

THE BROOKINGS INSTITUTION

MEMO TO THE PRESIDENT:
DECREASE POVERTY AND INCREASE OPPORTUNITY

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PARTICIPANTS:

Moderator:

JASON DE PARLE
Senior Writer, *The New York Times*

Featured Panelists:

[REBECCA M. BLANK](#)
Senior Fellow, [Economic Studies](#)

[RON HASKINS](#)
Senior Fellow, [Economic Studies](#)

ANGELA GLOVER BLACKWELL
Founder and CEO, PolicyLink

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PROCEEDINGS

MR. DE PARLE: Good afternoon. Welcome to the Brookings Institution and the third in a series of 12 events designed to offer ideas to President-Elect Barack Obama and his transition team. The Brookings Transition Project is an attempt to refine the policy agenda following a watershed election in the onset of a global financial crisis. Some of you have joined previous discussions on governance and climate change, and we appreciate you being with us today.

Today Rebecca Blank will offer a public memo to the Obama team that tackles an issue of great moral importance and one in which we all share a pragmatic stake. Reducing poverty and increasing opportunity for the most disadvantaged Americans, indeed at a time when ever greater numbers of American families feel the threat of economic security, poverty may be all too topical a concern.

In a moment you'll hear Becky argue for expanded preschool education, increased training and tax credits for low income workers, and a fortified safety net for those who cannot find work, especially single mothers with children. Becky is the Robert S. Kerr Senior Fellow at the Brookings Institution. Before coming to Brookings she was Dean of the Gerald R. Ford School of Public Policy at the University of Michigan and Co-Director of the National Poverty Center.

On a personal note, 19 years ago when I started a job writing about poverty for *The New York Times*, Becky was one of the first people I met. She was working at the Council of Economic Advisors where her project included urging and revision of an outdated federal poverty line. Nearly two decades later, you'll see from her memo to the President-Elect she's still urging a revision of an outdated poverty line, which indicates that she's not only brilliant but tenacious and not about to give up on a good cause.

MS. BLANK: But slow.

MR. DE PARTE: Also with us today is Ron Haskins. He's the only poverty expert that I personally know who has both served in the Marine Corps and written a dissertation about maternal bonding by studying the mewling of cats. Before coming to Brookings, he spent 14 years as a staff member, a staff assistant to Republican members of the House Ways and Means Committee where he played an extremely prominent role in the passage of the 1996 Welfare Bill.

He served as an advisor on welfare policy to President Bush, and he's the author of *Work Over Welfare: The Inside Story of the 1996 Welfare Reform Law*.

We are additionally fortunate to have with us Angela Glover Blackwell, the Founder and Chief Executive Officer of PolicyLink, a research and action group based in Oakland, California, but with projects

nationwide. PolicyLink has worked on programs as varied as fighting obesity and asthma, ensuring the funding of poor schools, and rebuilding New Orleans in the wake of Hurricane Katrina.

Perhaps most immediately relevant to today's discussion, she was a co-chair with Peter Edelman of a task force at the Center for American Progress that urged the country to embrace the ambitious goal of cutting the poverty rate in half over the next 10 years. That was an idea that was endorsed in a 2007 campaign speech by President-Elect Obama.

So, Becky, as you present your remarks to us this morning, perhaps we can start with you including that in your remarks. Tell us, in your advice to the President-Elect, is this a goal that he and the country should commit at this point, reducing poverty in half in 10 years.

MS. BLANK: Thank you, Jason. Let me just briefly outline some of the main points that I make in this memo, and I'll end on exactly the question that Jason asked.

So in 2007, the last year for which we have data, one in eight Americans were poor. Almost surely over the next year or two, that number is going to go up, given where we are in terms of economic recession.

As you all know, poverty was not at the center of the presidential debate, but it was there around the edges, that there was regular references to it particularly by the democratic candidates. President-Elect

Obama has had a very complete antipoverty strategy on his website since very, very early on in his candidacy, and I think the real key question here is, how much time and energy is this administration going to have to devote to building an antipoverty strategy in the White House? And how do they prioritize across far too many good things to do? And that's essentially what my memo tries to get at.

I suggest that there are three main goals that the administration ought to take on with regard to poverty:

One is incentivizing and supporting low-wage work.

The second is ensuring an effective safety net, a more effective safety net than we have today. That's going to be increasingly important as this recession deepens.

And the third is creating opportunity in high-risk neighborhoods.

Now, as noted, President-Elect Obama has had quite a complete set of proposals out there on his website, and a number of them fit into this. If I were going to prioritize some of the things that are out there, I would list the following three items:

First of all -- and this is something I would try to work on from the very beginning of the administration -- is do it early, expanding the earned income tax credit, particularly for those individuals without children. Right now it's a very, very small supplement to help make work pay to people who don't have kids. We need to make this more generous and more

extensive in the way that we have for families with children in order to increase the incentives for labor force participation, particularly among low-skilled men and particularly among men of color who are dropping out of the labor market at somewhat alarming rates.

Secondly, on ensuring an effective safety net President-Elect Obama has long on his website and in several speeches been talking about reforming the unemployment insurance system. With rising unemployment rates a variety of state unemployment insurance, budgets borrowing in order to cover costs, it's really long past time to reform the system so it works more effectively as a safety net for workers when they lost their jobs.

In terms of opportunities in high-risk neighborhoods, one of the real promising items on President-Elect Obama's agenda has been expanding Promise Neighborhoods along the lines of those that are currently being tried in the Harlem Children's Zone in New York City by Jeff Canada. This is a neighborhood-based reform effort that tries to bring all the actors together centered around reform in schools and improving education. We need to do this in more places, and we need to evaluate it seriously. It's a very, very promising intervention.

Now, of course, I have a number of ideas that go beyond what's on the website, and let me just throw out four other things that I would put very high on my priority list:

One is to reestablish an effective safety net for mothers with children. The current Cash Assistance programs that are available through the Temporary Assistance With Needy Families, block grants have been cut back way too far, and particularly with the current recession I think we're going to see a lot of moms and kids who are both not on work and not on welfare. We are already seeing those numbers rising, and they're going to rise faster, and there are a variety of things we need to do to improve that.

Secondly, with all of the focus on foreclosure and housing crises, we need to prioritize how we deal with this. And the priority needs to be focusing on the neighborhoods that have a very high level of foreclosures inside them. Those are the most impacted neighborhoods when once you have 20 to 25 percent of your houses in foreclosure, all the other people in that neighborhood, many of whom have been paying their loans on time, perfectly fine in terms of supporting their own mortgage have seen all of their equity disappear because there's just no possibility to sell a house in those neighborhoods. And we need to focus our first attention on the high foreclosure neighborhoods.

Thirdly, using this high unemployment period, not necessarily to create jobs but to actually give people the opportunity to go get more training. It's exactly when people are unemployed when the cost of going to school is pretty low, and particularly for young people, those who may

not yet have finished a high school degree or those who have finished a high school degree, now is the time to put more money into trying to get them into further skills and further training, so once the economy starts to improve they've got additional skills to which they're coming back into the job market.

And finally, as Jason mentioned, and I've been saying this for a long time, and, boy, is it past overdue, we really need to revise the official poverty measure. We need to make it far more sensitive, not just economic changes but the policy changes, so long discussion we can have around this one. But there is currently legislation in front of the House and Senate. This administration, when it comes in to basically make this happen very quickly, and it would really give us a much more effective measure of who's in need.

As you look towards the years ahead, there are other things this administration are going to do in terms of educational reform focused on preschool education and for secondary education and in terms of health care that are very important to the antipoverty agenda. You want to do those things for many reasons, but certainly to help disadvantaged families and children as well.

President Obama, when he takes office, will really have a bully pulpit, and while he has many things to work on, I do hope that over time he uses that to address the issues of poverty, to raise up these questions

and to simulate debate and policy concern, not just at the D.C. level but among community-based organizations at the state and local level. As president, he really can put this as a priority on many, many people's agendas, not just the federal government.

And my own goal would be over time, indeed if we provide a new poverty measure, it will take about a year or so for that to get put in place and be ready to launch. About that time the economy's going to be coming out of recession. Poverty will have gone up. It would be a perfect time, a year to a year and a half from now around the release of a new poverty measure to announce a new goal, and to announce a public and national goal aimed at cutting poverty.

The current proposal is half in '10. I'd take half in '20, but I think it really is time to challenge ourselves as the society to say that this is unacceptable in America, and there are things that we can do about it.

I'll stop there.

MR. DE PARTE: Thank you, Becky. Ron, would you tell us your thoughts about what the president should do of poverty policy and whether he should explicitly commit the country to cutting poverty in half by --

MR. HASKINS: Yeah, and the first one I'll give a quick answer which is, no, we shouldn't. It is a good time for republicans to be quiet, say nice things about the president's appointments and give them a chance. As I recently said, my mother 90 years old this past weekend and

very worried about a democratic president and raising taxes and all that, and I said give them a chance, that's what we should do.

So but there are things I think that people who are concerned about his politics may be watching, and this is a great area where I think we may begin to learn if he really is going to be a president who governs from the center or whether he governs from the left.

The first issue is education, which gets some mention in Becky's memo, and especially the D.C. choice program is really a key. If that dies, that is a first indication that we're not in for a centrist administration, I think.

And then, secondly, the standards movement and the no child left behind, if that is allowed to be disassembled, I think it will be a backward step for American education. That's a huge and will have direct impacts because it's the most radical part of no child left behind, to me, is that the demands to perform at the group level, not just on average but at the group level, which, of course, is an advantage for minorities.

The second thing is welfare reform. Becky gives a very nice opening for any democrat who really wanted to take welfare reform apart. I think it's a legitimate concern. A lot of these mothers are really going to be in difficulty; many of them already are, and Becky and I have written together about this, and I think it is a serious problem. But I sure would not want to use that as a wedge and open welfare reform and do things do

it only on a five-year time limit, doing away with work requirements, do away with sanctions.

I think there could be some temporary suspensions of some other parts of the bill because there is going to be more unemployment and, presumably, more mothers will be in difficulty. But if it's used as an excuse, as many liberals in the House would like it to be and probably in the Senate, too, although I don't know that as well, to take down major features of welfare ability that would be a big mistake.

And finally, marriage. Now, some of you might have predicted that it will involve, you might say, something about marriage, so let me read what a famous American said: After noting that the breakdown in marriage was almost complete in the black community, he called it verge - - marriage verges on collapse, and he says, specifically, it hasn't been so good for children.

And then he says finally, pro-marriage research shows that marriage education workshops can make a real difference in helping married couples stay together and encouraging unmarried couples who are living together to form a more lasting bond. Expanding access to such services to low-income couples, perhaps in concert with job training and placement, medical coverage, and other services already available, should be something everybody can agree on, Barack Obama.

So let's see if we all agree on it. He'll get a good chance because by it depends on how the democrats handle it, but probably by 2010 there'll be a change to renew the marriage grant programs, and even before that he could do something about the random assignments, the big random assignments studies that are being conducted by HHS, and if either of those two things are allowed to elapse, then I think that will be it, another key that we're not in for a centrist administration.

So I agree with almost everything in your memo, but there are areas that are not mentioned, or at least not mentioned as centrally as I have just mentioned that are really critical.

MR. DE PARTE: Thank you. Angela?

MS. BLACKWELL: I read the memo. I think that the things that are mentioned are really critical, and I'm so glad that they're lifted up. I'm so pleased that we're having this conversation because poverty is a terrible problem in this country, and we all know it's going to get worse. Not only do 37 million people live below the official poverty line, but another nearly 50 million live below 200 percent of the poverty line making 90 million people who live 200 percent below poverty. That's nearly a third of all Americans, so we need to focus on this, and we need to focus on it with urgency.

The Center for American Progress Task Force on Poverty identified areas that are really quite aligned with the one that were just

discussed in terms of promoting decent work, making sure that we're providing economic security in terms of a safety net, building communities of opportunity, and making sure also one of the things we haven't talked about much is building wealth. At the same time that we're trying to get people out of poverty, we need to think about wealth-building strategy so that people are encouraged to save and they can get through those moments of disaster that we know are so likely to come.

But I want to go just a little into each one of those that certainly, when we talk about promoting decent work, we need to think about getting people to work who have been isolated from work. We have so many people in poor communities who are returning from prisons. They have paid their debt, they're coming back to community, and we need to focus on them to make sure that they're able to get jobs and to move on. We also need to focus on young people, young people who are out of school, getting them trained and into work.

When we talk about communities of opportunity, the Promise Neighborhoods are a wonderful model of what it is we ought to be doing, because what we know about poverty is that poverty is very much tied to place. Where you live determines opportunity. Where you live determines whether you get to go to a good school, or do you live near a job, or do you live in a community that promotes health, or do you live in a community that's likely to contribute to poor health? And so we need to do

things that actually take place, and as the Harlem Children's Zone does in Harlem, and as Promise Neighborhoods could do all across this country, begin to provide the supports and the networks and the first rate programming that can help people in the places where they live to do better.

And so I think that that is a wonderful opportunity and one of the things that's so interesting about the Harlem Children's Zone is that everything that happens there revolves around a high-quality school. We must have schools that work for everyone.

And in that sense I agree with Ron that we really need to be clear about education and health. I don't necessarily share his views about what we need to do with an education, but I think that we all need to understand that providing high quality education for all children is one of the most important poverty reduction strategies that we can pursue and also helping people to be healthier.

The other thing that I think is important when we think about poverty in America is that we don't think of it as a silo in which we do poverty programming. There are certainly some ways in which we need to do that, but every time we're spending government dollars we need to think about how we can deal with the issues of poverty. We're talking about an economic stimulus package. In that context, we need to be

thinking about what can we do in a stimulus package that helps people who are really struggling the most in this country?

We are talking about infrastructure investments, and there are many ways that infrastructure investments can help those who are poor:

One, we need to concentrate our infrastructure investments in place where people are being left behind, because very often people are being left behind because the places where they live aren't competitive. There is no broadband, there is not public transportation, they are not the investments that we need.

Also, we need to focus on getting people ready for jobs, that it's not going to be enough if we create a program where people who are just out of work or people who are already job-ready are the only ones who benefit. We need to have a job training program that starts now to get people ready for the new jobs that will be coming from stimulus and from infrastructure and from other things. Everything we do should be creating more opportunity for all.

MR. DE PARTE: Ron, how could you possibly be against cutting the poverty population out?

MR. HASKINS: I'm not. That's not what you asked me. You asked me if I would be willing to accept it as an official goal of government policy.

MR. DE PARTE: Okay.

MR. HASKINS: That I would not -- I'm happy with what is --

MR. DE PARTE: Why?

MR. HASKINS: Let's cut it by three-quarters. Let's cut it by 90 percent, Jason. The question is what your policies are and how much you're going to spend.

MR. DE PARTE: Why do you think it would be a mistake for the new administration --

MR. HASKINS: Because I think it could be used as a wedge to say we have to spend more and we have to spend more. My main concern in this atmosphere and what could happen, would be likely to happen, especially now, is that there would be a complete breakdown of the emphasis on personal responsibility. We are not going to have success against poverty unless people work harder in school, unless people look for jobs and work hard in their jobs, unless people have families.

Just if we had the family composition we had in 1970, that would cut poverty by 30 percent, which would be the most outrageous success in the history of American policy, except welfare reform. And yet Obama did not talk about it one word in his Father's Day address.

MR. DE PARTE: Be clear how the Committee could take a focus off of personal responsibility. What do you think (inaudible) how frequently Congress would go?

MR. HASKINS: -- we need to spend more on education and not have the high standards that are in no child left behind, and should be even the higher standards we should have national standards rather than states. Some states, as you well know, have ducked the standards. That's as great example.

You can't just spend money on education. We've been doing that forever. We're spending twice as much as we did 30 years ago per pupil, but we have virtually nothing to show for it.

So the personal responsibility, the accountability, expectation results, and a connection between spending and results, that's what's really important.

MR. DE PARTE: Angela, you are the coauthor of the recommendation. Do you share any of Ron's concerns focusing only on monetary poverty would shift the focus off of responsibility?

MS. BLACKWELL: I don't share the view. I think we ought to have an ambitious goal, and I think cutting poverty in half in two years is a very ambitious goal, and we ought to aim for it.

The things that we have talked about are things that actually feed into the values of this country that people who can work ought to be able to work, and people who go to work ought to make decent wages, and they ought to work in decent conditions.

The people who are working to do everything right ought to have communities that support that, that the communities shouldn't work against you. You shouldn't live in a community where children can't get out and get exercise because the streets are not safe. You shouldn't live in a community where you have no access to fresh fruits and vegetables because there are no full service supermarkets. You shouldn't live in a community where there's no access to a job that you could do because of the absence of transportation.

And so creating community conditions that allow people to do their best and thrive, creating work that actually is decent work and pays, and then having a safety net for people who can't work, people who can't work because of physical and mental problems, people who can't work because the economy is not providing work. As a nation, we have to provide a safety net that is a moral safety net that actually lives up to our obligation.

I believe with you, Ron, that people want to do for themselves. They want to take responsibility but what we haven't really been able to do as a nation is understand when our policies keep people from being able to live consistent with their values and aspirations.

MR. DE PARTE: When Candidate Obama made that promise to cut poverty in half, that was 2007. He was a long-shot candidate for the presidency, and the economy was in much better shape. Does the

condition that we're in now make it easier or harder to come up with, rally support for a poverty policy? Is it easier because more people share the economic insecurity that the poor face? Is it harder because they feel we have less resources to spend, the public may feel competitive about jobs? Is this -- do we have a head wind or a tail wind?

MS. BLANK: You know, it's always an interesting question as to whether a poverty policy is pro-cyclical or anticyclical, and to what extent does the politics fall in line --

MR. DE PARTE: Um-hmm.

MS. BLANK: -- in certain environments. Certainly, the 1930s was a time when very high unemployment and economic recession was quite fundamental to completely restructuring the safety net of this country. I would hope that we don't repeat the '30s to get us an economic experiment, but I do think that in a time when unemployment is rising and we've seen the sort of housing collapse and wealth collapse, that more people have an understanding that poverty occasionally just happens because you're in the wrong place at the wrong time -- you're in the wrong neighborhood, you don't have the right set of structures around you that help you take advantage of the opportunities that are there.

So on the one hand I think we do need to create those opportunities. I, you know, completely agree with Ron that you want to

push people to get out of poverty, to work, to schooling, to education, to training that gets them into good jobs.

On the other hand, I do think a bad economy gives people a lot more sympathy with the argument. I think it's a tail wind behind the antipoverty policy, with a lag because you've always got the problem of funding this stuff.

MR. DE PARTE: Does it help or hurt?

MS. BLACKWELL: I would agree that it is both. Clearly, when you're in these economic times, you're going to see more poverty, not less, but it brings it to the top of the American Agenda, and that's a good thing. People who haven't thought about poverty before know someone who's struggling. They feel that they're vulnerable themselves, and so I could think you could get more public attention for trying to deal with it.

I also think it frees us up from some of the constraints in terms of thinking creatively and innovatively about what to do. So while you'd never want to wish times like this on anybody or any country, I think that these times could enable us to be bold, creative, and stay focused on dealing with poverty, and it could help for the long run.

MR. HASKINS: I think that's true, but the issue of money does arise, and during a recession, having served on the staff of the House for many years, I know that the pressure to do things about unemployment

insurance are about three times as high as the pressure to do something about poverty.

So my point is that in a recession when there are a lot of --

MR. DE PARTE: Why are you -- why are you making a distinction?

MR. HASKINS: Because it's a huge issue. Food stamps, for example, a minority of food stamp benefits go to people who actually work, or at least a small -- around half go to people who don't work. A lot of Medicaid goes to people who don't work. I mean we have a lot of poverty programs that go to people who don't work.

Unemployment insurance goes to people who have worked. Now, it's often claimed, and claimed in Becky's paper, I believe she mentions about that a very small percentage of the former welfare mothers and low-income women are covered by unemployment insurance. But the number one reason they're not covered by unemployment insurance is they left their job voluntarily.

So even in this atmosphere, I think there would be a focus on that provision, not to just give unemployment insurance to everybody who's worked. You have to look at the reason they worked. If they got laid off, then they should get it; if they quit voluntarily, you know, maybe they shouldn't.

MS. BLANK: Can I respond to that, because exactly in a time of high unemployment that you understand by a work force based safety net is not adequate in and of itself. It's exactly in this period when large numbers of people lost jobs through no fault of their own, and if you don't have some form of other safety net in place, giving money to people who are not today working, you end up with families facing very serious impoverishment. And that's exactly what you want to try to prevent, and you want to try to help them through that period.

MR. HASKINS: But again, I say that if you think that we're going to solve poverty by giving people welfare payments -- I know I've heard what you've said and what you've written and, you know, we're basically in agreement here -- but in the time of recession, the reason money is so important is if you're going to really make progress against poverty, you're going to have to support a lot of people who don't work, and the expense is skyrocket.

So I would say the answer to the question is, in terms of the American public in sympathy for the poor and so forth, it's very likely that it will be higher during recession, and I think it has already gone up because of Katrina and because of a number of other events. And Obama made this an issue in his campaign, and it was -- just seemed to be a lot more energy around poverty than in previous presidential elections.

So it was already going up in a recession, and I think we'll make it higher. But to actually do something, and we have policies that are going to move us toward cutting poverty in half within, you know, a century or whatever goal you want, it'll cost way more, and the money won't be there. And I just don't think it's feasible.

MR. DE PARTE: Let's move from head winds and tail winds to something more specific. There's going to be a stimulus package. If you could put one thing in it to help poor people, what would you do? Becky?

MS. BLANK: For short-term stimulus, I would expand food stamps and low-income housing assistance and unemployment insurance, so the short-term increases in benefits which gets more money to the lowest income --

MR. DE PARTE: Those three things, then.

MS. BLANK: No, it's all expanding benefits, it's all one. It gets more money to low-income families, which they're going to all spend.

MR. DE PARTE: That's what you're worried about, right, Ron? It's pre --

MR. HASKINS: No, no. Now, as an antirecession device, I agree with Becky on food stamps. I mean food stamps, especially since you could change them later, if we expanded food stamps in a way that could be controlled in the future and gave people more food stamps that both made more people eligible and increased food stamp benefits, that

meets the test, I think, of an antirecession measure because it could be immediate, it would be pretty confident they'd spend the money which in the last --

MR. DE PARTE: Food stamps do not answer unemployment.

MS. BLANK: And the low-income managing assistance.

MR. DE PARTE: (Inaudible).

MS. BLACKWELL: Well, since Becky said that, I don't have to say it. I was focused on things in the stimulus package that actually stimulate the economy in under-served communities.

Pennsylvania. in its economic stimulus package a few years ago, put in something called "the fresh food finance initiative." And what it did was it put in \$20 million that was able to leverage another \$60-to-\$80 million, and they've been able to open nearly 50 stores in Pennsylvania. Over 4,000 people have been employed, and people living in communities that have been under-served up till now, now have access to fresh foods and vegetables.

Things that get that kind of double and triple hit, that's what we need to look for, get jobs, get things that make communities stronger and think about the health and well-being of people and what's good.

MR. HASKINS: You know, I'm going to make an interesting point here. In the old days, ornery old Republican like me could say, yeah, but,

you know, government being involved in this and even in food stores and so forth, I mean, my gosh, I mean that's just not a good idea.

But I really doubt -- that argument has been wiped out.

MS. BLACKWELL: Um-hmm.

MR. HASKINS: I don't know if you've reflected on this, but what, exactly are republicans going to object to in terms of spending? I mean we now own the banks. If it had been a democrat that did it, it would be socialism, but I guess it's not if republicans did it. But I think this whole debate really has an issue from the republican side because a lot of the traditional Republican arguments have really been damaged in recent weeks and months by the -- how far Republicans have been willing to go to allow the government to intervene in the private sector.

MS. BLANK: I was watching the Jim Lehrer News Hour with Marty Feldstein, who was the head of the Council of Economic Advisors under President Reagan, arguing for extensive stimulus, which, you know, it's a different world.

SPEAKER: Becky, I was struck by a couple of words that didn't appear in the memo, and one of them was immigration.

How could you talk about reducing poverty and not address the issue of -- was is it 12 million people in the United States who lack legal status, most of whom are poor?

MS. BLANK: Yeah. You know, there's an infinite number of things we could argue about that aren't in the memo. I have 1,500 words, and, you know, immigration is not in there.

And, I mean, immigration, you know, like education and health, there's a whole lot of reasons to work on these issues, even if you didn't care at all about the anti-poverty aspects of it.

But, you know, it's absolutely true that immigrants who -- first generation immigrants in particular are disproportionately likely to be poor, and those who are without documentation, of course, often don't even show up in our statistics. We face the worst problems there.

You know, if you provide a healthy economy with employment and job opportunities and some form of a safety net for those who, you know, again, this isn't going to help the undocumented, but it will help others, you know, you're going to sweep immigrants in along with everyone else.

You know, there's a number of other issues around immigrants and things that you need to do to both, you know, on the one hand, you know, I think deal with some of the border issues, and, on the other hand, facilitate integration into U.S. society for people who come.

But I -- yeah. I was given a list of, you know, five things that I had to say, and immigration didn't get on that list.

SPEAKER: A good reason to leave immigration off, even though it is a problem, and poverty among immigrants is higher than among non-immigrants, and I would say probably even in the second generation now because second-generation -- we have very good data on their wages, and they haven't showed anything like the recovery compared to the first generation wages as they have in the past.

In fact, they probably are below average wages now in second generation, and have been for some time.

So, definitely, immigrants are more likely to be poor, and you could probably, if you had something that helped immigrants work more and -- even more important idea that I'll come to in just a minute -- but even if you had a fabulously successful policy, I doubt it would reduce unemployment by more than 0.3 percentage points or something on that order, because there are so few immigrants compared to, even though the number you cite is a big one, and there certainly are lots of immigrants here -- more than in the past in actual numbers, not percentages -- but say you could do it.

SPEAKER: But do you think of legalization as a poverty issue?

SPEAKER: But here's how you do it. This one is straightforward. You change your immigration policy, which I think there was bipartisan agreement that we gradually shift our immigration policy to put more emphasis on qualifications, on education, and a little bit less on family relationships.

And if we did that over a period of years, that would have an impact on poverty, but it wouldn't get us very far toward our 20 percent reduction.

SPEAKER: Do you think of -- conceptually, do you think of the illegal immigrant population as a poverty problem, a law and order problem?

SPEAKER: Well, it's clear that there's a law and order problem. And it's probably somewhat of a poverty problem. But the whole -- I mean, if you just took illegal immigrants and you had a fabulously successful program, you may be able to reduce poverty 0.1 or 0.2 percentage points. I mean, you're just not going to have a huge impact.

MS. BLANK: So one of the things that's true about particularly some of the undocumented immigrant populations is that they're actually quite responsive to economic opportunities here, and, you know, the right way to do this is less to police the borders, but I'm quite convinced to make sure that there are ways for immigrants, when there are jobs here, to come and when they're ready to go home to go home without creating these barriers that make it very, very difficult to flow back and forth.

That is much more likely to create a permanent second-class group of undocumented immigrants in this country, because it's hard to get back once you're here or to come back once you've gone as opposed to, you know, providing much greater monitoring about who's here, how long they're here, and giving them the opportunities to go home.

I mean, many, many people who come come because they want to do short-term, you know, earnings and income, and they have goals for the house they want to buy, the way they want to support the family, the land that they want to farm back at home.

And we should facilitate that when there are jobs.

SPEAKER: Ron, I'm confused why you think this is not a major part of poverty, whatever you think about legalization, whether it

sets an improper precedent, whether it's the wrong thing to do, it was seen to me that having -- excuse me -- 12 million people in the country, most of whom are poor --

SPEAKER: No, no, no. That's not true.

SPEAKER: -- who lack --

SPEAKER: No, no, no. Not even close, Jason. Not most of whom. Most means half or more. They're not even close to half as poor - - that have of them are poor. It's more on the order of something like 17 percent for the entire popu -- the immigration population is outrageously bimodal. We have all kinds of Ph.D.'s and M.D.'s and all kinds of people and all kinds of people with advanced degrees --

SPEAKER: How about illegal immigrants?

SPEAKER: -well, but then you are -- then you've cut the immigrants by, you know, maybe 75 percent. So you have a smaller number.

SPEAKER: Yeah, but there are 12 million people in the country --

SPEAKER: If you cut -- Jason, if you --

SPEAKER: -- without legal immigration status.

SPEAKER: -- poverty --

SPEAKER: By and large, they're low income.

SPEAKER: -- if you cut poverty --

SPEAKER: It's not impoverished.

SPEAKER: -- even so -- even so, I'll bet their poverty rate is not more than 25 percent. I doubt it's even that. But if it were 25 percent,

and you were very successful in reducing poverty among 12 million Americans will. Say, you cut it by half, down to what other native-born Americans have. What -- I mean, think of the numbers, if you're -- you know, you're talking about less than one-fifth the population, a percentage point would be a huge impact. It's not even going to be close to a percentage point.

That's all I --

SPEAKER: Let me shift you off the technocratic --

SPEAKER: -- I'm talking about mathematics.

SPEAKER: -- issue of the federal poverty line.

SPEAKER: Look. Jason, a technocratic, come on?

SPEAKER: And you have 12 million people -- this is the first time, I think, in the history of our country that we've had a caste, where you had 12 million people -- maybe Jim Crow is a precedent -- where you have 12 million people who are legally separated from the rest of the population in terms of their ability to work, to study.

How can you have a conversation about poverty and opportunity, which I think was the other word in your memo, that leaves them out?

SPEAKER: Did I say that? I didn't even imply that. All I said was if your goal is to dramatically reduce the poverty rate in the United States, even if you are very, very successful among all the immigrants, let alone just the non-undocumented immigrants, you're only going to have a moderate impact. That's my only point.

SPEAKER: No, this wasn't -- I didn't mean to make this a point of disagreement with you as much as I'm struck in my own conversations that poverty in immigration we tend to think of them in different silos. And it seems to me that there is a lot of intermingling between them.

SPEAKER: I just want to lift the lift the conversation up a little bit and think about the fact that there is a lot of poverty in the nation's Latino community.

And a number of people in the Latino community are immigrants and are poor; and that many of the strategies that we have talked about in terms of promoting decent work, improving the quality of neighborhoods, creating more opportunities for investment, focusing on education systems that work these would make a tremendous difference there. And I think it's very important to remember that in thinking about this issue.

SPEAKER: Ron, I want to go back to you. We've talked about food stamps and unemployment insurance as a possible short-term strategy, having the poverty rate as a long-term strategy. Let's talk about middle, a medium-term strategy; and there's one that you have spent a lot of time and invested a lot of effort in, fatherhood, responsible fatherhood initiative.

That's something that Barack Obama has talked favorably about, and I think, if I'm not mistaken, you know, introducing legislation on -- talk about what you think he should do and how -- why that's important to do, and how he should do it.

SPEAKER: Okay. I completely agree with the responsible fatherhood. I've tried to be a responsible father myself, and I know you have, too.

And so I'm all for it. But take Obama's father's statements, which was wonderful -- a typical Obama speech, very moving, very well organized. The language was very uplifting, as you have put it up here several times. But he missed, I think, the most important thing. One of his major points was he wants fathers to be with their children. We have lots of research now that -- if anybody disagrees, whack me during the question and answer period -- but the only way that we know of for fathers to stay in their children's life is to live in the same house with them.

And the data shows that the best way to do that is to be married to the children's mother. That's what real responsibility is. So that's what we need to focus on. If Obama will focus on that and at least from -- even if he doesn't do anything in policy terms -- if he talked about it and talked about it seriously, said the kind of things he said in his book, I think that would have a dramatic impact, because he's -- Presidents are always very influential, especially in the beginning of terms, but Obama is, you know, this godlike figure that everybody -- or not everybody -- but a huge majority of Americans almost worship.

And for him to talk about this in pleasing tones and that it would have a huge impact for kids -- and that's the angle he should play is that -- this is what really (inaudible).

SPEAKER: Though legislatively, what could you -- what do you do?

SPEAKER: The very least continue what we're doing now, which is continue the random assignment experiments, which will show us some things, I think, that work, and then continue the national -- the \$100 million grant program that is supporting something like 125 programs around the country to seed (inaudible) and so this is a typical democratic approach to getting a policy started to have it seed program throughout the country so you can build up a constituency out in the countryside. And I think some of those programs are doing a pretty good job.

MS. BLANK: So I say in the memo that one of the reasons you want President Obama, as President, to use the bully pulpit is because he is someone who can talk about both a personal responsibility agenda, which I suspect all of us in this room take seriously, at the same time he can recognize the role that is out there for public assistance programs and for, you know, public support to help people get their lives together, to stabilize communities, to do the things that those programs are designed to do.

And talking back and forth on both sides of that I think is a very important aspect for him. You know, we talk about marriage programs, but I have to say I'm still waiting to see the randomized assignment demonstration work. And, you know, Ron, these will come in in the next couple of years that will tell us whether these programs are effective and how and in what ways they are effected.

And, you know, I have to say that my willingness to continue to fund this depends very heavily on evidence that these are programs that look like they're working.

SPEAKER: Is there that evidence on the promised neighborhoods. Is there similar evidence about that or is that in the same

--

MS. BLANK: -- so we have one --

SPEAKER: -- realm of development.

MS. BLANK: -- we have one Promise Neighborhood here, and it's one reason why I like the proposal, as I say in this memo, to expand this to 20 other neighborhoods is because you want to test this out in a variety of different locations, and you want to evaluate it.

And the Harlem Children's Zone right now is not being evaluated. It's hard to evaluate a single -- and indeed, you know, you sort of want someone to start this up and make it work and then sort of once you get a little bit of the sense of best practices, that's when you go out in the field and try this in other places and do the evaluation.

But if you do 20 Promise Neighborhoods without evaluating them, I think you're really making a serious mistake, and, you know, we want to know what works and what doesn't.

SPEAKER: Angela, do you think the rhetorical emphasis should be on responsible fatherhood or on responsible fatherhood and marriage?

SPEAKER: I'll come back to answer that, but I wanted to comment on the Promise Neighborhoods.

The one thing about the Harlem Children's Zone -- and this should be in the Promise Neighborhoods, too -- is that it tries to take programs that have been evaluated over time, and we know they make a

difference, like high quality early childhood development -- we've been evaluating those; like public schools that are high-performing and really allow children to do well and move on; like programs for young people in community that help them to connect with work and connect with some of their interests.

So the notion is to be able to take best practice and pull it together in a way that creates a coherent, comprehensive program that is based in place that allows everybody there to take advantage of it.

So I think we need to separate programs that have been evaluated, pieces of it, from whether or not there's been an evaluation of something that pulls that all together.

But on the issue about responsible fatherhood, who could be against it? I mean, I think that we all think that it's a wonderful thing when men are able to be fathers and able to provide for their children.

And I have had so many conversations with young men in communities who are almost in tears because they can't provide, because they don't have a way to be able to make a contribution.

So I do hope that having President Obama just there in his being to be an inspiration for young people, particularly young men of color, to think about what it is they could do, and we need to be able to provide those steps and platforms and ladders that allow people to step up to the kind of responsibility that we know is important, to connect with jobs that are decent, to go to schools that prepare them --

SPEAKER: But should the goal be fatherhood or marriage?

SPEAKER: -- and -- um -- I think that marriage is a personal decision. I think that marriage is a personal decision. And people should be able to have the wherewithal to make that decision.

Where we often get lost is -- and I'm going to go to something where it's clearer -- that people should eat fruits and vegetables that should be a personal decision. We don't want to have a law that arrests you if you don't eat fruits and vegetables. But for some people to live in communities where there are fresh fruits and vegetables all around them, at farmers markets, at corner stores, a full-service supermarkets and say it's a personal choice for them and to have other people live in communities where there is no place in the community where you can buy a tomato -- no place. If somebody said I'll give you \$10,000 if you'll come back with a tomato in five minutes, people could not collect a \$10,000. There are no tomatoes.

So you cannot say that people are just making a choice not to eat fresh fruits and vegetables when they don't exist.

And I put marriage in that same category; that yes, being married is probably a good thing. It's certainly a good thing if you have children and you want to be able to take care of your children and be ever present.

But when there's no opportunity to be prepared, because the educational system fails you, when there are no jobs that you can get, when there are no job training programs, I think that we need to have a bigger discussion.

SPEAKER: Becky, is your reason for leaving marriage out of the memo simply that one of the academic literature doesn't suggest supporting it or are you uncomfortable with the concept of being a specific goal?

MS. BLANK: You know, I -- so the question in the memo is what are the priorities for the new administration. And, you know, there is some policy levers that we know more about. You know, we actually know something about keeping unemployment low, about, you know, subsidizing low-wage work through something like an earned income tax credit.

I would put my priorities on doing things where we think there are clear and effective policy levers, and I just don't think that marriage rises to that level yet. And, you know, I'm dubious about whether this is something where government policy is the most effective and right way to address it.

That's not to say that we shouldn't worry about marriage, and we shouldn't worry about teen pregnancy outside of marriage and a whole set of other issues.

But, in many ways, I think those are better addressed by community-based organizations rather than by national government policy.

SPEAKER: But, Becky, that is essentially what the 123, or whatever it is today, programs are. They're funding community initiatives, through churches, and YMCAs, and all kinds of local organizations, to put an emphasis in a community on the importance of marriage to children.

And the government is spending \$100 million on that. For the EITC expansion for jobless workers, the bidding starts at maybe a billion and a half and goes to, what, 25 or 20 billion?

So we're not spending that much. Let's see if it works. Let's give it a chance, and let's emphasize it and talk about how important it is. But we're not doing that. And we're going to have a drop off.

MS. BLANK: And I utterly agree with you, Ron. I think it would be a mistake to pull those demonstration programs until they're finished. I think we want to see whether they've worked or not. You know, you and I are different sides of our expectations about how well they're going to work, and, you know, let's see how they come in.

I agree that we need to complete those projects and then decide from there.

SPEAKER: No, well, I think I've said in writing and I know I've said in speeches I am dubious that they will work. It's the first round of things. If they don't -- and I feel the same way about the neighborhood emphasized. It won't be enough just to show that preschool programs work. There's got to be something extra from the neighborhood part of this.

And if it doesn't work at first and we get good evaluations, then we should try something different, because it's a very solid idea, and the same thing with marriage.

Marriage is not even an idea. We have centuries of data that it is the best way to raise kids. Kids are the future. If marriage starts

to fall apart, then we need to do something as a society. And if we try something that doesn't work, we ought to try something else.

SPEAKER: How much of a concern is it that the tax credit expansion is a disincentive to get married? If you have two low-income workers --

SPEAKER: It depends on how you do it.

SPEAKER: -- each getting the --

SPEAKER: You can do it in a way that it would actually be an incentive. The key is give both individuals the EITC. Then if they get married, they still get whatever they would have gotten. The computation is the same.

So you could take the marriage penalty out. But, by the way, the EITC we don't have that feature in the EITC, but we have pretty solid national probability data that the EITC is actually pro-marriage. Most cohabiting couples below 200 percent of poverty, if they got married, their income would increase by over \$2,000 a year on average if they got married.

MS. BLANK: I think we know in general that actually improving economic opportunities for low-wage and low-skilled workers increases all sorts of things, including marriage, simply because it makes marriage more attractive in tying yourself to someone who, you know, male or female who you think can provide some economic stability in your life.

SPEAKER: I completely agree with that.

MS. BLANK: But, you know, in that case --

SPEAKER: But I also point out to you that marriage --

MS. BLANK: -- yeah.

SPEAKER: -- provides for increases, too.

MS. BLANK: -- right. But then, as an economist, I will say, you know, maybe this is -- I know something about how to create jobs and employment opportunities and incentivize low-wage work.

So I would much rather do that and then let marriage flow from this. And I don't disagree with talking about its importance. I don't disagree with --

SPEAKER: All right. But, Becky, is that really the core of what the -- I mean, you're willing to try things that you don't always have a basket of social science to prove; right? So you're saying, well, we really shouldn't do this because we don't have the evidence.

MS. BLANK: Yeah.

SPEAKER: Well, is that the standard that you would apply to all social policy?

MS. BLANK: So there's a lot of disagreement about whether the government should be involved very directly in terms of different types of marriage policy, and there's a whole range here; okay?

And my guess is most of us would agree this too far on this side and some things are pretty mild.

But, you know, we've got a number of demonstration projects out there, which we're trying, you know, counseling programs and other things, to encourage marriage. I completely agree with, Ron. We should let those run and see how they come out.

I mean, in general new ideas ought to be tested. And, you know, this is being tested. Let's see how it turns out. Let's see if Ron's right or if I'm right, you know.

SPEAKER: At risk of turning this into a marriage seminar, let me move on.

SPEAKER: I won. I won.

SPEAKER: I have a question for Angela.

SPEAKER: I vote for moving on.

SPEAKER: And it's related to marriage because it gets to Barack Obama's power as a role model, and whether there is any power to that. I've been spending some time in a low-income immigrant community, particularly with one family, where the parents have a kind of classic aspirational upwardly mobile view of the United States as a land of opportunity. They came from El Salvador.

And the daughter has assimilated, I think, a very bleak view, more associated with long-term intergenerational concentrated poverty; that there really isn't opportunity in the United States. There's no point in staying in school. There's nothing for her out there.

It's a huge gap. And wonder how much Obama's sheer example of being a really smart Black guy will -- can help change inner-city attitudes about the importance of school. Does it matter?

SPEAKER: Interesting question. His example is not so much being a really smart Black guy, because we see those every day. They're all around us. They're everywhere.

What we don't see is really smart Black guys who get to be President of the United States. So let's just make it what it is. And that example of being a really smart Black guy who got to be President of the United States inspires people in ways that we will be finding out probably for decades to come.

I've heard lots of stories, and I'm sure you have, too. They're all anecdotal. But you hear the stories about the young guys coming in and wanting to pull up their pants and wanting to get their hair cut and even get rid of the tattoos -- all kinds of things going on -- because all of a sudden, people have a sense of the possible that they never had before.

And I think that inspires a lot of people. And that's what we need to focus on--and the fact that he has so many other qualities that people can begin to say, "well, I can begin to look like that," because that's what it's always like when someone really succeeds.

SPEAKER: But do role models really matter or is that just something that we feel heartwarming about?

SPEAKER: That's what I'm going to say. No, no, I think role models matter, because what matters about a role model is that you see the person, and you're impressed by what the person has done and the position that they hold. But you don't think you're going to jump to that immediately, but you can begin to dress like the person. You can begin to talk like the person. You can begin to interact with your family like the person, and that's what role models are important.

Role models get you to think differently about how you're going to be today, because you can do that immediately identify with what that person is doing.

So I think that this is extraordinary just for that reason. And what I hope is that the leadership will turn into policies that allow people to tie that aspiration to a real job, to a really good school, to a neighborhood that really makes a difference.

When you combine all of that, we begin to turn things around.

SPEAKER: There's your marriage program. No, role model. We're going to the audience in just a second. I have one last question for Becky.

You advocated creating a poverty czar in the White House. I think the Brookings institution has helped advocate creating an urban policies czar. Is this the same czar or are you suddenly trying to shift the focus away from -- or redefine the focus from urban policy to poverty?

MS. BLANK: So Angela and I were having this conversation immediately before this event. I mean, I don't know if this is a different person or not. You know, it's very clear that the programs we're talking about in terms of anti-poverty programs stretched across a variety of cabinet agencies.

And you want someone who has the authority of the White House for creating an anti-poverty strategy that stretches across as agencies and four, you know, having the authority to bring those agencies together and say, no, we're going to work together on this.

And everyone is not going to be off in their little silos during education and doing health and doing labor.

And so, you know, you can create too many czars, and they step on each other in the White House; and that's the problem. It would be very nice if you could combine these together.

On the other hand, if you are going to call this person -- you know, I guess I'm a little uncomfortable calling this person the urban development policy czar and then saying, now, you have responsibility for anti-poverty programs, because there are a variety of things here that I think are nationwide, and that we don't necessarily want to think of as purely urban issues, things like the expansion of the EITC.

SPEAKER: Ron, you worked in the White House?

SPEAKER: You know what? I'm all for czars, and even more for czarinas.

SPEAKER: Pro czar.

SPEAKER: Way more. But the issue for me is that I actually had a position in the White House, representing the President, where we had ideas of things that we wanted HHS to do and Labor to do and so forth.

And you often see in political science books that the influence of a person in an administration is inversely proportional to the square of the distance from the Oval Office.

But I want to tell you that there's a corollary to this rule, and it is that the influence of a person in the White House is inversely proportional to the square of the distance between the Oval Office and

whatever department he's trying to influence. They can run circles around you. It makes a lot of sense. I mean, I told -- and I would try it.

But I just don't -- it's very difficult to get two departments to work together.

SPEAKER: Maybe you needed the title.

SPEAKER: It's very difficult.

SPEAKER: Were you a czar?

SPEAKER: I was not a czar.

SPEAKER: That's the problem.

SPEAKER: Yeah, that could have been. You're making excuses for me, but, you know, which I sorely need.

SPEAKER: We have a bunch of questions, and we have a microphone. And we have a question next to the microphone.

MR. STOKES: Yes, my name is William Stokes. I'm President of Afro-American Cares. It's some very serious issues around the issue of poverty in America. I have a statement and a question that's related.

Many of the people that are in poverty actually have jobs. The Federal Reserve Board says that a certain percentage of the total human population in America must never work. I don't understand that.

There are not enough jobs available for every American citizen. Additionally, many -- over half of the jobs that exist in this country don't pay a livable wage based on the cost of living. And a special note is that on an average annual basis, there are not enough jobs available for every college and university graduate -- student graduating from college.

My question is, poverty cannot be illuminated nor reduced until we address the issues of the causes of poverty. And I wanted to ask the panel what you see as some of the causes of poverty in our country?

SPEAKER: One of the recommendations in the Center for American Progress report, "Promote Decent Work," had several components to it. One was raise and index the minimum wage, expand the earned income tax credit, promote unionization by enacting the Employee Free Choice Act, and guarantee childcare assistance to low-income families, and promote early education, because there are many things that we need to do to make sure that people who go to work everyday and live a decent life.

And part of the reason that we have so much poverty is because jobs don't support people to be out of poverty, as we always aspire that they should.

Another reason we have so much poverty is because our educational system is failing so many children, who end up dropping out of school where they finish school not prepared to go on and get jobs.

Another reason is that people live in such distance from jobs. Like we have so many people who are poor who live in areas of concentrated urban poverty, and the jobs are some distance away. They have no car. There's no public transportation. There are a lot of reasons why people are in poverty.

But I think if we could really make a commitment to making sure that when people do work, that they don't live in poverty, we would go a long way toward reducing poverty.

MS. BLANK: I have long said that the most important anti-poverty policy is a healthy macro economy. I mean, you've got to have jobs there as a precondition. The main way that people escape poverty is through work. The main people fall into poverty is through losing jobs or losing hours or being, you know, involuntarily unemployed or working part-time.

And, you know, we're currently in an environment where getting this macro economy working again, and getting unemployment moving down rather than up is the most important first priority, I think, for anti-poverty policy, and only, once you really think you have that in hand, you know are you -- do you really have the time -- do you start talking about the next things that are on the list?

SPEAKER: I agree with that, but I think we should -- we should give credit where credit is due, namely, that the government, both federal and state governments, have done a tremendous amount to make sure that low-income wages, especially for a family with children, will get you out of poverty.

And, in fact, if go in the labor force and stay in the labor force, you're not going to be in poverty very long.

Between the Earned Income Tax Credit and Medicaid and food stamps and childcare and for, you know, some maybe 25 percent housing benefits, a job that pays 15 or so thousand a year, which is eight bucks an hour, which is the typical wage that moms who left welfare made, could be worth over \$30,000 if you include all those benefits.

So factor into your thinking about the government that the government is already doing a tremendous amount, way more than in the past, and this represents a big commitment on the part of the policy-makers to tell low income workers that we are here to help you and we're going to help you as long as you work.

MR. DE PARLE: We have a gentleman in the front row who's been very patiently waiting to ask a question. Could you bring the microphone over here?

SPEAKER: I'd like to ask you an issue which I know is close to Senator Obama's heart, which none of you have mentioned. This isn't just a problem for government action, it's a private for private action. By private action, I mean not urging the government what it should do, but private people urging what they should do. And this is particularly true in the field of education.

In the three cities where I've spent most of my life in America, St. Louis, New York, and Washington, the public school system is abominable, and the African American population is the one which suffers most. That's where most of the poverty is concentrated. And the reason they're poor is, they don't get a decent education.

In Washington, D.C. and each of these other cities, private groups have been set up to remedy this, and Washington, D.C., I'm no Rockefeller, but I give one-third of my income to Capital Partners for Education, who sends poor children from low income families, 80 percent

– 85 percent African American, to good private schools. And these people have 97 percent of the people who graduated from this program going on to colleges and universities of their choice. And instead of being janitors or workmen, they're lawyers, doctors, and everything else. That's the way you lick poverty. And that's something which you don't have to write letters to the government, that's something each of you could do. You can do what I do, give one-third of your income to private groups which deal with the causes of poverty.

MR. DE PARLE: Any thoughts on the –

SPEAKER: Well, yeah, I already mentioned, private money is great, I wish people would give more to worthy causes and so forth, but in the District, the choice program depends on a line item in the city budget, and that thing may die. And so you will have many fewer low income kids from black families and others, Hispanic families and so forth, going to private schools because the government is helping. So that – I mean that's something you should focus your attention on. And as I said, I think that's a key for the way Obama is going to govern. If he gives in to the unions and does the typical democratic, you know, we're not going to mess with teacher unions, we're going to get rid of the choice program, which democrats and Congress would love to do. I think that is a sign that he's, you know, quite committed to his party and so forth and not as committed to local school kids.

And the same thing with Re, I mean, you know, Re has really stirred things up here, and part of it is trying to minimize the power of teachers unions, and she's doing new things all the time, she already has way more power than anybody thought was possible. And is Obama going to side with that, is he going to insist on No Child Left Behind, for example, that you set high standards, and that schools should be able to get rid of teachers and principals and other administrators that are not producing?

I mean it's a big issue in our society, and the ball is up in the air, we don't know what's going to happen.

SPEAKER: Could I just say one more thing?

MR. DE PARLE: Let's come back. We have a question here on the aisle and then in the back, two questions on the aisle.

MS. SAILE: Good afternoon, thank you. Thank you all very much. I'm Kathy Saile with the U.S. Conference of Catholic Bishops and my question is for Ms. Glover Blackwell, although I'm happy to hear from all of you. In your role on PolicyLink, how do you see social action and community organizing really working to address poverty, and how do we involve people who are poor and living in poverty to work towards the solutions?

MS. GLOVER BLACKWELL: Thank you for that question. The tag line for our organization is lifting up what works, because we

believe that local communities actually have so many of the answers. We think that local leaders are national leaders because they're solving the nation's problems.

Therefore, the local action, the community organizing is absolutely essential on several fronts. One is the community based organizations, when they have the freedom to be able to innovate, or working right there on the ground, and they can integrate programs.

You know, so often the programs that are run at the federal level only operate in these silos, but when community based organizations get the money, they begin to combine housing with education, with after school programs, with nutrition programs, with tutorial programs, and they can really demonstrate how things like the Harlem Children Zone can work. I don't think the Harlem Children Zone would have happened if you hadn't had a community based organization engaged in that kind of innovation. I also think that the democratic participation that we have just witnessed has been extraordinary, and one way to keep it going is for ordinary every day people, residents and communities, to feel that there's a way for their voices to be heard, both in terms of what they want from programs, how they want them to be shaped, and how they want policy to reflect the best that they have learned.

So that is the work we do at PolicyLink, figuring out a way to shine a bright light on local innovation and lift it up and try to get it into policy and bring more attention to it.

MS. HEALD: Hello, Ann Heald. The President Elect's criteria for that which makes it into the economic stimulus package is long term investment in our economy, that's what he always cites first. On that criteria, and I look at the list, and it's usually physical infrastructure that he and others list, I don't see a lot of mother headed households getting jobs out of that list in the economic stimulus package. Why not early childhood education in that list? Steve Perlstein listed that recently. And another very quick question, because I've always wanted to ask this of experts in this area. The earned income tax credit is delayed in a family's budget, it comes at the end of a year, when you haven't had enough money to go around and you've incurred significant cost, possibly debt and high interest. So it seems to me in a practical, in a family budget, that comes later. So I'm wondering why this remains so popular with expert policy-makers in the poverty field.

MS. BLANK: So the question is, why not put early childhood education into a stimulus package? I think the answer to that is, if you're serious about early childhood education, you don't want this as part of a one time stimulus package, you actually want to build it, and you want to build it in a more sustainable and permanent way.

And stimulus packages, by definition, are about a drop of money that happens right now and then doesn't continue. So I actually wouldn't want to put beginnings of early childhood education into that package, I'd rather see it built a different way, along different lines.

SPEAKER: What about –

MS. BLANK: So it's one reason why I do think that the stimulus package has to include some very immediate assistance to things like additional food stamps, additional low income energy assistance dollars. I personally would put in some additional dollars for funding – contingency funds for the large numbers of moms who are going to lose jobs and going to have difficulty getting back on welfare because states simply can't afford to expand their welfare roles right now, even though they're going to be a number of unemployed single mothers out there.

You know, the other thing, and I mentioned this in my memo, which I think is quite important is, try to find some ways to expand educational and training opportunities right now for low income persons.

I mean this is exactly the right time to encourage people to go back to school. And I'm actually very disheartened by the fact that a number of state universities are limiting slots in their community colleges and universities because they're out of money and they're having to cut back. I mean now is when the value of an education, you know, if you're

unemployed in particular, it's pretty low cost to go to school, and that puts you in a much better situation when you're coming back into the labor market as the economy starts recovering.

MS. GLOVER BLACKWELL: Community colleges could make a tremendous contribution during this economic stimulus package and infrastructure by really becoming the pipeline for people to get trained to go into jobs, and we really need to make sure that the stimulus package recognizes that and provides some resources for them to play that role. And, Becky, can't the employee arrange to have the earned income tax credit come in regular?

MS. BLANK: You can get a certain share of your income tax credit early. There's two issues here; one is, the government doesn't want to pay out too much of this money early because peoples' incomes are very variable over the year, and they don't want to have to collect money back from someone who has very low income, but, you know, then gets more hours or a better job in the second half. So they're weary about paying too much of this out in real time, there's only a percentage you can get.

But secondly, very, very few people choose that, even when, you know, they're giving counseling about it and asked about it. And when researchers go in and talk to folks and say, well, why don't you want this money regularly, the answer that comes back is, this is the only time

of the year that I absolutely am guaranteed to have a lump sum of money that I can spend on, you know, durable goods, on paying off the medical bill, on, you know, buying, you know, the new shoes or the coat or, you know, whatever my kids need. So the people seem to like in some sense the savings element of having a large lump sum at one point during the year.

There's a lot of debate as to whether we should try to push more people to take up the income tax credit more in real time. I used to be a very strong proponent of this, but I've actually become convinced over time that a lot of people actually like it in the way that it's currently structured, so –

MR. DE PARLE: We have a woman in the back row, second to the back row, who's been very patiently waiting to ask a question.

MS. MOORE: Good afternoon. My name is Rochelle Moore with Nubian Enterprises. I have a question for the full panel. As it relates to the Monahan Report from 1968, what is your position on being able to infuse those particular tactics and strategies in combating the war on poverty? Instead of reinventing the wheel, looking at what was successful, the Monahan Report, the Senator from New York?

MS. BLANK: Are there particular strategies you want to – I mean there were a number of things in that report. Are you asking about one or two particular things?

MS. MOORE: How would you use that particular report to combat poverty in modern times? That was used in the '60's, how are you going to use it now?

SPEAKER: What report?

MS. BLANK: The Monahan Report, '68.

SPEAKER: Oh.

MS. BLANK: I mean I think there's ongoing concern about one of the key issues that that report raised, which was growing numbers of – households that had children outside of marriage. And, you know, Ron has obviously been talking about that. You know, he and I will disagree on this one; I think the right way to think about this is, exactly why you need to create economic opportunities, because by creating economic opportunity, you stabilize peoples' lives, and we know when you stabilize peoples' economic lives, you actually both decrease the rate of teenage pregnancy and you increase the rate of marriage, and that's one reason why I'm a strong supporter of incentivizing low age work, and you know, supporting the creation of jobs.

MR. HASKINS: This is a very perceptive question. And if you had asked this question of President Obama, I'm sure he knows all about the Monahan Report. It would put him – head him in the right direction, because Monahan Report saw families as the key, and especially boys, he has the most colorful language you could imagine

about boys being raised in female headed families and without the influence of fathers and without the influence of males in their neighborhoods, and the consequences were catastrophic, according to Monahan, and you don't have to sign on to all the colorful language to believe that this is really the heart of a huge issue in our society.

And other people have come – even though he was ridiculed at the time, a lot of people have come to say the same thing now, so it's a great question.

MR. DE PARLE: Ron, since we've talked about this so much, will you get to statistics on the table? At the time the 1996 Welfare Legislation passed, was it 32 percent of American children were born outside of marriage?

MR. HASKINS: It was about 32, yeah; it's about 37 now.

MR. DE PARLE: And it's now about? At the time –

MR. HASKINS: The percentage of American kids born outside marriage when welfare passes, I think it was about 32, and it's about 37 now.

MR. DE PARLE: And the main purpose of the law was to push that statistic in the other direction?

MR. HASKINS: No, it was not. You sound – oh my gosh, Charles Murray is on the panel. We specifically fought them tooth and

nail. Read my book, Jason. We won. Work was the issue, and people are working. It is true that there were a lot –

MR. DE PARLE: Now to read the preamble of the act.

MR. HASKINS: -- it is true that there were a lot of provisions in the bill that tried to deal with non-marital births. And everybody, I mean I think we had great agreement on the problem and we ought to do something about it, but the solutions we didn't have agreement on, and especially the solution, the most radical of all Murray's recommendation was that we stop welfare payments for moms who have children outside marriage. Now that's a radical policy.

MR. DE PARLE: Becky failed to revise the poverty line.

MR. HASKINS: And even though you know republicans wouldn't do it –

MR. DE PARLE: You failed to revive marriage, and Angela and I –

MR. HASKINS: And part of the reason is, our goal was work, Jason.

MR. DE PARLE: We've never done anything. Question there.

MR. TAYLOR: Adam Taylor with – one of the things that was disconcerting in the election, and I think this is true in most elections, is that we become fixated almost entirely with the middle class, and the

poor almost never mentioned. You said that there are policies that effect the poor that were mentioned.

I've had some preliminary conversations with some members of the Obama team who are showing a lot of reticence when it comes to putting kind of a frontal assault on poverty itself, making the argument that we shouldn't necessarily be focused on addressing poverty, we have to focus on the economy at large and what benefits the middle class will also benefit those that are low income.

And so I want to ask a question that's both about strategy and messaging as much as it is about pure policy. When we're talking about cutting in poverty in half over ten years, to what extent do we have to have targeted and focused policies that are about addressing the needs and the struggle of low income Americans versus kind of an approach that is much broader that may end up resulting in a lot of the same outcomes?

MS. BLANK: I think this is a both and, and it depends upon what the issue is as to where your strategy focuses. There's no question that, you know, broad universal programs like Social Security have had an enormous effect on poverty among elderly Americans, and you know, that agenda was not necessarily just about poverty, but it certainly was about poverty, as well as other things.

Unfortunately we are in a time right now where large universalist programs are very expensive. I realize this doesn't look like a

likely statement given the current bailout we're doing, but, you know, over the longer run, you know, the government deficit is such that initiating large, more universalist programs I think are going to have hurdles that are going to be very, very hard to overcome. And the call for effective government programs effectively spent, to me, means targeted programs. But that requires leadership that can then express why we need to spend money that are focused on low income persons and low income families and not broadly spread to the middle class up to, what was it, 200 to \$250,000 a year.

MR. TAYLOR: Wait a minute, you said you – poverties are.

MS. BLANK: Yeah.

MR. TAYLOR: So wouldn't that call attention to poverty?

MS. BLANK: No, I'm sorry, it was exactly what I was saying, was that I think you want targeted programs that focus on poverty. And a poverty – would help that, but at the end of the day, you've got to have, you know, the people who are really in public leadership, and that's not going to be the poverty – that's going to be the President and the key people in Congress and elsewhere talking about, you know, why targeted programs are needed, and why, indeed, we, as America, should help the poor as opposed to always talking about the middle class.

MS. GLOVER BLACKWELL: I think that we do best as a nation when we have a broad universal aspiration and then we work to

see how everybody can need it. So I think the aspiration needs to be to build a society in which everybody can participate and everybody can prosper. And then when you look at people who have recently lost homes because of foreclosure, we need a target strategy there so they can prosper. When you look at people who live below the poverty level, we need a target strategy there. But we need to have an aspiration that puts us all on the same page of what we want and then targeted strategies that allow every segment of the population to be able to get there.

MR. MILLER: Hi, I'm Vic Miller from Federal Funds Information for States. I was at OMB when the Carter Administration came in and I saw that administration spend what was then considered to be a huge amount of money on a stimulus package on things like public service jobs and local public works and inner recession physical assistance and unemployment insurance.

And then I went up to the Hill and worked for Senator Muskie and watched the administration floundering because it had nothing left to give out, and nothing left to trade, nothing left to do to finance its agenda. Are we in danger of doing the same thing now, spending so much on a stimulus package? We won't have the ability to make systemic changes and direction of reducing poverty.

MS. BLANK: You know, any economist who's watched what happens over the last three to four months, you know, anyone who claims

they can explain this or understand how we got here or can guarantee that I know exactly what we should do to get out of here is just lying, okay.

But, you know, things look rocky enough that I actually, you know, I agree with most other people who've been looking at this saying that it really is time to throw business as usual out the window and say, no, we're not going to worry about government deficits in the long run, no, we're not going to worry about – we just need to get some funding out there, we need to stabilize financial markets, you know, even though that costs us money and even though we're going to be giving money to companies, we may not like some of the ways they're behaving, we need to go in and stabilize mortgage markets and housing, and this cost big dollars.

And I just don't think we have another choice right now. This is an economic crisis, and in a crisis, you know, you sort of throw caution out the window and say we'll spend what needs to be spent. That will have some long term implications.

MR. DE PARLE: Sir.

MR. MILLICAN: Al Millican, American Independent Writers. What do you know about the work being done and government benefits being received by immigrants, legal and illegal, that effect overall poverty and opportunity?

MR. HASKINS: The Welfare Reform Bill in '96 quite dramatically changed immigrant eligibility for welfare programs. Illegal immigrants, undocumented, have never been eligible for anything except for emergency medical assistance, and under a few circumstances, their kids are eligible for things like foster care if they abuse them, but mostly they have never been eligible.

What the Welfare Reform Bill did was make millions of immigrants, in the first five years after they get here, especially new immigrants, not the old ones, because we didn't want to change the rules on them abruptly, so generally immigrants are less eligible for welfare benefits in the past.

Now, after the bill passed, there had been some modifications, so there is more eligibility for food stamps. And states were given options with Medicaid, and they largely have picked up those options, surprisingly. So even though the federal law allows states to give almost nothing except food stamps to immigrants, there still is a fair amount of welfare use by non-citizens, but much less than there used to be, we have pretty good data on this, and it declined quite substantially.

MR. DE PARLE: Becky, I want to go to the audience again with another question, but I'm going to exercise my prerogative to harass you one more time about a word you left out of the memo. You didn't say anything about inequality, and we're coming through decades of growing

inequality that has at times been justified by the argument that the people at the top are worth, in an economic sense, the money they make because the decisions they make in leading major corporations are just so important that they –

MR. HASKINS: Kind of like GM, right?

MR. DE PARLE: So do you think that the financial crisis in some way erodes what's been the – an intellectual justification for growing American inequality?

MS. BLANK: Well, the financial crisis erodes inequality. I mean, you know, we've seen the largest destruction of wealth since 1929 over the last several months, and I don't know how quickly or slowly the stock market is going to recover, but the short term effect on inequality is going to be a very quick compression, at least in terms of wealth distribution.

MR. DE PARLE: Do you think it'll change the long term conversation about inequality and erode some of the justification that's gone to a win or take all?

MS. BLANK: I guess I have a slightly cynical response to that. I mean, yes, I do think on the margins that there's going to be some of that effect, but my general reaction is going to be that the people who want to argue are folks who make, you know, multi billions of dollars a year do it because of merit, are going to as soon as they take their

government bailout checks and find that their local company has stabilized, go right back to making that same argument.

I don't think this is going to get rid of the long term strain in American politics that says inequality is basically the distribution of just desserts to those who barter.

MR. HASKINS: But I think the bigger question, maybe not the bigger, but another very big question is the question at the bottom, and there I think the evidence is very strong. We had a, you know, maybe ten – 15 year period starting in roughly 1980, where wages declined quite substantially, and then they increased quite a bit by total coincidence, pretty much – with the beginning of the Clinton Administration, that's a joke, but it wound up essentially not changing in 30 years. So when you have people who take and work full-time, and their income has not increased in 30 years, their earnings have not increased in 30 years, that is a really serious underlying problem in the economy, and I think it's probably because technology and trade and all the things that we, you know, globalization, all the things that we're concerned about, but the question is, what are you going to do about it.

I think the only possible answer is more education, so people down at the bottom of the distribution have to get more education, but that certainly is a long term solution, it's going to take us a long time to get out of it. But we have a really serious problem with wages at the bottom of the

distribution in the United States, and it's going to be with us for a long time, and it's going to contribute mightily to inequality.

MS. GLOVER BLACKWELL: Just one thing on this; your question really was whether or not this crisis is going to cause us to think differently about these high salaries that people who have been running corporations have been getting. I think one thing about this crisis, it's the first thing since 911 that has caused the country to pause and realize we're really all in this together, we really are all interconnected, that there are things that happened that impact us all.

And I think that once you sort of get there, that that could change the way we think about a lot of things, that it could change the attitude in the boardrooms when they're looking at high salaries, it could change the way we think about poverty. It's a moment, we could decide to do something wonderful with it or we could just move on. But this notion of we're all in this together is the thing that is front and center right now.

MR. DE PARLE: The woman in the purple that has been waiting patiently, please give her the microphone.

MS. GOLDSTEIN: Naomi Goldstein with the Administration for Children and Families. First, for Becky, you suggested that we should invest in evaluating neighborhood based approaches, and I'm wondering how you would propose to best do that since we can't use random assignment methods? And second for Mr. De Parle, you suggested in

your book and since that welfare matters surprisingly little to low income women, and I wonder if there's anything you've heard today that would run contrary to that experience and view?

MS. BLANK: There are always multiple evaluation strategies. You cannot do randomized experiments when you do neighborhood-wide – though you can, you know, basically have neighborhoods bid for, you know, being the promised neighborhood, and you know, there's going to be a winner, there's going to be a loser, and you compare those who just were over the margin in terms of winning versus those who were just over the margin in terms of losing and see how they evolve over time.

I mean you basically need to find comparable neighborhoods that look comparable in the base period for a whole variety of reasons and compare them going forward. Are there problems with that type of evaluation strategy? Absolutely, but, you know, there are problems with all evaluation strategies, and you need to do that as well as you can. And I think we've actually made some real progress in some of the work that we've done around other welfare reform initiatives in improving on exactly those sorts of comparable neighborhood strategies.

MR. DE PARLE: So the question to me was whether I have come – how important I think welfare was in the lives of low income single mothers. Well, I think the statistic that you site would suggest that it was

less central than the '96 debate, typically presupposed, which the argument then was, if you get rid of welfare, great things are – probably will no longer have this disincentive to work and marry and they'll prosper and things will change dramatically, and the argument from the left was, if they no longer have this safety net to rely on, there will be a dramatic deterioration in their condition, and I think neither one of those prove to be the case, and that by and large, it was less central both economically to peoples' well being, and more as a – less central as an incentive to their behavior.

MR. HASKINS: I would offer a data based exception to that generalization, which is that poverty among children and female headed families declined by about 30 percent. Even after 2001, when some mothers became unemployed, it still today is about 25 percent lower than it was in the average – the four years before welfare reform. So I think something permanent has actually happened. We have a much higher fraction of single moms working, and they're collecting very generous government benefits, and they are better off financially than they were before.

MR. DE PARLE: And we have time for one last question.

MS. KEBINS: Hi there, Lisa Kebins just a couple of votes. We actually are operating some marriage programs in Las Angeles and Chicago. In the 20,000 that we've served in the last two years, the

average income has been less than 10,000 for each individual. So what that's telling us is that, like the story of the vegetables and fruit, we are providing a service that folks are wanting to come and access.

I think the other piece I wanted to mention was on the promising neighborhoods. It wasn't too long ago that we had empowerment zones. And I don't know how the promising neighborhoods compare to the empowerment zones, but I think it would be worth evaluating that, because I think from the ground level up, there was a lot lacking in that initiative.

MS. GLOVER BLACKWELL: I don't think that the promise neighborhoods have anything in common with the empowerment zones, it's a different concept completely. This is really focused on children. It focuses on children in the context of the communities where they are, but it is really being able to have a high quality school, and to make sure that that – the children enter that school ready to learn, so a high quality early childhood program, a program that also looks at the young people in the community and draws them into service, and draws them into work and to understanding the contribution that they can make.

It pays attention to the health and wellbeing of the children, getting – focusing on asthma and really developing community based strategies to deal with asthma. Throw the empowerment zones out of your head when you hear promise neighborhoods, no connection.

MR. DE PARLE: Does anyone on the panel have anything urgent they need to say? After a stimulating discussion like that, one often does. Then please join me in giving a round of applause to our panel.

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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.

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