Brookings.

Robert Rector my great colleague that I read about previously from the Heritage Foundation was a major influence on the bill, maybe somewhat from the right.

Then Verna Eggleston from New York City who is the commissioner of welfare there. We're very pleased that she should come. She's charged with implementing all these wonderful laws that we passed here in

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

Washington and also as many of you know, New York City has made a real commitment to dealing with poverty so maybe we can hear some more about that.

My longtime colleague, Becky Blank, who is a dean in Gerald Ford School at the University of Michigan and was formerly on the council of the economic advisors and was, I would think, fair to say, not exactly enthusiastic about the welfare reform bill and I would say has been the single most trenchant critic of welfare reform since its enactment with one exception.

The exception is improperly on her right. Wendall Primus, who resigned from the Clinton administration when the President decided to sign the bill and was the author of that infamous report. Actually, not the author, but the — paid for the report and got HHS involved in it. And Wendall is now with Nancy Pelosi, so if any of you have advice for Nancy Pelosi, there's your guy. This will be your last opportunity.

Then of course Bruce Reed who was the President's top domestic advisor. I believe it's fair to say that Bruce is the originator of the term "Ending welfare as we know it," and many other innovations and I'd say more than other single individual is responsible for the welfare reform bill because I think he really made sense within the administration. And eventually, as I (off mike) just moments ago, actually directly advised the President to sign the bill and the President resulted in that.

So two minutes. Georganna Sinkfield.

MS. SINKFIELD: Oh, wow. Thank you very much. I don't know that I'll be able to say this is two minutes, but I'm going to try to hit some

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

highlights here.

I consider it very fortunate to have been in a position of leadership when welfare reform was introduced in Georgia. Georgia was one of the states who early on did welfare reform before the Congress did at the urging of President Clinton. Many governors, or some governors, decided they would go and wade in the water and try their hands at affecting a welfare reform bill. That was the case in Georgia. The governor at that point in time in Georgia was Zell Miller. He had formed a welfare reform task force who had given him their views and guidelines about how we should go about reforming welfare in Georgia and he decided that he would take none of his own task force's advice and he came up with his own bill. Consequently many of us who were in that area working with children and youth and families disagreed with him. So that's putting it minor that we disagreed with him. As chairman of the children and youth committee we actually killed his bill. You can imagine what kind of horror that was in Georgia for a little woman like me in Georgia to say no to the governor's bill to actually rewrite the bill. So Georgia fought over welfare reform for the whole entire legislative session. The only other thing we were dealing with then was the flag, so you might — the Georgia flag. So we had a very hot, hot time at that point.

One of the very — the major contention there was that we were — and I want to quote from one of the governor's task force member. He said that Governor Miller is trying to make public policy based on public mythology. So it was the myths that were out there we were seemingly to be putting into law things that people believed but had not been proven to be true. And one of those

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

that women had babies to receive welfare.

Now let me give you a quick backdrop of Georgia — oh, okay. I have to stop.

MR. HASKINS: We're going to come back. You'll get plenty of chances to talk. Robert, two minutes.

MR. RECTOR: If I were to summarize the essence of welfare reform I would start by saying that the two principal causes of child poverty are lack of parental work and out-of-wedlock child bearing. So the two key points of welfare reform that worked on were first what I would call reciprocal obligation. That is that we wanted to move from a system of permissive entitlement to one in which we would give aid but we would require the recipient to work or prepare for work as a condition of getting that aid. This is essentially a coercive structure. It works on the idea that there may be an aspiration to work, but that the substantial portion of the recipients have to be actively prodded in order to go into the work force. And I think that the consequences of the act and other programs in Wisconsin and so forth have shown that that's effectively correct.

Now, this is very different than the pre-reform mentality which focused on voluntary training and providing supports for those who are going to leap into the labor force on their own. And I think this idea of reciprocal obligation was never accepted by the majority of Democrats and is not accepted today and I think it's the core of reform. I think reform is in big trouble.

The second issue is out-of-wedlock child bearing. If you looked at the Senate debate on welfare reform in '96, you would find over half of that

debate was about marriage and out-of-wedlock child bearing its impact on society, its impact on welfare dependents. As a result of that debate, we put into the Act, two of the four principal goals were to reduce out-of-wedlock child bearing and to increase marriage.

Unfortunately in the 10 years after the Act, the state governments ignored those goals entirely, and it's only in the last year, 10 years after the Act, that we finally have created a government program to begin to address those concerns.

What do I see is the future of this issue? I would go back to the Senate Democratic welfare reform Bill back during the reauthorization about four years ago when the Democrats controlled the Senate and they said that they loved welfare reform and they certainly wanted to continue it. It was a great success and in response to that their bill wiped out virtually every sentence of existing law and replaced it with 350 pages of new text including abolishing all the federal work requirements and doing nothing about marriage. So I think we're in for a long haul ahead.

MR. HASKINS: Verna Eggleston welcome. Thanks for coming.

MS. EGGLESTON: Thank you. Thank you for inviting me.

New York City 1995, 1.1 million people receiving a cash grant out at the beginning of welfare reform. Current day 382,000 people receiving a cash grant. As a human services provider who has probably provided service delivery to families for more than three decades, it was the most welcome tool for any grass root, front line, human service worker around. Why? Because it put the work in

context. It gave the worker the opportunity to say stop without moral judgment, without bad feeling, but for once someone provided a staff with a legislative action that allowed you to assess and value what people really need.

Bloomberg administration comes in, we join. We inherit a city that has two buildings down, a city that's despondent and an expectation that the welfare roles would rise again, unemployment was at an all time high and we had the second half of what was known as the most successful welfare reform program in the country from 1.1 million to a little over 500,000 people when we arrived. To have to bring it down from 500,000 or more to 382,000 current day, with the climate of a 7.4 percent unemployment rate and hopelessness in the city that had suffered some form of a terrorist attack.

First round of welfare reform in New York City was around fraud, and holding an agency accountable. The speakers spoke about Compstat. Mayor Giuliani introduced Compstat into the human services world. It became vendorstat and jobstat and held the agencies accountable for the delivery of services, not just giving people something to make them go away, but an agency had to be held accountable for the multi-billion dollars it gave away both pre-welfare reform and post-welfare reform.

I manage an agency right now. Talk about the cost of poverty or the cost of the response to poverty that managers ought to invest more than \$41 billion annually in two people's lives.

MR. HASKINS: Becky Blank.

MS. BLANK: I'm a little surprised to hear Ron describe me as a

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

primary critic of welfare reform. I admit I was very critical of welfare reform when it was happening, but I think of myself as much more middle of the road in terms of evaluation of what's happened since then. I think there are some very real success stories since '96, but I think there's some ongoing concerns.

The success stories I suspect everyone in this room knows about. The welfare roles really plummeted much more so than I would suspect even Ron thought was going to happen in terms of how quickly and how far the numbers fell. Work increased. Work increased more than I would have expected in a very short period of time. Some of that was because of the economy, some of that was because of legislation, and the increase in welfare of course was bigger than the increase in work. The decline in welfare was bigger than the increase in work so there were modest changes in poverty, modest declines in poverty. There were a lot of people who switched from being not a working poor to being working poor and I would consider that a modest victory. I actually think work is important for many women with children, they're continuing to get older, and you need to get them into the welfare — off of welfare and into the work force. Of course all of these things happened not just because of welfare reform, they also happened because of an absolutely marvelous economy in the late 1990s and they happened because of other expansion in the earned income tax credit. And in fact there's a variety of pieces of research that suggest the EITC and the economy were probably more important than the welfare reform legislation by itself. But all three of those pushed in the same direction and produced some really dramatic changes in behavior.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

Having said that, I have two concerns that I want to put on the table that I think people have to keep watching. The first, Ron already mentioned which is the share of people, single women, low-skilled women who are out there who are neither working, nor on welfare. The numbers have more than doubled since 2000 in that particular category and they seem to continue to creep up. You can see this in every data set that we have available to look at. It seems to be a population that is disadvantaged but not disadvantaged enough to be on SSI or disability and I really think we have to think about ways to deal with the population that needs part time or temporary disability and for whom full time work mandates just are not going to work in terms of providing them with the stable type of work that they need. I should note that 50 percent of those women do not live with other adults. This is not a necessarily a population just finding other ways to support themselves.

The second concern that I have is that this whole reform is reliant on an economy and on a strong economy of the sort that we had in the late 1990s. We got lucky in the 2001 recession; because basically it was traded and manufacturing goods and it didn't affect the consumer spending sectors where a lot of low-skilled women worked.

So my final comment here to Ron, if you want to maintain the revolution that your book claims the welfare reform bill to be about, I think you have to become an economic liberal. You have to believe in making work pay, reasonable minimum wages, health insurance that basically covers people to work and you have to really focus your economic policies on making sure that

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

unemployment remains low particularly for less-skilled workers.

MR. HASKINS: Wendall?

MR. PRIMUS: I'm here today to commend the book, not welfare reform. Ron is a superb writer and this book really does describe how policy in Washington is made. Welfare did increase the earnings of female-headed families. Many families had income gains, but many others suffered losses. In the aggregate there is absolutely no evidence that it increased household income.

Welfare reform in my opinion has been overanalyzed. The really important research question is why did average income of the poorest 40 percent of households with children decline by several percent in the 1980s but increased in real terms by 20 percent in the 90s. And why does the expansive measure of child poverty go down by — go up by two percentage points in the 1980s and decline by over seven percentage points during the '90s? The answer is not federal welfare legislation and implemented in the eighth year of the economic cycle. Poverty rates of children decline more in the pre-welfare '92 to '96 time period than in the post '96 to 2000 time period. The average income of lone mothers increased 20 percent just prior to welfare reform and between 1996 and 2000 there was no increase. And the child poverty gap declined twice as much pre-welfare as it did post-welfare.

The legislation most responsible for this amazing turnaround in child poverty and income growth was the two deficit agreements. 1990 and 1993 and the EITC increases embedded in them. I challenge anyone in this room to show otherwise. These agreements also enabled, facilitated the 1990s economic

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

boom.

Sadly the increase in work effort could have been achieved without the massive cuts to the food stamp program or the devastating cuts to immigrants, the worst of which was reversed a year later, a fact that is often overlooked, or the move to block grants. Despite the case load reduction credit loophole states through sanctioned policy requiring recipients to participate in work activities and the change in the welfare office culture is what produced that earnings gains. (off mike) long-term outlook as an effective anti-poverty program is bleak. It has become a glorified social services ran program with a skewed funding formula, a loss in counter cyclical effectiveness and too much micromanagement of states. I have never regretted my resignation.

MR. HASKINS: Very good, Wendall. Bruce Reed, what do you say to that?

MR. REED: I just wish you'd made my life easier by (off mike) a year sooner. Ron, let me say, saw the movie, I encourage everyone to read the book, because I think it was a brilliant marketing maneuver to put the photograph of the signing of the Republicans Contract with America on the cover. Republicans will look at the book and think of the good old days. For Democrats it just brings a huge smile to our face now. A couple of quick points.

One is the first panel I thought was so refreshing to be a panel where both parties are fighting to share the credit and that's rare in this town. It usually in politics it's the reverse. Who lost China? Who didn't see 9/11 coming? And I hope we get more opportunities to play the credit game not the blame game.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

I think in part that's a tribute to both the power of the initial idea and also the determination the American people to make this happen. The broken welfare system has become a symbol of everything that thought wrong with government and they went to great lengths to make it happen.

Republicans had welfare reform for 20 years. One came along said, hey we ought to do something about it at the national level, when in '93, '94 not much happened. The American people said, hey we elected you to do this, they sent us new Congress and when that Congress went off the deep end during the budget negotiations they said hey we wanted to (off mike) the government for a reason. We want you to work together to resolve this. So we did and I think that it — the success of the law illustrates something that could be useful to us going forward which is the power of two values in combination, expanding opportunity and demanding responsibility. And I think that in varying degrees both sides have been arguing for one or the other for many, many years and taken together they can do an enormous amount. I disagree a little bit with the way Ron described the philosophy, I don't think it's a matter of demanding more and spending less. I think it's a matter of doing more to help people get ahead and asking more of them in return.

MR. HASKINS: Very good. Thank you. So now let me start with the Washington question and Bruce has already implied it. Who gets the credit in the political system? Who do you think the credit should go to? Robert.

MR. RECTOR: Well, I think the credit for changing the philosophy actually belongs to President Clinton. I always say remarkably that

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

President Clinton was the first President to talk about it legitimately. Ronald Regan never did. And I always give him huge credit for that. unfortunately, I mean, rhetoric is easy and it really took the Republicans to come in and put that rhetorical approach into some reality by basically being tough. I mean, you have to be tough if you're saying that you really want welfare reform not to be permissive, you have to be willing to say, look, we're here to help you, but we seriously expect you to take steps to become self sufficient. I think the Republican Congress was willing to do that, the Democrats not and I don't think that they currently are willing to do it.

UNIDENTIFIED MALE SPEAKER: Can I give a non-political answer to that. Look, I think if you want to find someone to credit for the welfare reform, you have to look at the mothers who actually made this journey from welfare to work. What had held everybody back in the welfare reform debate was for so long was the perception shared by many on both sides that the poor were broken people incapable of fending for themselves and as some argued for writing them checks for life, others argued for cutting them off at the knees letting them sleep in the street. The truth is that everybody has an enormous amount of potential in them the system provides the right incentives to do the right thing and provides the opportunity for them to get ahead. So I think that's a lesson that you can apply to just about any problem.

MS. SINKFIELD: I want to say something very quickly.

MR. HASKINS: Yeah, yeah. Go ahead.

MS. SINKFIELD: I also think that individual states in their own

way had enough flexibility to address a lot of issues from state to state. Having not had that and there was an overall Washington mandate to do A, when they knew that they needed to do B, you would have had less affect in the overall success or nonsuccess of what happened to people in real life and I think the Congressman and the Speaker formally said, there were people on the ground who went to people in neighborhoods who talked to folks who had hearings who actually changed the mindset and the way in which the legislation was implemented. I think you cannot help but give states a lot of credit for that.

MR. HASKINS: Dick Nathan says — I've often heard him say in his typically trenchant way that they pass along Washington and nobody noticed. And this was obviously an exception and I think part of the reason is except — one thing you said and takes it one step further, which is states were already moving in this direction. It was not the case of welfare reform tried to reform the states; it gave the states authority and money to go further in the direction they were already moving. I think that's a major factor in the bill. Do you agree with that?

SPEAKER: I agree with that, but I also think a number of things happened at the same time here. Legislation is usually ineffective unless there are other things moving in the same direction and your comment on the states is absolutely right. The strong economy (off mike) was deeply important. The fact that a number of other things had gone into play such as the earned income tax credit and expansions to Medicaid were important and the fact that welfare was a pretty broken system and a lot of women out there given an opportunity to get a

little bit of help moving into work wanted to take that help so that you had a whole bunch of things happening in the same way and the legislation facilitated that, I wouldn't want to say in all cases, the legislation was the primary and only cause, but it was surely important in the process.

MS. EGGLESTON: I think that no matter, the customers will come and they'll be at your gate you have to serve them. And I think that to assume that a law was made and no one knew — the staff on the ground level knows all the time and the administrators in the jurisdiction are clearly tuned in. Specifically on the state level. When your services or the delivery of services are driven by dollars, this was the biggest dollar driver ever in the human services field that anyone can imagine.

UNIDENTIFIED MALE SPEAKER: What do you mean by dollar driver?

MS. EGGLESTON: First round of welfare reforms, lots of money was thrown at it. Got to put a lot of money at it, do whatever you need to do, be very creative, make us some stuff, get people to work. No matter what the backdrop of the economy was.

Second round of welfare reform money is being pulled in, shrinking, let's get a little bit more focused now. The problems haven't reduced. As a matter of fact we're down to the hardcore group of people who we need to move off these roles whose family issues are very complicated who we would probably benefited greater if we had the first round of funds now with the current group that's a harder group. But we still can ask administrators or folk who

deliver service be driven by dollars to deliver the service. They are not going away. Our customers are incredibly sophisticated. What we can do at this point, we need to use whatever we learn, good, bad or indifferent, who we should reward or not, who takes credit or not to begin the building of other legislative change or we will bump up against dueling policies, because many want to believe that welfare reform is the be-all, end-all to all the social problems that our customers (off mike).

MR. HASKINS: Let's go back to this group at the bottom. Speaker Gingrich talked about it, and Becky Blank, many of you may not know this but she's worked a lot on this problem. We'll be having a forthcoming Brookings paper directly addressing the problem and I'm with Becky on this one. I think there's no way you can look at the numbers and they're in several data sets where you don't see at the bottom there is a problem. I think the only person that really denies it vigorously is Larry Mead and it's based primarily on consumption data rather than income data. But as I always pointed out Larry I think prudence is a reasonable criterion for social policy and there's enough evidence here that this is a serious problem that we should do something. Becky, what should we do?

MS. BLANK: Number one is absolutely make sure that people have access to ongoing programs such as food stamps and Medicaid when they're eligible and that they're using and accessing those programs. I mean, those things are on the ground, we've got the offices set up, we should be making them work.

Secondly I really think we need a form of much more partial

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

exemptions particularly the last movement indemnity he reappropriation that passed in January, the reauthorization for welfare, this past January, moves the work requirements up to 40 hours a week on many women. And I think that's unrealistic particularly for this very hardcore group and that we need a way to provide partial work requirements as well as sort of a partial and temporary disability system for women who face certain barriers to work, health related or otherwise — either their own health or health of other people in their family that they're caring for that on the one hand say, yes we're going to push you to work, but we understand that full-time work consistently through 52 weeks a year simply may not be in every persons possible set.

MR. HASKINS: Anybody want to add to this? Yeah, Robert.

MR. RECTOR: Well, I need to look into this more, but I'll say a couple of things. When you're using current population survey, the farther out to the end of the witch it's extraordinarily inaccurate. You do down to the very, very poor it's extraordinarily inaccurate. From the time I was in graduate school, I always said you have to be very careful about the people appearing in the survey who have zero income. There's something wrong here. And I think we really don't know very much about the resources of this particular group which is way down at the bottom end of the spectrum. When I look at this particular population though, I find a couple things, of those single mothers that are not working and not getting cash welfare, half of them are divorced. A quarter of them are immigrants. Almost certainly, that group is entirely illegal immigrants, so they're not eligible for welfare. And what do we know about their sources of income?

Not a whole lot. So I think in fact there may be a problem here but that we have substantial problems just looking at this data set and taking a lot of that data at face value.

MR. HASKINS: Georganna Sinkfield.

MS. SINKFIELD: I want to add as quickly as I can that I always find it interesting that when we talk about the welfare population it's all about poverty, how we isolate people into categories and that does not apply to the general population.

One of the things that I find interesting is that in America there are two things that are very important. One is education. Everybody agrees that if you get educated and you work hard it enables you to improve your life.

Wages, another one. another one is that we also believe in home ownership. Home ownership gives us resources. I don't believe for one minute that anyone in here or on this stage has been totally capable of applying or using everything in their lives without having had some help from someone else. Be it your first care note, be it your rent, be it your college degree, someone gave you a hands up and helped you to get on the road to success. I believe in welfare reform unless we give women and children resources to enable them to continue their lives and improve on their lives without some minor accident happening in their life that sets them back. We will never have a group of people who will be able to survive and live on a basis that we find — that will enable them to support themselves on any level.

So I contend that to have new welfare reform bill that cuts the

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

education, that does not allow people to be able to have resources to build so that they will get out of the welfare cycle whether it's (off mike) or whether it's aid to families with dependent children, that we are just spinning wheels. We are going to have to provide some way for people to have a means of improving their resources so that when a crisis comes it will not put them back in the same places. And I don't want to cheer, first of all in Georgia 50 percent of the people got off welfare on their own long before TANF came into being. They found their own jobs by themselves. And what brought them brought back on? Any minor emergency like having car problems or a child gets sick or losing a job and not finding one, they're right back in the system. Those are the things I think we need to look at.

MR. HASKINS: So last question before we go to the audience. Democrats are now in charge on the Hill thankfully to Wendall and this raises a huge issue about welfare reform and that is: Will they do anything about welfare reform? Or it's come up several times in our discussion here. Will they do anything about the regulation that has recently been issued by HHS? Wendall.

MR. PRIMUS: I don't think so immediately. There are so many other things that are on the plate where we have to clean up after the Republicans and we have — and the Speaker-to-be has laid out in those Row 6 agenda where we're talking about raising the minimum wage, doing embryonic stem cell research, negotiating better drug prices, reducing the cost of student loans something on energy, et cetera. So those are going to be the immediate things we take up. So I think this will get attention at some point, but the real issue from an

economic standpoint and I don't think the Republicans got it in the last election is for the first time in our history we had four years of economic growth and decline in the medium income of working Americans. And I think that's a real problem that has to be tackled.

MR. HASKINS: Leaving that aside if you had a chance to advise Speaker Pelosi about her welfare reform bill or provisions addressed to the regulation, what would you recommend to her Wendall?

MR. PRIMUS: Something that she's already been in favor of and that is to reform the child tax credit a bit, to lower that — what is now 11,000 threshold and move it down. That was part of the Democrats anti-cyclical, but I think there is support for that. Also (off mike) has to be reauthorized and so to make sure that more children get health insurance is another thing that's going to high on the agenda.

MR. HASKINS: Other comments about what the Democrats might do? Robert.

MR. RECTOR: You and I think we're on a hearing in July before the human resources committee in ways and means and the Democrats on that committee were pretty uniform in saying that welfare reform was a terrible failure. I don't think I heard a single one of them say much of anything positive about it, so I didn't expect it right away, but because welfare is very popular with the public, but because I think the majority of Democrats who are involved in this issue don't like welfare reform and never have, I expect to see something like the following not immediately but pretty soon; that we will probably try to abolish the

federal work requirements in the name of improving work requirements. We will try to abolish the existing marriage program in that name of promoting marriage and we will probably abolish abstinence education in the name supporting abstinence and I think it's going to be a very interesting couple years.

MR. HASKINS: Bruce is that going to happen?

MR. REED: No. Now there is a bipartisan caucus working on ideas that will encourage Wendall to resign again. But I hope that in the fifth, sixth, seventh year of the Democratic majority, Wendall will have a chance to work on one of his other passions which I think is the next great leap forward for fighting poverty which is to do — to expect the same kind of responsibility from men that in 1996 would began to expect from women. I think that there is a limit to what we can do by putting the burden of welfare reform on the back of women that what Belle and Andrea Kane and others have done on teen pregnancy is fantastic, but at the end of the day we have a much bigger problem of opportunity and responsibility among low-income men then what we have with a reformed welfare system. I think that's a great opportunity to bring people together as diverse as Wendall and Robert. And there's a lot of good work that could be done that would take this whole effort to the next level.

MR. PRIMUS: I want to second what Bruce just said. There is an Obama (off mike) bill in the Senate that really is starting to talk about the issue of non-custodial parents their obligations toward their children and what we need to do to help them move into the labor force and have increased earnings. And I think — I disagree very strongly with what Robert said. The Democrats did not

have a problem with the work agenda. I mean, I don't have a problem with the work agenda. We want Americans to work. That was not the issue. The question was the immigrant cut that came with the work agenda, that's where Democrats and we think we can do more to help Americans get into the work force than the current TANF rules over management of the state and federal. They need more flexibility and more funding. From 1996 now all the way to — when's welfare authorization run out? 2010 or something, it has been flat. And one of the reasons welfare worked was those extra childcare bucks, the extra resources we gave to states. Now we're taking it away and putting more micromanagement. That's what's got to change.

MR. HASKINS: You didn't really mean to say taking away, right? Inflation is doing it primarily.

MR. PRIMUS: Yes. Yes. Yeah.

MR. RECTOR: I don't care about rhetoric. What I do is I read legislation. During the reauthorization of welfare reform in the Senate, Doug Steiger, Senator Balkhaus' staff repeatedly and explicitly said in meeting after meeting that federal work rules and federal work standards were unnecessary. Therefore, in effect, there were no federal work requirements in their bill. That is a reality. Now, that's actually I think a real problem for problem for people like Bruce Reed, but that's a reality and it was not only in the legislation, he explicitly said it over and over again. That isn't going to go away.

MR. PRIMUS: Robert, the proof is in the pudding. The case load reduction credit was loophole you could drive semi truck through and yet the

state on their own changed the cultural welfare office, put people in work participation, et cetera. It was not the federal law.

MR. RECTOR: And so therefore are unnecessary, right Wendall; isn't that what you just said? I rest by case.

MS. SINKFIELD: I just wanted to add like in Georgia what you're talking about with the father initiatives; we've already started doing that in Georgia. We started it three years ago, involving fathers with their children. We're doing child support. So a number of the issues that you may be looking for the futures, many states are already doing and have been doing them for four or five years. What they need is more help to get it done.

MR. HASKINS: Okay. Audience. This young lady. Wait until the microphone comes and give us your name. Please ask a question. Do not make a long comment, okay?

UNIDENTIFIED FEMALE SPEAKER: (off mike) from Cybercast needs service. Along the same lines of advice for Nancy Pelosi; could you give me your thoughts on where the Republican Party is headed over the next few years?

UNIDENTIFIED MALE SPEAKER: Where has the Republican Party been?

MR. HASKINS: On this issue.

UNIDENTIFIED MALE SPEAKER: I think they need to go back to their first principles. I think part of the problem with Republicans is that unfortunately what motivated Republicans was the public was very angry about

welfare in 1992, 1993 and after welfare reform the public kind of used this as a success. Conservatives amazingly think that we actually ended welfare and I always say, well, look we're spending 593 billion on (off mike) today, it's a good thing we ended it or we'd be spending some real money here.

So they have to actually refocus on this issue rather than treating it as something that they can forget about. I think they need to go back to their first principles. I think that the core reason we have child poverty is that poor parents only work about 800 hours a year. So if you want that poverty to go down, that number has to go up. Now, I believe that one of the ways of getting that number to go up is to say we're here to help you but we expect you to work more and we're going to work with you toward that objective. And I think we need to do that not only in TANF, but we need to do that in food stamps, we need to do that in public housing. That number has to go up and it's only going to go up, I believe, if we begin to actually push and help people to move towards self-sufficiency.

MR. HASKINS: Bruce Reed.

MR. REED: I think the next two years are a wonderful opportunity for the Republican Party. I'm delighted they have it. But here's the problem for them. Compassionate conservatism was a good idea and this administration has really botched it. And I think that the conservative principals that Ron writes about in his book needed to be in tandem with the progressive principals that we champion. That you need a mix of opportunity and responsibility. A lot of Republicans are going to look at the election results as

they — as a referendum on softening the edges of conservatism and the besides they need to go back to the (off mike) charging, full-throated conservatism of '94 and one thing that Speaker Gingrich was not always so effective at demonstrating in all of his public comments, but as he demonstrated on this panel, I think he felt was that it had — for conservatism or liberalism to succeed it had to be a reform version of that. So I think it's entirely possible Republicans will learn all the wrong lessons of this and I think that would be a shame for the country.

MR. HASKINS: Robert, quickly.

MR. RECTOR: I don't — and we do have a soft side to this and President Bush actually embodies that. We actually believe that you have address the cultural issues which Gingrich talked about, and the President's faith-based initiative and I would say faith-based school choice and things. That's what conservatives have always said. We believe that in fact you need agencies of moral change in there. I think that was a compelling compassionate agenda. It died because the Democrats killed it. They don't want to do that. They don't want school choice; they certainly don't want to give poor parents the options of vouchers that would put their kids in religious schools. I mean, we have some ideas that are not just tough and mean, but we couldn't get them through. So they're not going to go away.

MR. REED: Most of the best ideas of compassion conservatism were ones that the administration didn't put money behind. There were, for example, tax cuts for people who give charitable donations. Great idea. We had proposed something similar in the Clinton administration when it came to a

choice between where you put your money for tax cuts with the administration and the Congress and breaking tax cuts first, capital gains and for the upper bracket, but nothing for the much deserving poor.

MR. HASKINS: Let's go over here. Another question.

MR. WILSON: Good afternoon. My name is John Wilson and I'm originally from the Bronx. So happy to see the New Yorker there. My question is, Bruce brought it up and Representative Sinkfield have alluded to it. I think the space in the conversation that we haven't heard much from, I think, Becky maybe you can answer it best, what has been the impact on men. We have talked about where to go, but we haven't talked about what has happened.

MR. HASKINS: Becky, go ahead.

MS. BLANK: I actually think we haven't been able to find very much impact on men out of welfare reform. There's a couple of people who have actually tried to look at that research agenda and the impact seems to be primarily on the women. There's a little evidence of some increases in co-habitation. There's a few things here and there, but I think it's quite striking how little this amazing change in behavior on the part of low-skilled women seems to have impacted the behavior of very equivalent boyfriends and brothers. So this issue the big policy question and I very much agree with Bruce on this for the next ten years is: What policy levers, if any, do we have to address some of the issues in the male population who are so closely linked to these women and to their children's lives? And the answer is very few. And of those where we think we have some policy levers like the guys are in jail so you've actually got some

control over their behavior, we don't know how to use that effectively. I mean we have no idea how to do jail to work programs that are effective. And we really need a whole series of demonstration programs of the sort that we ran in the late 80s early 90s on welfare to work that's aimed instead at some of the low-skilled men and say how do you do jail to work, how do you do high school dropouts into some stable additional training and into the labor market.

MR. HASKINS: Verna.

MS. EGGLESTON: I think that in the second round of reform we knew that we had to direct our attention to parity and policy. One of the things we advocated was a out of state safety net program was that men receive training and education as well with public funds and that you could not have a standard of policy for women and hold them obligated to these many things without having a standard for men. One of the biggest debates in our state was taking a waiver around work specifically for able-bodied single men. And my argument throughout the course of time served was why would we do this in gender where men could receive a waiver from the requirement to work in order to be fed when the women (off mike) had the responsibility not only to care for the children, maintain the family, participate in training and education and do all of these series of things. So I think that next round or this round of welfare reform we have an obligation if we're going to continue any level of success no matter whose opinion it is today that men must be engaged. The tricky part is that it's not limited to just marriage, because I still want to know with 15 children attached to 15 different partners, which man is she marrying?

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

MR. HASKINS: Wendall.

MR. PRIMUS: I'll agree with both Bruce and Becky here and that is — one of the things we need to demonstrate is whether a large earnings incentive to these young non-custodial parents would work and produce some of the same effects that we've seen on the female side and also most of these men aren't eligible for any work supports, either health wise, et cetera. I think, again, a combination of those things we've got to demonstrate that it would work while maintaining their obligation to support their children.

MR. HASKINS: Robert.

MR. RECTOR: I think that there really are two different agendas here. One agenda is to effectively to increase the earnings of single males, non-custodial parents effectively so they can have higher incomes and pay more child support. The other agenda is to actually try to restore marriage and two-parent families, which means the father has to be in the home and over the long term. Those are not two bad goals but they have to be understood to be two completely separate things. I would emphasize — I mean, one of the paradox in the discussion about marriage is effectively since Moynihan talked about the disintegration of marriage it's been 40 years. Nothing has been done. We finally begin to talk about the issue but we try to sidetrack it into job training for men. Look we've spent over \$300 billion on job training since the beginning of the war on poverty. The answer to marriage is not another job training program, although you may want to have a job training program for other issues, that's not a marriage program. I always come back to one point. When you look at the

fragile family survey of the unmarried dad, their earnings are higher than the mothers. So if these guys don't earn enough to support a family, if these guys are unprepared to be fathers and so forth what is that telling us about the mothers? The reality is we've got a huge opportunity. We have Title 10 birth control clinics in every county across the United States. The mother's who have children out of wedlock they're all in those clinics. They're all using those clinics. A great opportunity to offer services, not just say here's your birth control go out have a life, but to say, look let's talk about where you want to be 10, 15 years from now. Where do you want your children to be. We don't do that in those clinics and if you look at Cabby Eden's book, in fact, marriage is one of the goals that these women have —

UNIDENTIFIED FEMALE SPEAKER: This is when I become embarrassed by my party the Republican Party because we have case studies from first round of welfare reform where we have married couples, families, 15 children. These gross assumptions that 15 children families are all associated or attached to single women, head of household. We have found in these case studies and you'll find that if you picked up a copy of the welfare reform in motion our first report on welfare reform — looking at where we came, real case studies, we're found married couples, they had 15 children, but they came from a part of our society that told them that they were entitled to some things. They can across a hard road, i.e. disability. We need to have a real disability debate. We need to have a debate about how we're going to help people with disability as opposed to thinking that this one good piece of legislation is going to be the end-

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

all, be-all, because my concern is the many marginal groups who one day might be you.

MR. RECTOR: You know what? Let me finish there. I don't care — you can do anything you want on disability.

UNIDENTIFIED FEMALE SPEAKER: No, I can't. But we need to look at it.

MR. RECTOR: We've got 1.5 million children born out of wedlock and one of the things we ought to do within the \$590 million mean tested welfare state, is say at least once when we're handing out birth control, would you be interested in taking some type of program —

UNIDENTIFIED FEMALE SPEAKER: We have to let go off

—

MR. HASKINS: Hey. Stop interrupting each other. It's not acceptable. Let him finish.

MR. RECTOR: — might help you to develop life skill and life planning that might help bring about better incomes for you and your children. And the answer is absolutely not. Even if these women are interested in obtaining that information which the pilot program shows they are, let's not do that.

MS. SINKFIELD: Let me say something real quick. The reality of life to the gentlemen. We try to put into law, when we passed our first welfare reform bill which was back in '93 before the big deal. It was taken out because we could not do that to the men.

Secondly, there is some denial; there is a holding our head in the

sand when we start talking about illegitimate children compared to what we do to keep them from having illegitimate children, example, birth control. In Georgia, I almost have to bring a suit against the state because we passed a law that put a cap on our person who had an additional child to say that you would not get any additional money for that child. In Georgia that was about \$45, okay? At the same time we cut the birth control. The clinics in the state were six to eight weeks behind in even getting birth control to all these people who wanted birth control. They closed their offices all during the week. I mean they go home at 4:00 or 5:00 and somebody's working how are you going to serve them and you've closed your office at 2:00 or 3:00. I put into law that they would accommodate and open their offices at the times that it would meet their clientele. Guess who had a fit? The people who worked in the offices. They weren't interested in meeting the clientele. Why not have the office open on Saturday morning until 2:00 and then maybe you want to close on Thursday. But what I'm saying — that's what I was saying early on when I made my statement, we want all these results for a certain group of people that does not apply to the general population.

Secondly we do not want to provide it because of our own hang ups about birth control, abortion, whatever you want to call it, but you can't name on one side, you do this and then the government is going to snatch away from you another side the manner in which you should achieve what they're asking you to do. And that is nothing to ask them to have. Birth control on time and when people walk in the office.

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

They came in — I was going to sue them. They came in and put in \$3 million into the clinics across the state to have birth control on time and be monitored.

MR. HASKINS: Last question goes to media. Cheryl Webstein on the front row.

MS. WEBSTEIN: Hi. I'm Cheryl Webstein, Washington Times. I was intrigued by the comment that to solve our problem we need to make it bigger. So I was wondering if we're going to have any interest in reforming housing or food stamps or how about some transportation to actually help people get to their jobs, get to their child care, et cetera, et cetera.

MS. SINKFIELD: Well, I agree wholeheartedly because in Georgia we have areas that are in rural places there are no jobs. We have areas wherein even if you did get a job, as you said, there's no transportation and there's no child care. So there are a lot of problems that will fit in one area that does not fit another one. So what's the challenge in Georgia? The challenge in Georgia, how do you have rural (off mike) don't even have a doctor. I mean there are overbearing kinds of barriers to people just living normal lives let's forget about being on TANF. So yes I agree this is an area that needs to be looked at. It is an area that screams for some directions and some help.

MR. HASKINS: Bruce, can you imagine that the Democrats on the Hill are going to have any initiatives on housing, food stamps, other support programs?

MR. PRIMUS: My understanding is that the food stamp act has

to be reauthorized, it's part of the farm bill, so it's going to come up at some point this year. I'm sure that Bonnie Frank the chairman of the financial services committee will have several ideas on what we need to do on housing. But I'm not privy — it's not on our immediate agenda.

MR. HASKINS: What you think Bruce?

MR. REED: I don't know what's going to happen in the next year or so. We've got a divided government, the country is broke, but I do think the 2008 President election will be the first post-Katrina President election. I think what to do next about poverty will be a topic at the top of that debate and we have a lot of systems that aren't doing what they intended. We have a nutritional system that's not reaching everybody it's meant to reach. There's still stigma attached to it. We have a housing system that's pretty much a lottery and there's room for broad agreement on how to (off mike). We had enormous success to welfare to work housing vouchers that you can find common ground on housing vouchers that you can't find on school voucher. And they have much the same mobility, much the same result in expanding opportunity in giving people the chance to live where they want. So I hope we will have a rigorous debate hopefully in both parties on what to do next.

MR. PRIMUS: Also the speaker mentioned the education system in Detroit, no child left behind, also has to be reauthorized, which I think will spark a very big risk debate.

MR. HASKINS: Over anything other than money?

MR. PRIMUS: Yes. Exactly what your —

Anderson Court Reporting
706 Duke Street, Suite 100
Alexandria, Virginia
Tel. (703) 519-7180 Fax (703) 519-7190

MR. HASKINS: Accountability at the state level?

MR. PRIMUS: Accountability, et cetera, et cetera, yes.

MR. HASKINS: Okay. Well, join me in thanking the panel. I think it's fairly easy to see that the welfare reform bill did not end the welfare reform debate.

* * * * *