THE BROOKINGS INSTITUTION

POVERTY AND INCOME IN 2007:

A LOOK AT THE NEW CENSUS DATA AND

WHAT THE NUMBERS MEAN

Washington, D.C.

Tuesday, August 26, 2008

Welcome and Overview:

RON HASKINS, Senior Fellow
Co-Director, Center on Children and Families
The Brookings Institution

Panelists:

REBECCA BLANK, Senior Fellow
The Brookings Institution

GARY BURTLESS, Senior Fellow
The Brookings Institution

LASHAWN RICHBURG-HAYES, Senior Research Associate
MDRC

MATT WEIDINGER
Minority Staff Director, Subcommittee on Human Resources
House Ways and Means Committee

Michael Laracy, Coordinator for Public Policy
Annie E. Casey Foundation

* * * * *

P R O C E E D I N G S

MR. HASKINS: Welcome to Brookings. My name is Ron Haskins. I'm a Senior Fellow here at Brookings and along with Belle Sawhill, Co-Director of the Center on Children and Families. This is our sixth annual event, and I was just thinking up as I was walking up here that everything is all organized and all the handouts and everything that you should be here between about 10:15 when they release the report and 2 o'clock, it's ugly especially when someone makes a big mistake, and that happened and we had to redo several things. And it was an especially bad mistake because I couldn't figure out any way to blame it on anybody else because it was mine, so we had to redo some slides and so forth, so it gets exciting. But everything of course is perfectly organized now and this will be as smooth as it could possibly be.

I think that the poverty story this year and the income story as well is probably more important than usual. As I mentioned, this is the sixth time we've done this. In some ways this is -- I feel like we're on the edge of some actual action on the part of the Congress and the new administration, whichever administration it might be. First of all we appear to be either heading into or are in a recession -- employment and concern for low-income people is always highest during difficult economic times. Also a very interesting thing is the long-term interest in poverty itself and how bad it is. There now seems to be universal agreement that it's absolutely a rotten, lousy -- the trends are probably revealing but the accuracy of the -- in any given year is not very good. We've known this for a long time. Many of you probably know there was a National Academy report in 1995 so we're way beyond that. But this year for the first time there does seem to be a lot of attention to the measure itself. Bills have been introduced in Congress. I know that there are several bills that are now in preparation in Congress. New York City actually stepped boldly forth and came up with a measure that we think is a pretty good measure. We're a little bit biased because we helped them develop it -- played a role as well. He'll talk about that in a few minutes.

Then of course John Edwards and Katrina brought a lot of attention to poverty. It was amazing to me, I don't know about you, about how much people did pay attention to poverty. I thought the Edwards campaign would never get that much attention and it did get a fair amount of attention and then of course Katrina really brought a lot of attention to poverty. Then finally we have a Democratic Congress. I think it's clear at least in the sense of government programs that the Democrats are much more willing to create programs to do something about poverty. They've already introduced a lot of legislation. The chairman of the Ways and Means Committee has talked about major new legislation. And it's possible I'd say it's a little bit above fifty-fifty at this point that we would also have a Democratic president and if that happens then of course both the House and the Senate and the presidency would be controlled by Democrats. So you put all that together and I think poverty could be quite an important motivating factor in this city in the year ahead. So that brings special attention to this report.

Here's how we're going to organize the day. I'm going to give just a brief summary without any real interpretation -- say maybe a little political thing at the end. And then we're going to have panelists. We have panelists that represent different perspectives and each of them are going to speak briefly for 7 minutes and then I'm going to ask them some penetrating, wonderful questions and then we will turn to the audience and give the audience an opportunity to ask questions. So that's our plan for the day.

First, poverty as I'm sure you already know did not increase significantly overall but children's poverty did increase and for those of us here at Brookings who study poverty, that probably is at least as important if not more important than the overall poverty -- that children's poverty we're really concerned about and it did increase significantly this year so that's an important part of this study. So children's poverty is up.

Then we always are interested in poverty in female-headed families both because the rate among female-headed families here is so much higher than the rate among all families. So child poverty is always much higher in female-headed families. As all of you know, welfare reform was a major effort in this city over the last decade and a half and I notice that even Barack Obama now is laying claim to playing some role in the welfare reform bill. But the point was to make mothers work and then subsidize them once they work and that strategy was somewhat successful as you can see. I would call it the most successful poverty-reduction strategy we ever had except for giving money to the elderly through Social Security which really caused poverty to plunge even more, but you can see that very substantial decline. But since 2000 the story has not been great. Poverty has been increasing among female-headed families. And since they're already much more likely to be in poverty and since we have so many more female-headed families every year and a higher share of our kids -- we now have something like 27 percent of our children in female-headed families, this is a very important figure. I did not see a statistical test of this, but I think it's not significant, but it did actually go up again and it's in any case been not a good story since roughly 2000 since the recession of 2001.

Then the median income also is an interesting story. The overall median income was up. If you look at the mean it's quite a different picture, but if you look at the median, the point right in the middle of the distribution, it actually went up. It went up a little bit for black families. Again I think that number was not significant. It went down a little bit for Hispanics and I think that number is not significant. But overall it went up and that number was significant. So a light increase in income. We're getting close to the point where income was when it started to decline after 2001. I think that would be very important especially if this is a recession. This could be the first time as Richard Bavier points out --

this could be the first time that we've had a recovery when median income did not recover its previous high and exceed it and mostly in previous recessions, during the recovery it's greatly exceeded the previous high and that appears not to be happening this time but it's very close because of this increase in income. So it's not a great story but it's not as bad as it was yesterday.

Then finally, this is a little more complicated, this is income of female-headed families with children at the mean, at the second quintile, and then at the bottom quintile and the solid line is the actual income of these female-headed families and then the dotted line is what happens after government programs. So the solid line so to speak is like in the state of nature and here you can see that at the mean it actually went up for female-headed families but it's stagnant for families in the second quintile and the bottom quintile and again this is the story that we here at Brookings are very concerned about because we're concerned about the people in the bottom and second quintile. Those are the same mothers that were involved in welfare reform either because they didn't go on welfare whereas in the past they would have or they left welfare and most of them went to work, some did not as Becky has written very nicely about. Here the story is not necessarily encouraging but it's not bad, but again, the direction since roughly since the recession of 2001 is the wrong direction. But government programs help a lot as you can see. Even without the little ball you can see that for the bottom two quintiles once you take into account transfers through the tax program and through our spending program, the families have more income, they're better off, whereas at the median they pay taxes. That's the way it works in America. It's called redistribution or some other euphemism if you're a Republican. That's what we want and that's in fact what's happening.

Then finally I think probably in some ways the most positive part of this story at least on the surface is that more kids are covered by health insurance and more people are covered by health insurance than last year and that's a very good thing. The part of this story that is a little worrisome is that once again year after year after year there's less coverage in the private sector and more coverage in the public sector. I am not making any philosophical statement about whether that's good or bad, but I will make a statement about the future of the federal budget that this is a big, big problem, that not only is health care increasing at roughly twice the rate of inflation, that more and more people are getting government benefits and this happened again last year even though more people do have coverage.

So that's a brief overview. Now we're going to do it a little differently this time. We're going to have Becky come up first because Becky Blank, a Senior Fellow here at Brookings, is going to use the PowerPoint and then the rest of the panel is going to come up and then we'll proceed with events. Becky?

MS. BLANK: Thank you, Ron. There are a number of people -- one day of the year when the annual income and poverty numbers come out is one of the most important days and many of us simply can't wait to take this publication home tonight and spend all of the evening reading through it in great detail. You all know who you are who are sitting here.

The question is what does this show. This is data for the year 2007 and 2007 is sort of a long ways away in our memory. Let me remind you that 2007 was a year of somewhat mixed economic news. There was real GDP growth of about 2 percent. There were two quarters where GDP grew more rapidly than 4 percent, two quarters where it almost didn't grow at all, but at the same time the GDP grew, unemployment actually went up also. It went up from 4.4 percent in December 2006, to 5 percent by December 2007. So there's mixed news in the economy and that mixed news is reflected I think in mixed news in this report. You see some increases in median income, you see declines in the uninsured, that's good news. At the same time you see poverty edging up a little bit among all of the groups. It's not statistically significant in many categories. At the aggregate level it just barely misses statistical significance. It is significant among children. It's also significant among immigrants. So you sort of see some news here that looks good, some news that looks bad.

That makes it a little difficult to talk a whole lot about today's report and the income for 2007 without putting it into a large context so let me say a little bit about the look backwards, I'm then going to look forward, and then I'm going to end by just making one of two comments about policy here.

I believe that almost anyone in this room is going to agree that 2007 is very likely to be a peak year for the cycle. 2008 is unambiguously going to be worse on virtually every measure. The last peak year of the cycle that we were in was 2007, at the end of that very long expansion of the 1990s, we had a mild recession in 2001, and then have gone into a relatively sluggish expansion I should say as I'll come back and talk about. The result in 2007 is that median income is $325, real -- adjusted for inflation, below where it was in 2000 at the peak of the last cycle and we've not recovered. Poverty is 1.3 points higher than it was at the end of the last cycle, child poverty is 1.8 points higher, and single female-headed poverty is 2.9 points higher. Ron and I didn't collaborate. We just picked the same groups because those are groups that people tend to want to look at. This is the result of a very sluggish expansion particularly for those are below the median income level.

If you look here, I've got the poverty rate on top and I've got the unemployment rate on the bottom. One of the things you should notice in the 2000s, if you look at these different cycles that you can see in this data, the poverty rate is turning down with unemployment in the

1980s, it's turning down with unemployment in the 1990s, but in the 2000s it actually keeps creeping up for a whole number of years and we've only had 2 years of poverty declines and then it turns up again. So you don't see quite as much responsiveness of poverty and unemployment moving together in this cycle as you did in some of the earlier cycles.

One of the explanations for that is this chart. This shows you the annualized version of changes in real weekly wages. It starts in 2000 and goes through 2008. 2007 was a pretty strong year. I think Gary is going to say something about this. That shows up in this data report. But there are quite a few years in here and the expansion in the 2000s -- real economic growth when wages are not growing, when they're actually falling for a good number of quarters. So you can see why things are more sluggish here, why there's not as much income growth going on particularly among the group of people for whom much of their income is coming from what happens in the low-wage labor market. The story here really ends up being something of a distributional story. This is plotted for basically the last 30 years, 1975 through 2007. I show you what's happened in the different percentiles in the income distribution. I said 1975 equaled 1 and then just run these numbers forward. There has been real growth at the twentieth percentile -- the eightieth and the ninety-fifth percentile, but as you can see the median -- the twentieth percentile have pretty moved together particularly over the last several years and over this last expansion. The problem has not been that poor people are losing relatives to the middle income. That's not what's been driving any of these numbers. What's happening is the upper half of the distribution is pulling away. So all of the rising inequality that we're seeing is happening in the top half of the distribution and it's not happening in the bottom half of the distribution. In fact, there is some pretty good wage data that suggests that wages among very low-income, less-skilled workers have risen in the last several years a little bit faster than wages at the very middle so this becomes a distributional story.

The question is what does all this mean and where are we going from here. 2008 as I noted is by every measure going to be a worse year. These numbers are going to deteriorate. Whether we're going to end up in a recession or not all looks a little bit uncertain. Certainly we've avoided the official definition of a recession so far which is negative GDP growth, but clearly there are going to be increasing problems in growth and poverty and higher unemployment particularly among less-skilled workers and that's going to make all these numbers look worse.

At the same time, poverty is on the agenda as Ron notes. It's been on the agenda for the candidates and it's going to be on the agenda this presidential election. So what should we be doing about this? That's a really hard question to answer if you take as true the fact this is all about distribution. If the problem is this pulling away of the upper half and if you think that is due to technology and globalization and a variety of factors that we don't know how to turn around and probably don't want to turn around very much - the economist speaking - and some of you may disagree with that, it becomes hard to think you're going to change some of that distributional story.

It does lead you, and now I will make a more partisan comment, to believe that a little bit more redistribution, a little higher taxes on the people who are up there whose incomes are rising quite rapidly and a little more redistribution to the people who are on the bottom half of that income distribution, not just the poor, but even some of the middle-income groups, might make sense in this particular economy, and I'll let you figure out for yourself which candidate is talking more about that and which one isn't.

But once you go beyond that sort of redistributional story, your other stories are really long term. Here are the three long-term things you want to talk about. You want to talk about policies to expand earnings and labor force participation such things as the EITC expansions. That's not going to have any immediate effect on this but it might over the long run just as it increased earnings and income among many low-income women when we expanded the EITC to families with children in the 1990s. Secondly, you want to talk about policies to invest in productive citizens, such things as expanding preschool and improving schools. Thirdly, you want to assure an effective safety net for those who can't find work or for whom work is just not a possible option. We have throughout this expansion decreased the number of people steadily who are receiving cash assistance and looking at those sorts of numbers might be important.

Then finally, last comment, and those of you who know me know that I say this at virtually every talk I give of this sort, the macroeconomy ends up being very important. We are in a time of very serious macroeconomic difficulties and the best thing that we can do for low-income as well as middle-income families is to make sure that employment starts growing again and that unemployment numbers come down so that people who want to work can find jobs and as many hours as they can work. I'll stop there. Thank you.

MR. HASKINS: (inaudible) and we'll proceed. Each of the speakers has 7 minutes. Gary Burtless?

MR. BURTLESS: (inaudible) very few things that Rebecca just said. In many respects I think that the aggregate situation in 2007 was not all that different from what it was in 2006 so you might not have expected much news in this report. There was moderate real wage growth in 2007 according to the aggregate statistics. The unemployment rate was almost unchanged compared with 2006. There was little sign of a jump in layoffs until the very end of the year. GDP rose moderately compared with previous years. The Census Bureau's latest numbers on poverty and income and health insurance coverage though show quite a different light on what happened last year. According to these statistics, median household income rose about 1.3 percent, a moderate amount.

That certainly seems consistent with the aggregate story that the GDP statistics tell us. That income however is still 1 percent below where it was in 2000 and that is quite a different story from what the aggregate GDP statistics tell us.

In the aggregate GDP per person was certainly considerably higher in 2007 than it was back in 2000. Poverty rose a bit last year and the rise was concentrated amongst Hispanics, noncitizen immigrants, and people in the South and in the West. The particular problems of these groups in these regions I think are at least partly traceable to the fact that the home building industry went into the toilet last year and that is going to particularly affect I think a lot of these groups who find employment in the home building industry or who depend on people who find jobs in the home building industry and I think the decline in home building was a bigger problem in the West and South than it was in the Northeast and Midwest.

Inequality fell last year for the first time in a long time at least by a noticeable percentage and that was entirely driven by the fact that incomes at the top of the distribution as reported in the current population survey fell quite sharply. There were fewer millionaires I've been told. We'll have to wait for the income statistics to come out before we're sure that this is true because there is a certain problem in the top 2 percent of the income distribution in getting accurate reports on the CPS, but until those numbers come out we really have no other numbers to go by.

Finally, the health insurance coverage statistics showed an improvement last year after several years in which things got worse and the improvement just about offset the deterioration that had occurred in the pervious year, so we're back to where we were in 2005.

I've given a set of handouts headlined something like this and you should have it if you picked it up or someone gave it to you. The Census Bureau gives us estimates of money incomes at several points of the income distribution and both Ron and Becky have traced out some of those. What I look at here is what has been the trend in incomes since 2000. That after all was the peak of the last economic recovery. The political campaign is going to be driven by whether or not people are better off than they were 8 years ago. And so these numbers try to trace out what the census income statistics tell us about gross incomes at the household level at six different points in the income distribution, at the tenth percentile, the twentieth percentile, the median or fiftieth percentile, the eightieth, ninetieth, and ninety-fifth percentiles.

I measure income at each of these positions relative to where it was back in the year 2000. Real income fell up and down the distribution. Everybody saw decline through about 2003 or 2004. The declines were smaller at the top than they were at the bottom in percentage terms. And the gains in income after the low point have also been bigger at the top than at the bottom. But in the most recent period as you can see incomes turned down at the very top. Interestingly, incomes also turned down at the bottom of the distribution which is what drove the slight increase in the poverty rate.

Income gains as Becky pointed out in this recovery have not been fast enough to bring people in the middle of the income distribution and at the bottom of the distribution back to where they were at the peak of the last expansion in 1999 and 2000. But what is striking in the most recent year is the declines at the very top and the very bottom of the distribution. I would say even the middle class for whom there was an improvement may not feel any better because their wealth was almost certainly lower at the end of last year than at the beginning because house prices fell. Many people have commented on the slow growth of income since 2000 and they interpret this to mean that the middle class has not shared in the prosperity of the general economy. But that's not quite true because these income statistics don't measure all of the consumption in income that people receive and my next pictures try to go into that.

One is what's happened to health insurance coverage since the beginning of this cycle. You can see by age group that there have been substantial drops almost entirely driven by drops in employer provided health insurance coverage. For people who are young and old, those have been offset by improvements in publicly provided health insurance. What about the missing income that is not measured in money income statistics? When your employers contribute to your health insurance plan, that doesn't count in your money income. Then the government pays for your doctor bills and hospital bills through some insurance program, that doesn't count in your money income. And you can see in the chart here how much of our consumption is in the form of health consumption and how much of the health consumption is paid for by somebody other than ourselves. That is dark matter as far as the income statistics are concerned. How might it affect the income distribution statistics? We don't know for 2007, but back in 2003 the government ran a survey called the Medical Expenditure Panel Study and in that you can see how much total health consumption there is and how much of it is paid for by the family. These charts here show how that spending varies according to the family's gross income. In the top part of the chart you can see that out-of-pocket payments for insurance payments and for doctor's bills paid by families tend to rise with income. There is no surprise there. What's truly surprising though is that the health spending across the income distribution is just about the same in every decile, every one-tenth of the income distribution. People receive about as much health care in terms of its cost as people further up in the distribution do. My last picture shows suppose you take that unmeasured income and add it to the incomes of people in each part of the 2003 income distribution. At the bottom decile you would add $3,400 almost in income that is not recorded in money income. At the top of the income distribution you would add about $1,800. Clearly these additions to household incomes are much, much bigger at the bottom than at the top end of the distribution and so that acts as something of an equalizing force. Since 2000, spending on health insurance by the government and by private employers has increased greatly and that has increased this unmeasured income as a share of the total income and consumption of American families and presumably that has acted as something of an offset for the rising inequality since that time.

MR. HASKINS: Thank you, Gary. Next is Lashawn Richburg-Hayes who is a Senior Researcher at MDRC in New York City and studies these matters. Recently she's been studying post-secondary education and a way to help especially disadvantaged kids to be more likely to stay in school. Lashawn, thank you for coming.

MS. RICHBURG-HAYES: Thank you, Ron. I should say first if you're wondering, MDRC doesn't stand for anything. It's just MDRC. It used to stand for Manpower Demonstration Research Corporation. I always get that question.

First I wanted to say that there are some interesting findings in this report. It's interesting that median income increased as one of the earlier mentioned and that poverty increased for children under 18. However, I'd like to focus on what the report doesn't say which is it doesn't talk about and it cannot talk about poverty dynamics. What is the proportion of people who were in poverty in 2006 that remained in poverty in 2007? What were the new people who went into poverty in 2007 and what caused that event? These things are important to understand because they have policy implications. You can target policies that affect those things, those events that are causing people to be in poverty and generate strategies to affect the people who are in persistent poverty.

The other thing that the report doesn't cover at least in the main findings is that poverty has been pretty stable over the last 30 to 35 years. It's pretty ranged, family poverty at least, between 11 percent and 15 percent. Taking that into account in looking at GDP over the same period that has doubled, you'd need to worry and wonder why aren't we doing a better job in eliminating poverty? What more can we do? What strategies can help certain groups stay out of poverty? Are there strategies that are more effective for say young adults, particularly African American males? Are there strategies that can help single female-headed households? These are really important questions to address.

MDRC is a nonprofit research organization that for the last 30 years has been trying to answer these questions, has been pondering these questions, and we have a few solutions. For example, our studies have shown that earnings supplements at least in the short run can help alleviate poverty and pull people out of poverty. We've also found that rent-based strategies, having strategies associated with where a person lives to help pull them into employment and out of poverty have also been successful. Finally, other studies, other researchers have found that there is a relationship as some of the other speakers have mentioned between the earned income tax credit and the minimum wage in pulling people out of poverty.

What I'd like to talk about now though is longer-term strategies for ameliorating poverty. As Becky Blank said, we should invest in our future which means investing in pre-K, investing in post-secondary education. What MDRC has learned about post-secondary education is that one of the most important institutions in that realm is community colleges because the vast majority of low-income people will start their post-secondary education out of community college. However, there are really, really poor rates of success there. If you look at students who work and attend school, those who consider themselves workers first which would be traditionally older students with children, fewer than 50 percent of those students will end up with a certificate or degree in 6 years. There have been noted studies of the relationship between earnings and education and in pulling families out of poverty. If we're serious about undermining the increases in poverty year after year after year, we have to be serious in investing in education. The signing of the Higher Education Act almost 2 weeks ago is a step in the right direction, but what needs to follow is funding of those maximums. So it's important to increase the Pell Grant, but it's also important to appropriate enough money so that those maximums are actually received by students. In addition it's important to have financial aid policies that target nontraditional students. These are students who are not just coming out of high school and attending college for the first time, but students who may have gone on into the work force, now they have children or families or other dependents or may have been disabled or unemployed or laid off who are going back to school. For that group of students there are really no financial supports in place to encourage -- of education.

As we digest these results I'd like everyone to keep in mind that looking at 2-year changes is important, but it's also important to keep in mind the longer-term notion of poverty and changes in poverty and what can really alleviate poverty strategies.

MR. HASKINS: Thank you, Lashawn. Matt Weidinger, the Staff Director for Republicans on what used to be the Human Resources Subcommittee and now has a much fancier name, Income Security and Family Support, so I guess you're more important now.

MR. WEIDINGER: Yes. Three more words. What's that, 150-percent bigger? No, I don't think I'm any more important than I ever was.

I note that there was a similar gathering to this in Denver, so my apologies to those of you both in Washington and discussing or listening to policy on poverty today that featured speakers who were characterized as wunderkinds and labor sages. So next time we have one of these put me down as a wunderkind and the rest of you guys can figure out of you're sages or not. Ron, you probably are outside both of those categories.

I'm bound to say what I say reflects my personal views and doesn't reflect the views of the Ways and Means Committee nor its members. Having gotten that out of the way, what I will do is not really dwell on today's data. Gary, Becky, and Ron have done a really good job of that. What I think is probably most productive is to review some of that Congress is thinking on the question of Congress is thinking on the question of especially how to measure poverty and what that all means.

For those who are outside of the debate it might seem odd that not everything that government does or taxpayers do to try to alleviate poverty is actually counted as income for purposes of determining who's in poverty. The data that Ron and others point to on this does not actually include all the stuff that taxpayers pay for to help alleviate poverty. So food stamps, housing, earned income tax credit, which I think are widely agreed as effective antipoverty policies doesn't get counted as income when you figure out is somebody poor or not. It's worth noting that there is actually bipartisan agreement on starting to do at least that. So the Republicans I work for, Jerry Weller , Jim -- on the Ways and Means Committee, Mr. Weller has introduced legislation basically that would point to a better measure of income to determine who is poor and I think that would affect our understanding of what more is needed and actually the value of what is already going on.

To give you a sense of the scale, today $400 billion in taxpayer antipoverty benefits is not counted as income for purposes of determining if somebody is poor or not. That's six times as much as the antipoverty benefits that are actually counted to determine whether somebody is poor or not. So at best we're getting a partial picture. It's an important picture and it's important to have this be consistent and everybody understand what's going on. But I think that's part of the backdrop here that these are useful statistics but they don't give us the whole answer of what's going on.

Depending on how far you go down this track of counting more government benefits, other income that families have available to them, you could if you wanted cut the national poverty rate from about 13 percent down to 5 percent. I don't think that's going to happen, but that gives you sort of the sense of the scale of what's going on and I think that's part of the reason why there's a lot of foment as Ron suggested about trying to fix this. So Democrats for example on the Ways and Means Committee have put forward a proposal and we had a couple hearings on an improved measure of poverty based on the National Academy of Science's proposal from the mid-1990s. That would do the same thing that Republicans I would say are gravitating around which is count more of the current benefits that are provided by taxpayers to help alleviate poverty as income, but it would go beyond that. It would reduce poverty at the start by counting more benefits, but then it takes steps away from that that result in defining more Americans as poor than today and it does that by subtracting certain costs from income, it varies the calculation of someone's income based on their geographical housing costs and other measures. Add that all up depending on your assumptions, you could increase the number of Americans who are poor by 15 million and go from about 37 million up to 52 million. Again, that all depends on assumptions and how Congress would write this and all the sort of minutia of all this, but it's telling I think that there's agreement at least on the first step, on counting more benefits that taxpayers already provide to determine who is poor.

It's also worth noting how different that is from what Democrats have recently suggested. Jim McDermott is the chairman of the subcommittee that I work for. A couple of years ago in 2005 he made a proposal that suggested that we establish a national goal of reducing poverty by half in 10 years and eliminating poverty altogether within 20 years, a perfectly valid goal, hard to argue with any of that, but consider how that compares with today. Now Democrats seem to be heading in the direction of using a measure that actually increases the number of officially poor Americans. I don't advise Democrats and they don't usually pay a lot of attention to what I suggest, but it would seem like they would want to get their story straight whether they're for reducing and eventually eliminating poverty or for officially increasing poverty and then presumably taking additional steps in that direction.

It's also worth considering I think at any meeting like this the background in terms of the nature of the families that are in America and how that might be changing and how that affects poverty data. We've had notable demographic changes in the last generation in terms of who is poor, who is not poor, and who is in what types of families in America. The good news is every family type is today less likely to be poor than in the year in which I was born in the late-1960s. But the bad news is more Americans are living and being raised in the types of families that are relatively more likely to be poor. Just because of that sort of demographic drift that continues despite efforts in welfare reform and there are further efforts to try to get at the family marriage and policy in what was called the Deficit Reduction Act a couple of years ago, it becomes harder and harder every year just to stay still much less to make progress against poverty. Some point to a general stagnation against poverty in the last generation and that depends on part on not paying as much attention to benefits that are provided but it also requires us to look the other way and discount the fact that the nature of American families is changing.

What's the next Congress going to do? I think there will be something of a battle over how to define poverty and whether to count benefits, whether to change the definition so that it results in more people being officially poor or something in between those two positions. I think from Republicans you're going to probably find more of the types of policies that they've proposed before, so welfare reform made cash welfare benefits contingent upon work, activity, education of some sort. There are other benefit programs, food stamps, housing, and others that are not similarly contingent upon that kind of behavior. There is also a very interesting subplot going on in Congress right now and it's quite, it's bipartisan, it's widely agreed upon, and it sort of gets at what Lashawn was talking about as a previous step to that. It's on high school education. There are really awful numbers in terms of high school completion for especially some groups in America and the number of kids who start as a freshman one year and then end up graduating with their class 4 years later looks really awful in some communities. I think both Republicans and Democrats would like to take steps to fix that. The House passed a couple of months ago legislation that makes receipt of foster care payments contingent upon being in school and making progress in school. Foster kids have some of the worst outcomes and especially those who don't graduate from high school have especially bad outcomes and there is desire to do something about that. Other members like Rahm Emanuel have proposed what has caused something of a tiff on the Hill, the idea of making getting a driver's license if you're under 18 contingent upon being in school. I've got three kids who are teenagers and that is a super idea. I am totally for that. And our insurance company is for that too. So there is a lot of common sense behind this, but those are the kinds of next steps I think in terms of contingency and next efforts to combat poverty that you're going to see out of the Congress. Thank you.

MR. HASKINS: Thank you, Matt. And finally, it's good that you brought up all these issues about what's going to happen in Congress with poverty measures because Mike Laracy is here who has been deeply involved in this at the Casey Foundation. So, Mike Laracy from the Casey Foundation.

MR. LARACY: Thanks, Ron. I'm not exactly a data person and I'm not in Congress or a demographer. Ron constantly points out that I don't know how to spell CPS. But I'll do my best.

Other folks have talked about the significance and consequence of the numbers. I find myself at least partially agreeing with Matt so it must be a pretty cold day in hell today. I want to talk also about the need to overhaul the way we measure poverty.

Every August some of the smartest economists and analysts and advocates rush back from their vacations on the cape to sit in forums like this to try to make sense out of the numbers that were released this morning by the folks over at Census. They do the best they can, but they're enormously constrained by the fact that the poverty data are increasingly divorced, almost totally divorced from the economic realities most low-income American families face. They're in the untenable situation of trying to make sense out of almost senseless data. The Casey Foundation's longstanding commitment to helping vulnerable kids and families is matched only by our determination to be guided by useful data and indicators. Every year since 1990, we release annual "Kids Count Data Books" which use the best data available to measure the educational, social, economic, and physical wellbeing of kids by state. We care about data because this data help policymakers make decisions that will hopefully improve the wellbeing of our kids. And of all the measures we use in the "Kids Count Data Books" the one that's most important, the one that we look at the most and get the most coverage on is poverty. That's why we're so distressed by the nation's continued reliance on incomplete, outdated, and misleading measures. Today almost everyone would agree that the current poverty definition which sets the poverty level for a family of four at about $21,000 utterly fails to yield anything remotely close to a well-though-out, actuate measure of who is genuinely poor. Indeed, Nicholas Eberstadt of AEI has aptly dubbed the poverty measure "America's worst statistical indicator."

The current measure is flawed in two ways and not just one. First of all, it underestimates the actual cost of the things that families are expected to need. Secondly as was pointed out, it underestimates the total income, resources, and benefits that many of today's low-income families actually receive to meet those -- on the cost side, sort of on the threshold side, the poverty measure still assumes based on data from the 1950s that American families spend about one-third of their budget on food. In fact, only about a seventh of the average family's income goes toward food. Housing and energy costs are far more significant than they were in the days of Ozzie and Harriet and that's what's really punishing American families, especially low-income families today. The poverty measure also totally ignores out-of-pocket medical expenses and the costs of employment, notably childcare, which can easily consume a third of the income of a low-wage working family.

On the resources side of the ledger as was pointed out, children's advocates right now are rallying around a proposed campaign to cut the nation's poverty rate in half over a decade yet many of the most promising approaches to reducing poverty, expanding the EITC, expanding the child tax credit, increasing housing subsidies, increasing food step uptake, if we were successful with those they wouldn't do anything to reduce poverty. So excluding those resources makes very little sense especially since those are the strategies that everyone seems to be advocating for. The evidence is overwhelming that when families are entrapped in persistent poverty, and I think a couple of folks up here used the word persistent, childhood problems multiply. Ninety percent of families who end up losing their kids to foster care are poor. Poor kids are five times more likely to miss learning proficiency benchmarks than kids from families with greater economic security. Kids growing up in poor families are far more likely to drop out of school, get pregnant, or get in trouble with the law. There is every reason to worry that the persistence, sustained family poverty that triggers these problems will grow particularly as more entry-level, low-wage jobs are impacted by increasingly global labor markets. Without appropriate assistance, an increasing share of American families will have to settle for wages that simply cannot buy enough to sustain a family and an American standard of living. This kind of persistent family poverty is a serious drag on American competitiveness, and particularly with an aging society we need every kid we can get to be in the labor market. Persistent poverty is something that we really need to focus much more on. An accurate poverty measure would better inform the strategies that we want to use to help these persistently poor families. By including food stamps, the EITC, the child tax credit and the housing assistance in the poverty measurement, we would be able to determine the impact of those important policy improvements, those investments, and how the families are doing as a result. By modernizing the threshold, we'd have a realistic measure of what families need to live on.

These reforms are exactly what the National Academy of Science as Becky Blank and others recommended back in 1995. It's over a decade now that we've had the answer. But for the National Academy of Science's approach to succeed, it's probably critical that we move control over the poverty measurement out of the executive office of the president and OMB. At Casey we heartily endorse Becky Blank's suggestion to assign to a federal statistical agency, probably someone like Census, the authority to develop an alternative measure of poverty that embraces the key elements of the National Academy of Science, a bipartisan impartial body.

Finally, we should add that other existing efforts to measure child wellbeing are inadequate as well. We need a better level at the state level. That's why we're supporting bipartisan legislation in both houses of Congress that would fund a state-level of child wellbeing. More Americans want to hear about what their political leaders are going to do to reduce poverty. That has been a consistent theme in surveys and studies conducted in the last year as part of a project we're funding called Spotlight on Poverty and Opportunity. During the current election cycle, Spotlight has engaged presidential, congressional, and local candidates in substantive discussions about poverty and we're going to keep focusing on this for the next administration and Congress. As more Americans struggle to make ends meet, we have seen a growing willingness among political leaders of both political parties, the media and the voters, to talk about poverty and to come up with concrete and workable solutions, but finding solutions must begin with up-to-date and accurate data. It's time for all parties in this debate to table their disagreements and come together around a credible and policy -- approach to poverty measurement. As private foundations we avoid favoring or opposing particular pieces of legislation, but we do find it very encouraging that key members of Congress are considering a bill that would enact virtually all of the National Academy of Science's recommendations. We sincerely believe that the NAS report can be the basis for bipartisan, effective, and enduring reform. In the words of late Senator Daniel Patrick Moynihan, "You can't solve a problem until you learn how to measure it." We've learned a lot about how to more accurately measure poverty and it's now time to apply that learning.

MR. HASKINS: Thank you, Mike. Now let's start by showing how little influence I have in asking questions of this panel. There are a lot of people here who might want to summarize to their mother what did we learn from the poverty report today? What was the headline? Six words, I'm serious. Very short. What's the headline here? Becky Blank?

MS. BLANK: On the poverty side in a year of economic expansion, poverty actually rose a little. I think there's bad news on poverty.

MR. HASKINS: Mike? Let me do it for you. The poverty -- is no damn good.

MR. LARACY: "Marketplace" on NPR last night had it. They called it in advance.

MR. HASKINS: Lashawn?

MS. RICHBURG-HAYES: The poverty news is important, but let's look at the long-term perspective. It hasn't changed a lot. We really need to examine what we're doing to address it. And it's not just measurement. You can measure it better, but it probably wouldn't change.

MR. HASKINS: So now we've filled out the whole first page. Gary, you have about an inch at the bottom --

MR. BURTLESS: Poverty up slightly, median income up moderately, average income down.

MR. HASKINS: Matt?

MR. WEIDINGER: Poverty stable but misses significant part of the picture.

MR. HASKINS: So now if I were to say -- this is a Republican headline, median income up, poverty steady, health insurance up, income inequality down. What's wrong? And the Democrats say poverty is not improving, child poverty is up, there's not much improvement in anything since the year 2000. Everything's wrong. Do you agree, Becky? Which one?

MS. BLANK: You heard my presentation. I do think the fact that we have not yet gotten back to where we were in 1999 and 2000 is really the major long-term concern out of this report.

MR. HASKINS: We're not doing headlines anymore.

MS. BLANK: Can I say one thing about poverty measurement?

MR. HASKINS: Yes.

MS. BLANK: There's a copy of the article that I wrote about poverty measurement out there. I am as strong as anyone in believing we need to revise this line. But realize our current poverty measure is all about how has cash income changed relative to a fixed line. If you don't have any tax changes, if you don't have any policy changes, that's a pretty good short-term measure of are things getting better or worse for low-income families that means the main thing that's going to be changing is going to be whether they're working or not and what's happening to their cash income. So the trend, the 2000 to 2007 number that's in this report, probably tells you something about the trend which is up a little, that it's reasonable even if we think that overall number is pretty badly flawed.

MR. HASKINS: Now nobody can remember how I characterized this thing, so let me just say from now on let's answer who got the best of the story -- the Republicans, McCain, or Obama and the Democrats?

MR. LARACY: I'm not going to go there. I'm with the Annie E. Casey Foundation.

MR. HASKINS: This is totally objective.

MR. LARACY: I was particularly distressed by the fact that child poverty went up. That is a number that's is important to us at the foundation and to see that go up at this point in the economic cycle after several years of getting worse is just so distressing. So many indicators that are responding positively to teen pregnancies, all those other things are improving, but we can't seem to make progress there in the last 8 years.

MR. HASKINS: Lashawn?

MS. RICHBURG-HAYES: I'm going to side-step that as well. I would say that the story is more toward the second piece, that there are some improvements but if you look at it overall we haven't improved. There's this increase in child poverty that's distressing. That was one of the areas where we were making progress in the last few years and it's distressing to see it go up.

I'd like to reiterate what Becky said that even without the measurement changes what the report says is that things haven't really changed, haven't really improved, and so we really I think as a nation need to think about that.

MR. HASKINS: Gary Burtless?

MR. BURTLESS: Let the record show that I did not rush back from Cape Cod or the Hamptons to be here today to talk about poverty. I'm an economist. I'm not a political scientist. I'll leave it to the political scientists to decide who is favored by this, Republicans or Democrats. I don't think that's very interesting. I do think that it's worth -- while agreeing with what Becky says, the 1-year change in poverty rate is certainly informative and having a fancier, more inclusive, better poverty number isn't going to change that. You're thinking really changes if you take a long view, and if you take the long view, the numbers that were just mentioned earlier about we spend four times as much on antipoverty programs directly distributing resources to low-income families that are not counted in our poverty statistics and we spend on programs that are counted. In 1960, something like 80 percent of every dollar spent at every level of government on low-income families was spent in the form of cash.

It would go to the bottom line and be reflected in these census money income statistics. Now less than 20 percent of what we spend is reflected in these money income statistics. The biggest item of all is health spending. The government does a huge to equalize people's access to medical care, doctors, hospitals, and clinics. None of that counts in determining who's poor. So even though Becky is exactly right thinking about comparing 2006 to 2007, that is exactly the wrong way to think about is there more poverty in 2008 compared with 1968 or 1988 because in that dimension the increase in spending on these other items is just so big relative to the stuff that gets counted that you can't ignore this.

MR. HASKINS: Matt?

MR. WEIDINGER: I don't know if it's Beijing fatigue or the coincidence of the convention, but just looking real briefly, I didn't notice a whole lot of attention to the poverty report at all and what was mentioned was kind of stable, not much change, you don't really have to pay a whole lot of mind to this which suggests to me that somewhat the congressional and the larger advocate community and others debate has succeeded somewhat. If you have people running around saying this is our worst measure, why would you pay a whole lot of attention to it and why wouldn't you go looking for more information like Gary's suggesting or other information that really tells you more, I think that leave us in a bad spot because this is meaningful data, it should tell a story, but I think increasingly people are recognizing that it doesn't really tell us as meaningful a story as we'd like it to.

MR. HASKINS: You don't have to answer this, but my question is why did child poverty go up so much? Why would the report look decent, okay, so-so, and yet child poverty goes up? What caused that? I think I'll call on Gary. Do you find this question interesting?

MR. BURTLESS: I would probably have to actually take a trip to the Hamptons or Cape Cod in order to have enough time to come up with an answer.

MR. HASKINS: You have 45 seconds.

MR. BURTLESS: I do think probably the Hispanic and worker families who are dependent on moderate-wage, low-wage jobs in construction probably accounts for some, but I don't know what --

MR. LARACY: Immigrant poverty went up, people who lived in families that were foreign born and had not become naturalized citizens and there's a good share of children in those families. All of the numbers are just on the edge of significance and I think it just accumulated in the child number. I don't know that there's a real mystery there.

MR. HASKINS: Last question. If you have a chance to talk to one of the presidential candidates and tell them here is what we should do to relieve poverty, especially child poverty, what are you going to tell them? One thing that you would recommend.

MR. LARACY: Expanding EITC for childless workers.

MR. HASKINS: Expanding EITC for childless workers. Matt, let me guess. Tell everybody to get married.

MR. WEIDINGER: Tell all the kids to stay in school. Get at least a high school degree if not more.

MR. HASKINS: Figure out a way to get all the kids to stay in school which Congress has been really interested in for some time. Anything else?

MR. LARACY: I'd probably say do some more serious publicly available preschool education. It's not going to help you in the long term, but do the EITC in the short term and in the long term I'd focus more on preschool.

MR. HASKINS: Now we have an opportunity for the audience to ask questions. Let me just caution, and I always do this. Most people probably came to hear the panel talk so make the questions succinct.

MR. CHEN: Chow Chen , freelance correspondent. I have a couple questions. The first is this, how do the presidential candidates deal with this poverty problem in general and poverty and education in particular because education is the most important in national competitiveness. In your last question you asked about child poverty going up so much, the reason, and one person's answer is Hispanic. But if we look at data in this one, medium income for all Hispanic and black households actually here the -- is lower than Hispanics. My last question to Michael --

MR. HASKINS: You're not setting a great example here of brief questions.

MR. CHEN: Those are important questions that we have to deal with. The first is this, we know the way to -- the measurement of poverty. What's the problem it won't implement? And -- I think next Congress we should all political --

MR. LARACY: I'll answer two of the questions pretty quickly. If you want to know what the presidential candidates are saying about poverty and opportunity, visit the Spotlight on Poverty and Opportunity website. It has everything bipartisan, it reflects their official positions, their speeches, and far better than any of us. You can really spend 15 minutes there and learn exactly where every candidate stands.

On why there's an impasse about overhauling poverty, I think part of it is as Becky points out, it's in the White House. There's a great episode of "West Wing" where they explain how it's in nobody's political interest to revise the way poverty is measured so that you get this impasse. The liberals tend to want to push those reforms that would increase poverty rates, conservatives want to count everything that moves as income so they can push down poverty rates. So you get this impasse. I think finally Congress has had it and people are willing to try to come up with some compromise based on the National Academy of Science that would finally break this and move it out of the White House, get -- the Census Bureau, CPI, national gross product, all those things are measured but none of them are done in the White House.

MR. HASKINS: Becky?

MS. BLANK: It's the only major economic statistic that is not primarily under the control of one of our statistical agencies and that has created an unusual political situation around this statistic.

MR. WEIDINGER: I would also note it's neither pain free nor cost free to talk about doing this, so Ron mentioned that Mayor Bloomberg has talked about implementing in New York City the same sort of poverty measure that the National Academy has proposed. That was quickly followed by a "New York Times" editorial that said when we use this revised measure of poverty to determine that we found there are more people who are poor, we should naturally redesign programs to assist all those newly found poor people. That's not free. Then secondly, there are lots of federal programs that divide the federal pie among states based on relatively how many poor people there are -- built into the National Academy measure would change who are America's poorest states. So you have a whole generation of late-night comedians who have made joke after joke about Mississippi and Arkansas being the poorest states, guess what, New York and California, again depending on how this is worked out, might become America's poorest states. Those are big, expensive places where if you go moving the stuff all around, unless you have some colossal grandfather clause that costs a trillion dollars, it's going to cost real money to do all that.

MR. HASKINS: I had a chance -- support this New York measure and, Becky correct me if I'm wrong, I believe that there would be quite a transfer of money that gets distributed among the states by a new measure. If it were done like New York has done which is very close to what the National Academy recommended, there would be a big transfer of income from Clarksdale, Mississippi, to San Francisco, California. Is that right because of the cost of living -- a major impact?

MS. BLANK: There's a tradeoff here in terms of more extensive public programs available in some of those big cities than in Clarksdale, Mississippi, so I don't know quite how those numbers would go. You'd just have to do the calculation.

I do want to say something. There are a lot of programs that have tied themselves to the OMB-defined poverty line and in the short run you don't want to do anything about that. OMB is going to continue to require the census report that poverty line and they are going to be tied to that program. If you're going to try to implement a new measure, you actually want it to run for a few years go see how it's behaving before you start using is inside programs. It is up to the discretion of any particular program when and if they even decide to change. So this isn't like something that's going to be -- within the space of a month. We change our economic statistics and redefine them all the time to improve them and there are a variety of ways to make that transition more smoothly --

MR. HASKINS: Next question. One question at a time. Right next --

SPEAKER: I don't know if the data released today gets --

MR. HASKINS: Could you speak up a little bit?

SPEAKER: I was wondering if the data released today touches on extreme poverty, people who are below 50 percent of the poverty line and what the trends are in that area both with children and the general population.

MR. LARACY: I don't do data.

MR. HASKINS: Ask David whether those numbers are in there or not.

MR. HASKINS: David from the Census Bureau. By the way, I gather that you would support this idea, David, that the Census Bureau -- the new definition of poverty -- could you support that?

SPEAKER: I can make a comment on that. We produce the official poverty estimate based on the OMB -- 14 but we recognize there are other measures and we have for a number of years posted on our website a number of alterative measures. I tried to highlight them in the talk today that we have a web-based tool that you can go in and calculate pretty much any poverty measure you want and I'd like to point out that the key thing as some of the panelists have mentioned is that it's the composition of the poor when you look at this that really matters, the different types of people that are poor, not necessarily the number of them higher or lower, but the composition. But in terms of extreme poverty, it's in the report and we do produce an historical series and Jim behind me has looked at it today and said that the extreme poverty didn't change from last year to this year.

MR. HASKINS: Becky, I think it would be appropriate though for you to point out your work on mothers --

MS. BLANK: One of the concerns that I've written about and Ron has actually done some things on as well is that there are a growing number of single-mother families who seem to report themselves as neither working nor on welfare -- at any point in time not having substantial sources of support and you might worry particularly about the children in those families. That group seems to have very low incomes. Those women many of them go in to work for a couple of months, lose their job or leave their job. So it's very, very unstable income with low over all levels and I think that's a particular population of concern.

MR. HASKINS: But that number has hugely increased. It's doubled.

MS. BLANK: Yes, really since about 2000.

MR. HASKINS: A question in the back?

MR. O'HARE: I'm Bill O'Hare with the Kids Count project at the Annie Casey Foundation. My question is about child poverty as you might imagine. Given the fact that child poverty fell from 23 percent down to 16 percent from 1994 to 2000 during that expansion, what do you think accounts for the fact that child poverty has actually gone up during the expansion of the last several years?

SPEAKER: Wages at the bottom end have failed to rise in the most recent expansion. They're essentially the same, maybe slightly higher or maybe slightly lower as they were at the depths of the recession. There's been very little change and that means that if you're earning this wage, you pretty much have what you had in the last recession. Whereas between 1994 and 2000, there were two things that changed. One was gross wages rose and they rose pretty robustly for people with modest wages. And second, employment rates really increased. Employment rates are lower than they were in 2000 today. So employment has not risen but real earnings that people receive if they work have gone up, and there's a very big difference between the two economic expansions.

During the last expansion there was particularly powerful, strong growth in employment of others who were rearing children on their own and this was a population that had very high poverty rates in 1993 and 1994 and those poverty rates went down because their employment growth was even faster than that in the rest of the economy.

SPEAKER: I think this may have been the only expansion where the rising tide did not lift all boats. Something is broken.

MR. HASKINS: Yes, here in the front.

MR. SHUCKMAN: My name is Greg Shuckman. I'm the Chairman of the Northern Virginia Community College Board, so Lashawn when you were talking about community colleges that caught my attention. You had said that they were the most post-secondary element in addressing poverty and I was hoping that you could elaborate on that. I know there has been a lot of congressional attention to -- community colleges, there have been a lot of presidential candidate attention to community colleges. So obviously there is a component there where we think that there is something that we can contribute to addressing poverty -- about something you can elaborate.

MS. RICHBURG-HAYES: Yes. Community colleges are over a million low-income students and students who are nontraditional and students who are transitioning and workers who are coming to learn new skills, a myriad of different people. But over the years more and more funding has been cut from community colleges and it's often overlooked as a segment of post-secondary education. MDRC has done a number of studies that have looked at strategies to help increase persistence and retention among low-income students and some of the populations that are affected by poverty in particular such as single-headed households, mothers with children. What we have found is that if you implement just a little bit more financial aid, a little bit more support, you can really change trajectories of people in terms of persistence and achievement in community colleges. And our hope is that doing this will increase their transferring to 4-year institutions and acquisition of associate degrees or certificates because there is economic power associated with those things.

So I think in all of the debates that have been discussed about our domestic policies, one of the things that I'm interested in is the notion of how do we improve our post-secondary education acquisition among the people in our nation especially low-income people and how are we going to do that in such a way that it shows that the investment is real. Are we going to fund Pell Grants to the maximum that is on the books but has never really been appropriated properly? So I think community colleges are one of the frontiers for which we need to really invest and spend more time on if we're really interested in not only changing poverty but improving our expansion as an economic nation in competing with other countries.

MR. HASKINS: In the back.

MR. SQUIRES: Greg Squires , George Washington University. Matt, you seem to suggest there's a contradiction on the part of some Democrats who want both a new definition of poverty and a reduction of poverty, but it seems to me if what we want to do is reduce the condition of poverty and not simply lower some numerical representation, then that's exactly what we ought to do. In terms of what you and Gary said about expenditures that aren't counted, is the antipoverty strategy one of making poor people get a lot sicker more often?

MR. WEIDINGER: I think Gary can address the health part of which I don't think is particularly fair, but my point is taxpayers provide benefits and those benefits are intended to replace food, housing, cash income, other needed supports for individuals and families and I think everybody agrees that counting the EITC -- would make sense to determine what an accurate measure of poverty is. So why don't we do it? Why don't we count food stamps? Why don't we count housing? When I or anybody else in this room has to go out and earn a wage to be able to pay our mortgage or pay our rent or whatever, we actually have to go out and earn that money. It would be swell if somebody gave me that money and I didn't have to earn that money, but just like that counts as income for me, why shouldn't it count as income when somebody receives it from another source? That's sort of the conundrum that I'm pointing out. And as I've suggested, I think everybody agrees with that. The question is what else do you do? And after you get through that agreement on counting more benefits as income is where the differences come, but I don't think there's a whole lot of dispute about counting what taxpayers are already providing as income.

MR. BURTLESS: With regard to the question of whether we want to make people more sick so that they appear to be receiving more government benefits, I don't think that that's the idea. The idea is that compared with 1965 when there was no Medicaid program, there was no Medicare program, there was no SCHIP program, today we have public transfers that make the health care system, good hospitals, good doctors, good nursing homes and so forth accessible to a much poorer part of the population than had access to that part of the health care system in 1965 and yet nothing in our statistics reflects the improvements in wellbeing that low-income Americans have derived from that greater access.

MR. HASKINS: One more question here in the front.

SPEAKER: Thank you (inaudible) I beg your pardon -- have to hear my bad English. Sorry. I want to make a question about go out of poverty -- what is the view of this institution or government view of go out of poverty requested to the -- house holders?

MR. HASKINS: Did you get the question?

MR. WEIDINGER: It's a poverty dynamics question.

MR. HASKINS: Go ahead.

MR. WEIDINGER: If I could -- your question is -- maybe it's what is the data that came out today tell us about poverty dynamics, how many people are coming in and how many are going out of poverty. I don't think a lot. I think that was Lashawn's point which is to say a picture in time.

MR. HASKINS: Lashawn?

MS. RICHBURG-HAYES: The report that comes out today is just about a static measure of poverty last year compared to this year. If you wanted to know what happened over time what you have to do is some sort of poverty dynamics study looking at trends, entry into poverty, exits from poverty, the events that are associated with it, whether a job was lost, whether a child was born, things that could affect household composition over time. Gary, you've done work on that as well as Becky, I think.

SPEAKER: In principle the Census Bureau could tell us a little every year about it because about 40 percent of the people I think or 45 percent of the people that were in the survey that ascertained income in today's report were also in the survey that ascertained 2006 incomes. So for those households you could make a calculation of whether there was a –

(Interruption)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public # 351998
in and for the
Commonwealth of Virginia
My Commission Expires:
November 30, 2008