

THE BROOKINGS INSTITUTION

A POVERTY AND OPPORTUNITY AGENDA:
WHAT'S IN STORE FOR THE NEXT FOUR YEARS

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Introduction:

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Keynote Address:

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Senior Fellow, Hudson Institute
Former Deputy Secretary, Department of Health and Human Services

Moderator:

RON HASKINS,
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Panelists:

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P R O C E E D I N G S

MR. HASKINS: Welcome to Brookings. My name is Ron Haskins. I'm a Senior Fellow here, and along with Belle Sawhill we run a center here called Center on Children and Families.

So, the question is why are we doing this event? And I think there are at least two good answers to that. The first one is if you're like me, you're sick of all the discussion of the Fiscal Cliff and the deficit crisis and Social Security and Medicare and so forth, and hardly any discussion of poverty, opportunity, and the programs that we all know and love. And so we would like to focus our attention explicitly on those issues this morning, and not enough attention has been focused on them during the whole election season for that matter, as well as since.

And then the second thing is that it's not impossible to budget (inaudible) will involve cuts in some of these programs. It's very much up in the air now. If the sequestration were to go through, for example, there would be substantial cuts in Head Start. There would also be cuts in other programs that we know and love, like housing programs and education programs. So, these programs -- and usually we're talking about how much to expand them, especially in the last several years, and now we're talking about there's a very good possibility they'll be cut.

So, all these issues are extremely important, and we ought to focus attention on them, and I expect tomorrow morning in the *Washington Post* and *New York Times* the headlines will be all about these programs, because Brookings addressed them, so. (Laughter)

Now, Belle and I are pleased to be able to sponsor this event with Spotlight on Poverty and Opportunity, which is an organization that both of us support and advise since its inception. It's a nonpartisan initiative that aims to bring together diverse perspectives from the political policy, advocacy, and foundation worlds to find

ways to reduce poverty and increase opportunity in the United States. And both our Center on Children and Families and Spotlight are supported by several foundations, especially Annie E. Casey.

So, then we have two terrific keynote speakers. Right now we have one. (Laughter) Soon, if we're lucky, we'll have two, followed by an equally terrific panel, and we're featuring people most of whom have a scholarly background, a lot of history of writing, but also people who have had extensive experience in government. So, we're trying to represent both those worlds in there that amount to prognostications today about what's going to happen.

So, let me just say one word about each of our keynote speakers.

First, Gene Sperling, who will be here momentarily. He may be here already. He has to do a couple of things first. And Gene, as many of you may know, has had a brilliant career in Washington. He's the Director of the National Economic Council, and I believe it's correct to say that he's the only person that has held that position in two administrations -- in both the Obama and Clinton administrations. The only thing that would be more impressive than that -- for those of you who don't know, that is probably the -- in many administrations, the present senior economic advisor. What could be more important than economics?

So, the only thing I think would be more impressive than having done it under both administrations is if one of the administrations had been Republican, the other had been Democrat -- then that would really be something to talk about. (Laughter)

And then Tevi Troy, who's a former Deputy Secretary of HHS. He's held several senior positions on the Hill and in the Bush White House, where I first met him, and if Romney had won, Tevi would probably be the most popular man in Washington, D.C., because he was in charge of the Domestic Transition Team, which means everybody would be coming to Tevi, telling him what a great guy he is and oh, please,

give me a job, you know. (Laughter)

So, we're very privileged to have both of them here today to reflect on what the meaning of the selection is for social policy, and we'll begin with Tevi, and then if Gene is here by then he will speak and then we'll have a chance to ask questions. I think Gene may have to leave, but if he does, I'm going to pester you with all the questions and you'll have to be half Democrat and half Republican, which will be --

MR. TROY: Applicable.

MR. HASKINS: Yeah, good, okay.

Tevi Troy.

MR. TROY: All right.

Good morning.

ALL: Good morning.

MR. TROY: Thanks, Ron, for setting this up -- Belle. My predecessor at Domestic Policy Council, John Bridgeland. Good to see you.

I'm reading Robert Caro's series on Lyndon Johnson right now -- the third book is the one I'm up to at the moment -- and in the book he tells a joke that Lyndon Johnson used to like to tell. The joke is about a man desperately in need of a heart transplant. The man has three options of possible donors. The first donor is a 23-year-old who died in a skiing accident. Terrible, tragic thing. The second one is a 35-year-old teacher who died in an automobile accident. Also a terrible, tragic thing. And the third one is a 79-year-old Republican banker who died of old age. Well, when faced with these three options, the man says I'll take the 79-year-old Republican banker, and the doctors are incredulous and they say why would you want that one? He said well, if I'm going to get a heart, I'd like to have one that hasn't been used before. (Laughter)

Now, I see the humor in the joke, begrudgingly I must confess. Lest you Democrats out there get too excited, just recall that there is a corresponding Republican

joke about brain transplants. (Laughter) But, nevertheless, the image that Lyndon Johnson was talking about, (inaudible) 50 years ago, is one that I find very disturbing. It's one that really bothers me, profoundly bothers me.

In fact, I always tell my kids not to use the word "hate," but I hate it. I hate that Republicans are seen as the party that is not the pro-poor party, that the Republicans always are tagged with this image of not being in favor of the poor. And it's particularly bothersome to me, because I've dedicated my life to trying to come up with good policy that is helpful to all Americans, particularly those who need the most help.

So, this has been a theme of my life throughout my career in Washington and is something that has really inspired me. In fact, it inspired me to come to Washington to begin with; inspired also by people like Ron Haskins, who's been groundbreaking in his -- that's a Republican in his work on how to find good policies to help the poor.

So, it's really something that inspired me from a very young age. I grew up in New York City at a pretty rough time in New York City history. I was growing up in the late 1970s. You had a disastrous budget situation. There's the famous headline of Gerald Ford telling New York City that he wouldn't back up the New York City bonds, and the headline in the *Daily News* is "Ford to NY: Drop Dead."

But it wasn't that particular situation. As we could see, debt's been a problem in American politics before. But there were also some other more unique situations. Graffiti was terrible, crime was out of control. There was just the sense that things weren't working, and the thing that inspired me to come to Washington was this notion that there had to be a better way, that we had to find a different way of doing things.

And I saw some examples in my young life when Ed Koch became mayor of New York City. He was a Democrat, to be sure, but he also talked about things

in different ways. He went out and he balanced the budget in New York City, which people didn't think was really possible. He started a conversation about crime where he didn't necessarily -- he was willing to criticize the criminals for what they were doing, which is also somewhat groundbreaking. And he started a conversation about crime that was continued later by Rudy Giuliani, and Giuliani implemented policies that really helped bring down crime.

You know, crime around 1990 in New York had about 2000 murders annually. There was one year it actually had 2200 murders. And there was this day that made all the headlines this week where there were actually no murders in New York City. It was a completely murder-free day, which is a great thing, and we really made a lot of progress, and that, I would attest, is also a form of social policy, because crime has serious and greater implications for the poor, who are often in the neighborhoods where they get hit worse by it.

So, I got this sense. I saw in my young life that there are better ways of doing things, and that's what inspired me to come to Washington to see if we could put some of those things into action. And in doing so, I've been long governed by two rules, and I'm going to talk about a third new rule. But I've been governed by two rules.

The first rule is that more is not better. This is different than the old modernist architecture rule that less is more. Less is not necessarily more, but more by itself is not better. It does not lead to better results. And so we've seen in the war on poverty -- we mentioned about Lyndon Johnson earlier. Lyndon Johnson initiated the war on poverty, and by some estimates we spent over \$13 trillion in fighting the war on poverty.

There's the old joke, not quite accurate, but that we fought the war on poverty and poverty won. I wouldn't say it's a question of winning or losing, but poverty is still endemic and still with us and something that must be addressed, and maybe we

need to think about better ways to do it.

We spend about a trillion dollars a year, and every year we spend more and more money on poverty. Each year we spend more and more to do it, and the problem is not going away. We have 122 separate means-tested programs in the federal government. It seems to me too many programs, not enough focus.

In addition, in the Obama administration we've seen an increase of about \$183 billion in means-tested programs over the course of this administration thus far. And the results in poverty are not encouraging. Poverty was about 13-1/2 percent when the administration began; it is now at about 15 percent. So, we are not getting good results, and we need to look at what we're doing and try to come up with a better way of doing things.

I said I had three rules. The second rule is about a way of going about things, and the second rule suggests that individual choice and individual responsibility are better ways of going about things, and they always lead to better results.

My friend Ron Haskins and Belle Sawhill have this book on poverty where they talk about the three ways to bring down poverty. What are those three ways? You have to finish school. You have to -- Belle's looking at me very carefully, so I'm not going to get these wrong. (Laughter) You have to -- in fact, she wants to get up and say this.

MR. HASKINS: She'll get you.

MR. TROY: You have to finish school; you have to work full time; and you have to have children inside marriage -- or not have children out of wedlock is another way of putting it. I got the three right, right? Those are the three things. And those three things -- they sound very simple, but those three things will bring down your likelihood of falling into poverty from about 12 percent to about 2 percent. Now, that, ladies and gentlemen, I will suggest is a good result.

And could you imagine if we can get the poverty rate down to 2 percent? That would be tremendous. Now, I'm not just saying it's easy to do or we snap fingers and make it happen, but I am saying that we need to look at policies that lead to those kinds of results.

For too long we had the old AFTC program, which -- Ron Haskins, also Tommy Thompson, the governor of Wisconsin -- also Hudson Institute, where I work, were instrumental in helping bring about change in that old AFTC program that actually discouraged marriage. There is an incentive against marriage within the program. Now we have the follow--up -- the TANIF program -- and we've seen some better results. There's more work to be done, but there are better ways of doing things, as we've seen, as I said, in crime, in welfare policy. There are changes that have to be made and that can be made and ones that really promote individual responsibility and individual choice.

I mean, you should also think about the shape of our policies. The two fastest growing sectors of the economy are in health care and in education. Lord knows, we spend a lot of money in both of those areas and not always with good results, going back to the first rule. If you look at D.C., D.C. consistently has the most money spent per student on education here, but we don't necessarily get the best results from D.C. schools. In fact, they're often near the bottom. But in these two areas, areas where you really have a lot of economic growth and a lot of -- a generation of revenue, too often the revenue goes to bureaucratic establishments that are helping middle-class professionals rather than actually helping the poor.

In education, for example, the number of education administrators rivals the number of teachers. So, our programs are not necessarily helping the people that we want to help.

So, it seems to me that these two rules suggest that we need to look at a different way, and I appreciate the work of Ron Haskins and other Republican thinkers on

this who have been making these suggestions for a long time, and we need to keep pushing on those fronts.

Now, I said I would mention a third rule, and this is one that has come up relatively recently, but it relates to the debt crisis that we face, and the rule is in a crisis the poor get hurt first and worst.

This is an unfortunate situation, of course, but we face an overwhelming debt problem. We have a \$16 trillion debt problem. In fact, there was this incident before the election where President Obama went on the David Letterman show, and he was asked what the size of the national debt was, and he said he didn't know.

Now, I told this story for two reasons. One is that I just find it flabbergasting that he said that. Second of all, I'm working on a book right now about presidents and pop culture. So, there is kind of an episode in the book that shows the President going out there, and the President really had a heavy focus on soft media before the election, not focusing on -- sometimes to the chagrin of the White House Press Corps, who didn't get the interviews they wanted. But the President was going out there (inaudible) not really expecting questions like the one Letterman presented him with. But when he was presented with it, he needed to present the answer, and I'm sure he did know the answer, which is, as I said, \$16 trillion and growing by over a trillion dollars a year.

Our Medicare deficit is greater than the annual deficit in Greece, and we all know what's going on in Greece. And our debt per capita is greater than Spain, Italy, and Greece. This is a real significant problem, and as my rule suggests, the poor, if this thing blows up, if we have an economic collapse as a result or a downgrading of our fiscal situation, the poor will get hurt first and worst.

And there are three reasons for this. Number one is that economic opportunity dries up in a financial crisis. The jobs at the lower rungs will be the first ones

to go. The people who -- when they are consolidating they look for the low-wage jobs first. Those are supposedly the easiest ways -- or they're definitely first ways -- I'm not saying they're the best ways, but the first places, the first jobs to go when economic opportunities and jobs dry up, this hurts the poor more.

The second is with respect to social programs, and I talked a fair bit about doing things a different way, having a better way of doing things. But if we have this kind of fiscal collapse where we need to make cuts fast, we won't be looking at a better way, and if you look at what the Democrats are saying versus what the Republicans are saying -- the Democrats are saying let's continue to spend on these programs at continually higher rates. More is better is the approach. We won't be able to do that, so you'll have cuts.

But you won't be able to do the Republican approach either, which is smart-targeted reforms. You will just have indiscriminate cuts, and those indiscriminate cuts won't serve either party's rhetoric, but they won't serve either party's interests nor will they serve the poor. I think they will be disastrous, and they are something I am very worried about.

The third reason that the poor get hurt first and worse in these situations is the wealth gap. The poor have -- it's like the old Fitzgerald Hemmingway line that the rich are different than you and me -- yes, they have more money. Well, the poor are different also, because they have less wealth. They not only have less income, but they have less wealth. In fact, there's a study by the Federal Reserve. It's just that the people in the lowest economic quintile have under \$10,000 of wealth. It's not much of a cushion to fall back on should there be an economic crisis, should jobs dry up, and then should social programs be cut indiscriminately in a way that nobody want to happen.

So, these are the three really iron-clad rules, as I see them, of how to deal with social policy. And we need to start getting smart and thinking about them.

There are things that can be done. We've had successes in the past. All right, if you look at the debt problem -- I know Ron said we don't want to talk about that today, but let me just say briefly that after World War II our debt was about 109 percent of GDP, and we got that down to about 60 percent of GDP by 1960, which is a much more manageable -- certainly not optimal but much more manageable figure. And we did it by holding the debt level under control as the economy grew. That is a workable strategy for today as well and something we need to think about. But there are steps that need to be made to make that happen, and those have to happen largely on the spending side.

So, we need to think about that. I think things can be improved. I think we can make some of these changes, but I think we need to have these ideas in mind. So, my attitude and my belief and my career have really been dedicated to these notions that there are better ways to address the question of poverty. It's a large problem. It's a significant problem. It's a worrisome problem. But I don't think it's an unsolvable problem. And if we apply smart solutions, we can get there.

Thank you very much.

MR. HASKINS: There's supposed to be a little guy that comes out here and puts our mics on, but let's assume that he's not going to be here on time, and let's put them on and --

SPEAKER: Here he comes.

MR. HASKINS: Aha. Okay. So, Gene Sperling is here.

Thank you so much for coming. I just want you to know that the only thing that I would repeat from the introduction, and generous introduction I gave you, was that you are the only person, as far as I can tell, who's headed the Economic Council in two different administrations, and I was pointing out to the audience, the only thing that would be more impressive is if one of the administrations had been a Republican administration and the other one a Democratic administration. (Laughter) So, thank you

so much for coming. The mic is yours.

MR. SPERLING: I have some impressive critics who would challenge what you just said though. (Laughter) All right.

Well, thank you for having me. It is great to be here and intimidating to have the experts like Ron and Belle, and it is -- so many of my friends on the panel to come -- Jared and John and Mona and others, and so thanks for having me.

I'm not going to pretend that I am not in the middle of a whirlwind at the moment. (Laughter) There's a little issue going on. So, I am coming from one thing to go back to speak with the President before he goes and speaks to the Business Roundtable and, as Jared would tell you, it's kind of like one rolling meeting day in there - - Mona will tell you in these situations.

But I am happy to have a chance to come speak about these issues.

Now, when I was -- you know, I hope I remember this, but one thing I learned on poverty discussions was -- I remember when we held our first deputies' meetings in 1993, people kept saying you can't silo any issue, so you have to talk about the whole thing, which was great conceptually. In terms of running a meeting? Not so good (laughter) because it's so large and unwieldy, and so I am not going to attempt today, in my 10, 15 minutes, to give you the comprehensive vision. But what I'd really like to do instead, knowing that you've got a great panel coming up, is just flag a few issues perhaps for thought or consideration, some related to what we're talking about right now.

You know, the first thing I'd say -- and I say this everywhere I go, and I say this to our own team -- is that when we're here in Washington -- it is so true -- we get so lost on what are the means and what are the ends? We start looking at these metrics that define us, that are important. Revenue, debt, spending (inaudible 00:22:19) the economy -- they're all very important. But they are still metrics -- means to an end.

They're not the end goal of economic policy. The end goal of economic policy is about whether you have an economy that supports the fundamental values that people in that society believe in. And for us, I believe that -- that is, does the economy work to build and strengthen a strong middle class, which is growing enough that it makes room for those who are poor to work their way up without pushing anyone out? That is very fundamental to our vision of ourselves, that we are a country where there is room and a ladder for those to move up. And you need a growing economy. It is easier to have a melting pot with a growing pot.

Secondly, are we a country where people who work hard and take responsibility can retire with dignity, work with dignity, raise their children with dignity?

And, finally, are we a country where the accident of your birth is not overly determinative of the outcome of your life? I mean, that's the true test. Those are the true goals of what we do. And how we deal with -- issues of poverty are humanitarian, they're moral, they're religious; but they also go to that fundamental view of is our economy living up to those values, that it is not the accident of your birth, and that we are not a country that is indifferent or thinks you are on your own.

So, let me just -- rather than run away from all the budget issues that consume us now, let me draw a connection on a couple, and let me just flag a few issues and then get out of the way so that your excellent panel can go forward.

Number one, I'm very proud of what President Obama has done in the middle of these very difficult fiscal times to ensure that issues that affect poverty, the working poor, have been prominent and fought for. It's not that you score political points by doing that. It's not that you move red states to blue states. It's what you do because it's the right thing to do. It's your values; it's what you believe in.

Even in these difficult times, programs like Head Start, Pell Grants are prioritized. They are fought for. They are the things we go to the wall for in every CR

and every appropriation. It's not an easy thing to have Head Start 1.2 billion ahead of where it was when we started or Pell Grants with nearly a thousand dollar higher for the maximum award, far larger than we've seen at any other comparable period. And so I'm very proud that that is the priorities of the President, not just in rhetoric but at the bargaining table, what we die for, what we fight for.

But I also want to say that -- and this is where you do have to care about the budget negotiations -- that we need to think very much about the structure of not simply whether we cut spending but how we cut spending.

Right now, if you look at what's happened so far, the most significant spending cuts have all been on the discretionary side. Some of those have been in defense. A significant amount have been in domestic discretionary spending.

Now, that's kind of boring -- domestic discretionary spending. You can sometimes refer to it as NDD for non-domestic discretionary spending or non-security spending when you define the other half as being security as opposed to defense and non-defense. Very important for those of you who are on the international side -- shift sides. So, it's all very boring, and it all seems a bit like a kind of undefined amount of resources. Therefore, it seems easier to cut.

We have already reduced discretionary spending, non-defense. Domestic discretionary spending is now on a path that by fiscal year 2015 or fiscal year 2016 it will be the lowest as a percentage of our economy since the Eisenhower administration. Truthfully, just since the record started -- they just started in '62, so we know it's the lowest since the Eisenhower administration. That's a lot. And I think that, unfortunately -- or fortunately -- it's been necessary as part of what you have to do when you inherit a one-trillion-dollar deficit.

But I want to make clear, you cannot profess to be somebody who cares about early childhood or Pell Grants or low-income housing programs for the poor and be

for continuing deep cuts in non-defense discretionary spending. You can't -- and you can't be for those things and decide you're not interested in that, that that is some boring, wonky thing that people like Gene Sperling are burdened in life to have to deal with. You need to care, because -- let me tell you something -- those numbers are tight now. They are very tight. And at some point you start just trading off between whether you want a nutrition program or you want biomedical research or you want early childhood. And that's not a good place to be.

But when you keep lowering those caps so deeply, if you were to cut discretionary spending, domestic, another 20 percent, as a House Republican budget would be, you would make it impossible to have progress in many of those programs. And, remember, some of these you have to have more funds in just to keep up with inflation. In other words, if you don't have an inflation increase in Head Start, you drop kids off. You can't even have the comfort that you're just keeping things the same.

Now, I want to also just say why this should be important, too, if you're on the fiscal side. Belle and I and others who were around at the beginning of the Clinton administration -- those who made the case that we needed to get our debt and deficits under control because of the baby boom retirement -- almost always based it on two things, not just that we were worried that the budget would crowd out private capital but that the increased stress with the baby boom retirement would crowd out our ability to invest in the young and the future.

So, I think that was part of the progressive vision of fiscal discipline, that by being smart on entitlements, by being smart on revenue we would not only not crowd out private investment, give more confidence, but we would not crowd out the ability to do significant things on early childhood. We would not crowd out the ability to do significant things on medical research, infrastructure, things that invest in our future and make the next generation richer, not poorer.

So, for us now to decide that because it's easier and less defined to simply keep cutting non-defense discretionary spending turns that whole goal on its head. It now says because we can't take the political heat from raising revenue on the upper income Americans that we will just cut domestic discretionary spending and pretend we're not hurting poor people, we're not hurting poor children. We'll just pretend it's just a tough issue for the OMB budget experts to figure out. That becomes true to a point but at a point you get past and you will inevitably be hurting the types of investments in our future that should be the one thing we never give up on. So, you need to care.

The number two point I want to make is it is important to recognize where we have made progress, not to be self-congratulatory but to understand the importance of protecting the gains you have made.

Since 1993 there have been some important victories in the war on poverty, and they have happened particularly through the decision that tax cuts would not be denied to those who were the working poor. It was a decision that when you are giving tax relief you should not deny that to the people who are most hard pressed where that tax relief would do the most for them, raising their children with dignity or having a chance to move up.

The expansions of the Earned Income Tax Credit in 1993 -- and here is real wonkery but important; in 1997 the decision -- we did the Child Tax Credit to stack that first in the order, so we essentially increased the Earned Income Tax Credit again substantially in '97; President Obama's increase to help larger families and reduce the marriage penalty that you heard discussed earlier. All of these have had a significant impact. You include this with the Child Tax Credit.

Now, you talk about anecdotal things people always want, like big numbers, real numbers that show you've moved the dial. Look at not the official poverty rate, which is outdated and doesn't include food stamps or the refundable tax credits;

look at the supplemental poverty measure. In the '90s when we came into office, we were just coming in after a recession, a kind of average recession. Nonetheless, the poverty rate under that supplemental version had shot up in a couple of years by 2-1/2 percent from around 15.4 to 17.8. So, an ordinary recession rightly measuring poverty or at least better including some of the positive things shot the poverty rate 2-1/2 percent because of -- significantly because of the increases in the Earned Income Tax Credit and the Child Tax Credit.

When we went through the worst recession since the Great Depression, the poverty rate lifted only .8 percent, one-third the level, in the worst recession, mostly because of progress that had been made, so that by that measure, in 2011, two years after the worst recession since the Great Depression, the supplemental poverty rate number was 1.7 percent lower than in '93 when we came into office a couple of years after. That is a very, very significant thing. And as we are looking at tax reform and budgets, it's important for people to understand that matters. In 2010, all of the news headlines were about the tradeoffs on high income tax cuts, but extended in there was the increase in the Refundable Child Tax Credit and Earned Income Tax Credit. That helped about a thousand dollars' worth to the typical low-income family, covering half of all African-American children.

So, do not overlook this. This is where progress has been made and progress should be maintained.

I'm going to just flag a few things, you know, quickly, just for your discussions.

Third point. I do think that focus on showing greater support for fighting poverty link to work is effective policy. I also think it is more easily supported by the values of the American people. The line "No parent who works full time should have to raise their child in poverty" has resonance, and things that promote that are helpful. We

don't usually talk about it that way, but I think the Affordable Care Act is one of the great steps in progress to rewarding work, because no longer does somebody in the hard pressed working poor have to ever fear that they are somehow worse off without health care because they are working than if they had simply been at a much lower income and on Medicaid. You cannot underestimate how important that is in that type of progress.

And I think other things -- the TANF Emergency and other things that give wage subsidies to low income are again the types of things we should be looking at.

Fourth point worth thinking about. One of the things President Obama has tried to instill in us is what I know a lot of people here would support, which is evidence-based policies. Our Education and Innovation Fund in the area of early childhood -- we've had not only the Race to the Top Early Childhood, we've had the whole nursing program based off significant evidence. The career academies, so many of the things that do go on, we are looking at the evidence where it exists.

But two points. One, we obviously need more; and secondly, we have to make sure we don't apply a double standard to programs for the poor. I mean, I am all for evidence-based evaluations on programs for the poor -- when they are used as ways of making sure we are reforming our programs and doing things better. But when they are used to suggest if you haven't hit the bid at a high level, it is therefore not an appropriate role for government. Then you are simply applying a double standard to programs, to poor people, that is not applied at the Pentagon or anywhere else. Even in medical research we don't sit around and say boy, that recent research in cancer didn't produce the cures; therefore, what an ill-fated mission for us to do research to try to solve cancer. We try to do it better. We do not use evidence-based to give up on what is a critical national mission, such as to ensure the children born in the poorest places still have an ability to move up.

Five, I think as our economy starts to recover we need to think about

where we will have uneven recovery, and I'll just point to long-term unemployment.

Jared, you have one of the real experts here.

But we all know you are unemployed -- you know, I can summarize the data without any studies -- you lose your job for three or four months, it hurts. You struggle, you cut back, you sell a car, you sleep on someone's couch. You lose your job for over two years, you lose your house, you often lose your spouse, you often lose your health, and you become part of the structurally unemployed. A recovery that does not have policies that deal with long-term unemployment is not bringing everyone along.

Secondly, housing prices are coming up. That is good for the economy. That will not help as much, though, in neighborhoods that are affected by blight. There are times you need smart interventions. Small amounts of money to our mayors to allow them to demolish buildings necessary to fight blight is going to be necessary to protect neighborhoods that were middle class, are fighting against poverty, and can become middle class again. But it does require, in this case, a little bit of assistance, something like the President's Project Rebuild proposal.

And my last thing, and then I'll sit down and go back to working on the fiscal cliff. Actually, I'm going to stay here forever as opposed to -- (laughter).

Sorry Ron, I'm going through the whole panel.

Now, I'm really -- I have not had the time and everything I've been doing to totally digest all of the discussion around Tough's book on *Why Children Succeed*. But I'm happy that discussion is happening, because I think we do not spend enough time on what actually instills high expectations, lasting motivation in people.

I'm very, very proud. One of the things in the Clinton Administration was that I was one of the fathers of the GEAR-UP program. And, you know, when we worked on that program, we thought to ourselves, you know, what really hit me was you just don't have any idea what a gift you are born with when you're born in a nice, upper middle-

class family with two parents who are both professionals. You have a gift. It is this gift of high expectations. It's like a magnet. You're like a teenager and you screw up left and right and somehow the magnet just brings you back. And then somehow if you come from the toughest circumstances, it's like the reverse. How many times do you hear about the young person from a difficult situation who does everything right. One little slip.

Now, some of that is socioeconomic. We make sure our kids don't get in that much trouble when they get in trouble, and people born in poor situations don't always have that network that saves them from themselves.

But some of it is deeper, and it's about deeper expectations. So, when the GEAR-UP program -- the idea was how can you reach kids at an early enough age in middle school to incentivize them to go to college, to have that expectation for people who have no one in their family who's gone to college -- the power of bringing them to a college campus to building that expectation. But then you'd look and see that that only had an effect that could be a sugar high unless there was a continuing care support, and that's how we designed that program that way. We need to keep looking at those types of models.

I'll end with this. My younger brother runs the Mosaic Youth Theater Group of Detroit, and I'll out him. When he started it, he just wanted to give lower-income African-American kids in Detroit a chance to do theater after they'd eliminated from the Detroit public schools. But after about 10 years, he had to try to explain something that was just almost inexplicable. His kids were from neighborhoods where 40 to 50 percent graduated from high school, and 20 years now his kids -- 95 percent have gone to college, and the other 5 percent have gone to the military. Now, I know, self-selection, motivated parents. Ninety-five percent over 20 years? What goes on there? Then you start thinking about it. You've got to be in a theater, in a play. You've got to be there; you've got to memorize your lines; you've got high expectations; you can't miss a beat.

And not only that, every kid who's above you -- you admire a senior, look up to, have a crush on. They're going to college. What happens? What is that factor? Maybe it's the grit; it's the perseverance. But if we really care, I'm glad we're having that discussion, and I think it's the kind of discussion that you should all have and feed into what this President does in his second term.

Thank you so much for letting me be here today. Thank you.

MR. HASKINS: All right, so we're going to make use of the little time we have available here. Tevi has to leave, because he has to give another talk, and besides that we're anxious to get to the panel.

So I'm going to only ask you two questions, and you're going to give short answers. Otherwise, you're going to be late for your speech.

All right, the first one is Gene said that the administration would go to the wall for various programs, and then he went on to say that if you cut these programs -- he wasn't clear about exactly which ones -- you can't make progress. This strikes me as the opposite of your rule about more is better. How do you -- we're going to cut these programs. Does that mean that they're all going to be worse? Does that mean we can't make progress?

MR. TROY: Yeah, it's a good question, and let me raise a couple of points first.

First of all, let me agree with Gene on two things. One is I like his talk about the importance to focus on ends not means. We want to get the right results.

Second is evidence-based. Evidence-based is very important. That's what you guys do here at Brookings and what we in the think-tank world do

Third point I have to make is that this is putting me in a little, slightly uncomfortable situation, because if I were ever on one of those TV quiz shows and I could have a lifeline to the question with social policy, Ron Haskins would be my guy.

So, I would be asking him what I think on these issues. So, I'm waiting for his guidance on these issues. But, nevertheless, I will proceed --

MR. HASKINS: You earned the \$10. Thank you.

MR. TROY: Okay.

But I think, actually, the answer is, to some degree, in Gene's point about firstly you've got to look at ends and not means. The metric of how much we're spending should not be the determinative metric of what is going to work. And, second of all, evidence-based. We want to look at programs -- you want to make changes where they will have the least detrimental effect.

And do I think he -- you've got to up the rhetoric about saying oh, you don't care about the poor if you won't want to make -- I thought he set up a bit of a straw man in terms of well, if you make any of these cuts then you can't claim to care about the poor. No. I think the only talking about indiscriminate cuts are in that universe that I imagined where the fiscal crisis has happened and we have to make indiscriminate cuts. Nobody wants to get to that point. Right now we are still far enough away from disaster that we can make smart-targeted cuts and still get good results.

MR. HASKINS: Okay, second question. Last night Marco Rubio and Paul Ryan, two of the new, young sources of life in the Republican Party and both with presidential ambitions -- I understand Ryan even made cracks about it last night about he and Rubio were going to fight for hotel rooms in New Hampshire and Iowa. They both talked about poverty and opportunity, especially Ryan. Ryan's talked about this a lot. We've had him here several times at Brookings. So, is this something truly new? Are they serious? Is this -- I can imagine a reaction to the Romney campaign where the PR - - not necessarily the facts, but the PR was that Republicans are indifferent to the poor, and you said it yourself in your opening remarks. So, the question is: Is something changing? Are Republicans really committed to helping the poor and paying for

programs for opportunity for kids?

MR. TROY: Can I first reject the premise of your question? because what I was trying say is that there is this perception, but I don't accept the reality behind the perception.

MR. HASKINS: Right. No. Yeah, that's what I said. (Laughter)

MR. TROY: And what I think -- you're a little too stark.

What I think is that Republicans have long had these conversations about opportunity. I mean, (inaudible 00:46:36) in society. This is not new stuff. But I think that Republicans have recognized that the perception is so great that it's a real significant problem, more than it's been in the past, and especially a problem if you don't really take on the tough issues.

I was reading recently that Ryan was saying that he wanted to go into inner cities and talk about these issues and talk about opportunity and the importance of getting on the ladder to economic success and that the current electoral map suggests that going into large urban areas in blue states doesn't necessarily help the presidential candidate's prospects. Well, I think we need to get beyond just looking at the electoral map and saying this is where we have our event of the day. We need to get our message out there about promoting opportunity and about getting people on that ladder of success.

MR. HASKINS: So, in one minute, what is the message? What specifically do Republicans want to do that we're not doing now or do differently than we're doing now that will promote opportunity and reduce poverty?

MR. TROY: Well, it gets back to Haskins as my lifeline, but I don't need to use a lifeline, because I've already internalized this, but the three points to getting people out of poverty, right?: Making sure you finish school; don't have children out of wedlock; and keep working. And our policies should be designed to promote those

things. So, we have work requirements in TANF, for example. Maybe we should consider work requirements and other means-tested programs. I'm not saying all of them or universally, but we should think about where can these work and how can we apply them. Encouraging people to finish work, maybe have some kind of linkage between completion of certain levels of education and then give opportunities (inaudible 00:48:15). If you finish high school, can there be scholarships for college or for vocational training. So, link the behaviors we want that do lead to reductions in poverty to the programs that we have.

MR. HASKINS: Okay, good.

Tevi, thank you very much for coming. You're off in time to make your next --

Thank you.

Right now without leaving, we're going the panel out and start the panel discussion.

Jared, you need to sit right here on my left.

MR. HASKINS: All right. So let me just say a few brief things about the members of the panel, then they're each going to make opening comments, then I'm going to ask them some questions, and then we're going to give the audience a chance to ask questions.

So, first, my wonderful colleague, Belle Sawhill, who's a Senior Fellow at Brookings, and a former Associate Director of OMB.

I'm going to give very short introductions because you have all kinds of biographical material. And if any panelist is so moved, we'd love to hear about your background if you don't think I tell enough.

So -- JoAnne Barnhart is a former head of the Administration for Children and Families, and a former Commissioner of Social Security. I think it would be accurate

to say, in the Gene Sperling tradition, that you're the only person to hold both of those key positions. So she was the queen of poverty, and then the queen of Social Security. So that's quite a combination.

Mona Sutphen, who's the Managing Director at UBS AG. And formerly, she was the Deputy Chief of Staff for President Obama. So, again, a background in both the Washington scene and, in her case, in the private sector.

John Bridgeland -- Bridge is the President and CEO of Civic Enterprises. And he was the Director of the Domestic Policy council in the Bush administration, where he often started the day telling me what to do. So I'm going to try to get revenge during this panel.

MR. BRIDGELAND: Right.

MR. HASKINS: And then, Jared Bernstein, a Senior Fellow at the Center on Budget and Policy Priorities. And he was formerly Chief Economist for Vice President Biden.

Now, I have not given justice, by any means, to their backgrounds. But I think we want to hear more what they have to say about this than we do about their backgrounds.

So, each panelist will have an eight-minute opening statement. We'll begin with Belle Sawhill.

MS. SAWHILL: Thank you, Ron. Very frustrated that I only have eight minutes, because there's a whole lot I'd like to say. And, particularly in response to two wonderful keynotes, I think. I think they really set the stage just beautifully for this discussion.

You know, it seems to me that the President did campaign, as Gene suggested, on a promise to help the middle class, and those who aspire to join the middle class, those who want to climb the ladder. And so he and his allies would be very remiss

if, having made that a top theme of his campaign, to not push hard to do everything that's possible in this very difficult economic and fiscal environment, to help that become a reality.

And when I think about it, it seems to me to entail four obvious things-- first of all, keeping the recovery going. Jobs are always the first line against poverty. And, as the speakers earlier said, the poor are particularly hard hit if unemployment rates remain high.

Second, preserving the refundable tax credits that Gene talked about, and I think very correctly. He talked, in particular, about the earned income tax credit, but also the refundable child tax credit. And, for those of you who don't know, the idea for the refundable tax credit was generated here at Brookings. And I mention that especially for the benefit of some of my younger colleagues who are out in the audience here, because they're doing work right now that is very similar to the work that we did earlier that generated ideas that now are helping literally millions of people. Certainly, we don't deserve all of the credit for that. There were many other groups, but we generated the intellectual idea for it here.

Third, we do need to preserve the safety net. I'm talking about the basic safety net: food stamps, TANF, SSI, Medicaid, and so forth. And they are, to some extent, at risk right now.

And, finally, we need to protect and enhance programs that promote upward mobility. Now, in my limited time, I can't talk about all of these, obviously, so I'll focus on some aspects of this fourth agenda item, programs that promote upward mobility.

We're done a lot of research here at Brookings that shows that we don't have as much mobility in the United States as we think we do. And we don't have as

much as some other advanced countries. I think that's now well accepted, that those two facts are true.

In addition, I believe we are in danger of becoming a much more stratified society, because the income inequality that we are seeing right now -- and it's increased so much -- and which is now being joined by inequalities in educational achievement, and inequalities in family formation patterns, and, finally, inequalities in where people live -- we have a lot more income-based residential segregation than we used to -- all of those trends, I think, could mean that we're going to have even less mobility in the future than we have now.

In the new work that we're trying to do here at Brookings now, on what we call the Social Genome Project, we are mapping what we call "pathways to the middle class," and analyzing policies that might help to promote this kind of upward mobility that everyone has been talking about. And I'm very glad, by the way, to hear that there seems to be bipartisan support for the goal of achieving upward mobility. And I know Bridge has -- John Bridgeland -- as well as Tevi talked about this. And it's nice that Rubio, and Ryan, and virtually everyone is at least giving -- I don't want to say "lip service," but is at least articulating that as an appropriate goal for the United States.

Let me just mention two of our findings to date from the Social Genome research, and their policy implications.

The first is that a large number of children are born into really disadvantaged circumstances. You know, Gene talked about this. We don't want the accident of your birth to affect where you end up in society. Right now, unfortunately, there's too much of that. Our data show that a very large number of children in the United States are being born to parents who are poor, who are poorly educated, who are unwed mothers at the time of the birth, and who have other disadvantages.

And we can do something about that. And it doesn't have to be expensive. And what I'm thinking of here is something that my colleagues and friends at the National Campaign to Prevent Teen and Unplanned Pregnancy are focused on like a laser beam, and that is preventing some of these -- preventing the fact that too many children are being born to parents who are not yet ready to be parents, and who, furthermore, didn't intend to become parents when they did.

Let me just give you quickly the facts here. For women under 30 in the United States -- all women under 30, not just poor or disadvantaged -- more than half of all of those births are to unwed mothers. Now, I'm not going to say there aren't lots of single parents doing a heroic job, but having two parents is definitely an advantage for your children. And perhaps even more importantly, 70 percent of the pregnancies to young single women -- and I'm talking about women under 30 again -- are unintended, by their own self-reports. So we need to give them both the tools and the motivation to delay childbearing until they are ready to be parents and want to be parents.

And I could go into more of that, but I'm running out of time.

I think this leads me to my second point that comes out of our research, which is that one of our most depressing findings is that only 57 percent of American children graduate from high school with a 2.5 GPA or better, and without being incarcerated or becoming a teen mom. So, you know, I think that's scandalous. I think that should be a wake-up call, not just to governments and local communities and non-profits, but to parents, and to kids themselves.

They are not college or career ready. This administration has said we need to set a goal to make more kids college or career ready. But if we look at how many kids from lower income and minority families are achieving this benchmark that I just articulated for the end of adolescence -- graduate high school, good GPA, no

incarceration, no teenage parenting -- those proportions for minorities and low-income are astoundingly high, more like 70 percent, or 65 percent.

Now, we do have some successful programs to deal with those problems: career academies, small schools of choice, some innovative charter schools, career and technical education. But these are small, relative to the need. We need to try to take them to scale.

Well, I'm running out of time, so I will leave it at that, so that we can hear from other members of the panel.

MR. HASKINS: Those are not only great points, you set a fantastic example that you had a lot more to say and stopped.

MS. SAWHILL: Well --

MR. HASKINS: That rarely happens at Brookings. We're going to have an award, we're going to call it the Sawhill award.

MS. SAWHILL: Well, I had my research assistant here sitting, telling me to stop. And I'm very dependent on her.

MR. HASKINS: But I want the audience to know that the research assistant (inaudible). And she worked for me, too, so she had to make a choice, and you made the right one. Thank you very much.

JoAnne Barnhart.

MS. SAWHILL: I told you at the beginning I couldn't do it in eight minutes.

MR. HASKINS: JoAnne.

MS. BARNHART: Thanks, Ron. I just want to start by saying I am a lifelong Republican, but I am not a 79-year-old banker.

I want to thank Brookings, and the Annie E. Casey Foundation for hosting this forum. I also want to take this opportunity to thank Ron Haskins for, really, what has been his tireless work throughout his career, to improve life changes for America's children and families. His passion, his knowledge, and his skill have contributed greatly to bringing critical public issues to the fore. And the fact that we're all here today, this panel, the keynote speakers, is clear evidence of that. So, thank you, Ron.

The fact that one in eight Americans is receiving SNAP is indicative of the challenge that we face in public policy. Looking back, in the middle of the boom economy, when President Clinton proclaimed we are ending welfare as we know it, no doubt he did not envision the economic crisis that we face today. And I doubt that anyone -- certainly, based on the comments we've heard so far today -- would argue that restoring a vibrant economic is essential in providing the foundation upon which all of our other policies are built.

The President and the Congress have significant work to do to bring Democrats and Republicans together to foster a bipartisan compromise to avoid sequestration. The decisions that they're going to be making, and will make, will affect every single American -- those who pay benefits, and those who receive them.

I don't believe that these two groups are, or should be, natural adversaries. And how future public policy assistance is forged is either going to bridge the gap between those two, or it's going to widen the divide, both economically and philosophically. And we've heard a number of comments today that actually speak to that divide.

The payers, the people who've achieved the American dream, need to be confident that the taxes that they pay are being used to provide opportunity and promote

personal responsibility. The recipients should be confident that that dream, which is beyond their grasp today, and seemingly beyond their grasp in the foreseeable future, could actually become reality in the future.

People seek out and rely on assistance programs for a variety of different reasons. Some of them fall on hard times, and some of them are born into hard times. The SNAP and TANF programs were designed with both of those in mind. And, as a program person, a person who's run programs at the federal level, I'm going to discuss things on a more practical, programmatic level for a moment, sort of get into a little bit of the nitty-gritty.

When you look at SNAP and TANF, it seems like an incredible irony to me that they're both considered anti-poverty programs. But many of the people that they assist are, in fact, living in poverty. And, after hovering a little above or a little below 10 percent, from 1997 to 2008, the poverty level today is around 15 percent.

Even if the federal government could afford, and states could afford to increase public assistance benefits, the fact is that an emphasis on incremental benefit increases is not going to reduce poverty in the short term, and most certainly is not going to reduce poverty in the long term. And the reason for that, to me, is clear. Because you don't pay your way out of poverty, you actually have to work your way out of poverty.

So I believe that the emphasis needs to be on creating opportunities for the people to actually have, or to increase their earned income. And also to make sure that that income is not devalued by higher prices and increasing inflation.

Again, I emphasize the obvious need for a vibrant economy -- nothing new, because almost everyone's talked about that to this point.

That said, there are specific program policies that can provide encouragement, inducements, and penalties to assist in improving ultimate life chances.

As an example, of the almost 46 million SNAP recipients, 48 percent are children, 8 percent are people over the age of 60, so that leaves roughly 44 percent that are working age. Today, SNAP has no mandatory federal work requirements except for ABAWDs. For those of you who don't know that acronym, ABAWDs are able-bodied adults without dependents.

Under the laws that currently exist, ABAWDs have to register for work and, in order to continue receiving food stamp benefits -- or SNAP, I'm sorry. I am old-school. I started in this decades ago -- to continue receiving SNAP benefits beyond 3 months in any 36-month period -- I told you I was going to get into the nitty-gritty -- actually have to be either working 20 hours, or meeting some work participation requirements. As many of you may know, though, those requirements have been subject to waiver, and I think 46 states have adopted waiving those work requirements for the ABAWDs because of the continued high unemployment rate.

SNAP also has no statutorily required performance measures. If SNAP ends up with no budget cut, I think one way that might happen is including the imposition of a mandatory work requirement, with performance measures, as part of that compromise.

I want to make clear that the emphasis on work is not to penalize people, but it's rather to move people to earned income, the real path out of poverty. And it would not be without some cost to implement those employment programs.

I'm also not suggesting that we move from no requirements today to a full-scale operation, in terms of mandatory work. But I do think that what's going on today is similar to the stage we had in the 1980s, at the end of the '80s, where we saw substantial experimentation in the AFDC program with work requirements, through the

'80s into the '90s, which eventually, you know, provided the framework and the base for the TANF program when it was passed.

I also think that waivers of that sort -- and this, of course, would require Congressional action, and the administration and the Congress coming together, because the SNAP program doesn't have nearly as expansive waiver authority as the AFDC program had some decades ago.

I think it would provide an opportunity for States to show what they could do, what works, and so we could move toward that evidence-based approach that so many people have talked about.

There is an additional cost, but we could allow States also to engage in some waiver activity that would provide alternate funding streams, or account funding that today is not allowed to be counted.

Keeping that point in mind, I would turn to the TANF program, where I think it's time for a reexamination of the work participation activities, and the work participation rates that have been part of the TANF program up to this point in time. And we could look at the data, and we should have substantial information and data after over a decade of implementation, to look at the results, how many people are actually moving to employment, and what are the actual activities that promote and actually accomplish that successful employment.

I'm told I have less than a minute left, and as a former Commissioner of Social Security, I simply cannot let the opportunity pass to make the case for also making the Social Security program solvent. Although not part of the original intent, Social Security is perhaps our most successful anti-poverty program. That fact of the matter is, is that Social Security is responsible for lifting millions of elderly Americans out of poverty,

and it's estimated that if Social Security benefits were not paid, we would double the number of elderly in poverty.

So, it is definitely time for us to take action on that front, as well.

MR. HASKINS: So, JoAnne, thank you for those remarks. Speaking from personal experience, I want you to know that if Republicans find out your comments about waivers on welfare, you're in big trouble.

Mona, thank you for coming. And the floor is yours.

MS. SUTPHEN: Yes. Thank you, thank you, Ron and Belle, for having this forum. And I think it's really great timing, obviously, because there's a lot in play.

I thought I'd make three observations, one about the past, two about the future.

In terms of the past, Jared and I were in the early days of the Obama White House, and I think it's pretty clear to me -- and I'm sure Jared will comment on this -- that we did take a series of steps that really did prevent the worst impacts of the recession. And I can't emphasize enough how much of the Recovery Act, the time spent designing it, was in the transition, really before we knew the extent of how bad things actually would become. So, in a way, you never know exactly what the outcome is going to be, but, in this sense, it was helpful. That's cold comfort, of course, for the millions of families that have either slipped into poverty, or are teetering on the brink. But things could have been a lot worse.

But what I really want to emphasize about the past is something about kind of policy making, and the ability to move a big agenda forward. Because, of course, tucked in the Recovery Act, we planted the seeds of a fair amount of innovation in this area, generally, things like Choice Neighborhoods, Promise Neighborhoods, Race to the Top, on a variety of levels. And think for a minute of how long it would have taken to

move that agenda forward in piecemeal fashion -- right? We'd be lucky if we would have gotten one or two of those through. In this, we were able to start the countdown clock almost immediately, which meant you could start implementing programs right after the initial phase of the Recovery Act activity.

And now we find ourselves, I think, from a policy perspective, in somewhat of a unique and, I think, very good moment, which is we've had now, you know, three-and-a-half years of implementation of these, and now we'll have another four years to really fully expand them, tweak them, look at them, gather data. It's a relatively rare occurrence that you can have, now, a pretty nice long runway to look at some of these new models, see how they work, and be able to step back later and say, okay, yes, what worked, what didn't?

I think one of the problems we've had in the past is we jumped around a lot in terms of strategy. And, obviously, these things take time to really solidify. So when people ask me, well, what do you think the next four years are going to look like, I often say, well a lot of it is going to look like the first four years, which is spending the time to really dig in and focus on what's started down that path.

But I do think actually there are two areas that stand out in my mind for additional activity. And I think they will be very much on the second term's radar screen.

One is the early childhood agenda in a more robust way. My own view, having watched this -- and it's been so interesting, over, I don't know 20 years, reading the same studies, many authored by people on this panel, over and over again, with the same solution set -- right? We kind of know what needs to get done, and yet, somehow, we can't quite bring a lot of it over the finish line. I actually think the first term, we managed to get, obviously, the Food and Nutrition bill passed. The Health Care Act has

a fair amount of opportunity on this agenda. And, obviously, the Head Start reform is a great start.

I actually have one, though, area that I just think we need a lot more creative public policy around, and that's finding vehicles to incentivize the expansion of affordable and quality child care. To me, it's really been the bridge -- I have young kids, so we're at an income level where it's less of an issue, but it's hard at any income level. I mean, if you look at all the research shows that, you know, people fall out of the workforce -- this is one of the principal reasons why. And, obviously, it makes sense. You have to stay home to deal, to care for your kids, and that's your uppermost priority.

And if you talk to any family member -- we live in central Harlem, if you talk to any of the neighbors in our building, it's one of the central things that they're worried about. We're in a mixed-income building. Lots of people on Section 8. They're pressed on this issue. There is just not enough availability.

So, while the child care tax credit is great, and some of the other tax credits are great, if you don't have child care, you can't even, obviously, get to that point.

And so I think public policy solutions is the place where we just haven't really cracked the code yet. And I think if we did, you'd have a bridge between what I think a lot of the health care reform will do, which is deal with early maternal and infant care, and create a bridge into early childhood in a more systematic school-based setting. So that's one area I think would be rich for more attention, and I know the Obama folks are keen on coming up with something in this arena.

The second is actually, I think, much more important in a way, in my judgment, which is an income generation and skill-based agenda. We, I think, are entering what I would call, probably, a 10-year window, if not a 15-year window of

unprecedented opportunity in job creation, in what is the middle-skills area. We're talking nurses and plumbers and air-condition installers, and the cable guy -- all of that.

For demographic factors, I've look at a recent Harvard Business School study that calculated about 25 million jobs in this middle-skill sector between now and 2020. And I don't think this study accounted for manufacturing, increase in manufacturing jobs that will be the result of this domestic energy production boom that is just at the infant stages, but has the potential to drive a wave of new manufacturing jobs and all the associated jobs related to it over the next 10, 15 years.

This is really significant, and it's a window that is kind of unique. It hasn't happened, certainly, in the last 25 years I've been in the workforce, where you have this boom of jobs becoming available that are not, you know, biotech, a job that's outside of the reach of lots of people who are working class, but jobs that you could take somebody who right now is a low-skilled worker, and move them up the chain and, hopefully, fill the pipeline with more jobs -- with more employers.

And these are great jobs, right? We're talking \$50,000, on average, for the guy who installs your cable or your telephone, right? So these are really good opportunities.

The question in my mind is whether or not we actually have the architecture to match the supply and the demand. Lots of great innovation in this space right now. One of my favorite things that I'm watching is there's a center for development of employees in the energy space, and it's a consortium between the energy companies - - Duke, PG&E, and the like -- but the labor unions, as well as the trade associations, to train workers in particular technical skills that they know they're going to be lacking in the next 10 or 15 years.

And you see this across all sectors, all regions of the country, but it's at small scale. And the question is, in this environment, can we really ramp up these programs and try to figure out a way to do it. The Obama administration has their proposal for community colleges and worker training. It hasn't been passed yet. That's targeting 2 million jobs. But we're talking 25 million potential jobs. So there's a lot that needs to be done in this space.

And, since I only have like a minute left, I'll conclude with the politics, I think, of getting some of this done.

And I really think, just like this opportunity here on the jobs front, in terms of opportunity, that we are entering a moment politically that is somewhat unique, in that you have, I think, a Republican party that, at least at the positioning level, is much more open to fresh ideas. And if you look at a lot of the soul-searching that's going on in the part, I think a lot of it comes down to the fact that you need more thinking and a fresh agenda. And, I think, both in early childhood and this worker training area, that there are elements here that are ripe for bipartisan collaboration. They can easily fit in a Republican philosophy. They could easily fit with what, ultimately, Democrats want to do.

And time is of the essence. Like, now -- not only because of what's going to be going on in terms of the fiscal negotiations, and tax reform, and the like, but because, I think, this window of openness to new ideas could close. So it's incumbent upon all of us who think about this to try to step through that doorway and see whether or not, in fact, we can do some bigger things to try to move this ball forward while we really do have this time-limited, what I think is a time-limited window, but a nice long one, potentially.

Oh, and you didn't even put up the red thing telling me to stop.

MR. HASKINS: Thank you.

MS. SUTPHEN: Spike the football.

MR. HASKINS: Yes, thank you. Our panel is very disciplined, and it's wonderful.

John Bridgeland.

MR. BRIDGELAND: Yes, sir. That was a bit of an almost a set-up. And we didn't talk before the panel. So I'm so encouraged. There's hope.

Whenever I get discouraged, I call Ron and Belle, because they do give me hope. They're driven by research. They're literally mapping a social genome to move people from low income to middle income by middle age. And they work across the aisle on a bipartisan basis. And it's extraordinary to be a part of this panel, because most of the things that have been said, I agree with.

I want to touch on just a couple of things where I think there are opportunities for bipartisan action. And, first, because Tevi and Gene, and others, are doing it, outline three principles that guide me.

One is subsidiary -- that we shouldn't be addicted to government, but also nor allergic to it. Where possible, solutions should emerge at the local level, and government shouldn't crowd out individual or civic action. Government, we should recognize, can also bring good things to scale.

Second, if I've learned anything valuable in the last 20 years working on social policies, is the lack of listening to the customer, and the power of actually listening to the voices and the perspectives of high school dropouts, teenage mothers, incarcerated youth, disconnected youth. They have potential, they have answers, and we ought to do more to respect and incent their resourcefulness. I've been completely taken by MacArthur Genius Maurice Miller's work that literally looks at -- you know, we have these policy discussions, but they're so rarely informed by the people that we're

actually trying to lift up and help. And I think that's actually a -- when I went, I visited with Bill Drayton yesterday, and I was talking to him about, you know, this great social innovator, what do we do on poverty in America? And do you know what his answer was? Teach empathy.

And I think it's interesting, the Social Genome Project that identifies social and emotional learning, which I think the country has completely missed the boat on, including the Bush administration that drove No Child Left Behind. It worked to close achievement gaps, with all good intentions, and had some good effects. But I think we missed the power of teaching and educating young people in grit, in industriousness, in self-awareness and self-management, and determination -- those things that Gene ended with, that his brother is working on in Detroit to help lift people out of poverty.

Third, America has this wonderful tradition of service and mutual aid and cooperation. Neuroscientists now tell us that we're literally wired to cooperation. And I don't think we're doing enough. There's not always evidence of that on Capitol Hill, but there certainly is among the American people, and I think we need to do more to tap into that spirit.

Finally, evidence-based policy-making, this is the new wave. I co-chaired the White House Task Force on Disadvantaged Youth. I quickly discovered there were 339 federal programs, spending \$225 billion every year to help disadvantaged youth. And then when we looked deeper at where's the evidence base, where's the coordination, is this a citizen-centered system, we discovered that, tragically, that there wasn't much of an evidence base. I think we need to put evidence into systems, not to eliminate programs, but to scale those that are effective.

So three quick areas for bipartisan cooperation -- first, the high school and college completion crises. Interestingly, there had been research dating back to

1870 on the high school dropout problem, but nobody had ever talked to the customer. In 2005, when we did, we discovered, all across the country, that the leading reason for people dropping out of school wasn't poverty, wasn't life circumstances, wasn't academic challenges. They didn't see a connection between what they were learning in school and what they wanted to be in life.

And so I think, interestingly, also, it's a classic engineering problem. Belle and Ron talk so compellingly about, you know, the first thing you need to do to get out of poverty is graduate high school. Well, there are 1,550 dropout-factory high schools in the United States, where 50 percent of the dropouts are coming from. And right now, we're mapping with United Way the feeder elementary and middle schools, so that we actually -- if we know who these students are, where they go to school, why they're dropping out, and what can support them to keep them on track, it literally is getting the right supports, to the right students, at the right time, at the scale and intensity required.

And so, under the guidance of General Colin Powell and Alma Powell, there's this Civic Marshall Plan of Action that brings together educators, policy-making institutions like the governors and State legislators, and community-based organizations, to work intensively in those schools, and then hold up the secret sauce of what's working in New York City schools, to Shelbyville, Indiana, in terms of strong leadership from principals, and focusing on graduation rates, focusing on teacher quality, early warning systems that can project as early as third and fourth grade the attendance, poor behavior, and course performance in reading and math that signal early signs of trouble.

And this administration, as Mona has mentioned, has been wildly innovation, in terms of Race to the Top, i3, and School Improvement Grants. And the latter is actually under threat right now, and it is a critical part of this public-private partnership to boost high school graduation rates.

The second issue where I think there's sort of a huge opportunity for bipartisan action is actually in career and technical education. But I don't think we can talk about in terms of the old vocational education system that tracked low-performing kids into kind of a second-class system, but an enterprising pathway that is a prestigious system, where we -- Tony Carnevale, whom you mentioned, identifies 29 million jobs today that are these middle-skill jobs, many of which are high paying. And think of the policy punch we could get with large-scale career and technical education. It's an answer to the high school dropout problem, because project-based learning, kids see that they're learning toward a career. It's an answer to the college affordability crisis, because I've seen examples of 18 and 19 and 20-year-olds in Michigan graduating with a high school diploma and a one- or two-year degree, at much lower cost than a four-year degree, obviously, and with currency in the labor market.

Third, it addresses the skills gap. There are currently 3.7 million jobs in the United States. And I don't know why we don't turn our unemployment insurance system, like States are doing around the country, into a wage subsidy, or work to get those people in the unemployment insurance line into the career center line, and connected to those 3.7 million available jobs.

And, finally, it addresses the employer remediation and training gap. Because employers will be getting workers, students who have been trained in the fields where the jobs are.

Finally -- and just have a couple of minutes -- I don't think we're doing enough in the country to unleash our organic energy. Stanley McChrystal said at the Aspen Ideas Festival that only 1 percent of Americans have any connection to our military service. And service in this country has been dangerously narrow. There are currently 586,000 young people who want to join AmeriCorps, 215,000 Americans who

want to serve in Peace Corps. And, interestingly, national service is a powerful bridge out of poverty toward employment.

And so we're working, I'm chairing an effort at the Aspen Institute, with Walter Isaacson, to help create a civilian counterpart to military service, that will actually tap and engage -- there are 1.4 million Americans in active duty in our armed forces. Why not have at least a million opportunities every single year for young people to serve in these programs like Youth Build, and Habitat for Humanity, and Teach for America, that are a way out of poverty and into employment, but also foster these civic habits that are so fundamental to build the social capital, and interdependence, and mutual aid that we're going to need, community-by-community, over time.

And I'm going to be very compliant and end on the red "Stop." And thank you so much for being here, and would love your ideas, particularly about the national service initiative we're working on.

MR. HASKINS: Bridge, thank you.

Jared Bernstein.

MR. BERNSTEIN: So, everything I wanted to say has been said numerous times over.

MR. HASKINS: Say it again.

MR. BERNSTEIN: Yes, so I'll say some of it again.

MR. HASKINS: Pretend you're in Congress. Just say --

MR. BERNSTEIN: I haven't said it yet, so --

So many of the points that I wanted to make were made emphatically, which is useful in the sense that I can talk about one point I wanted to make that hasn't been made as emphatically. But the two points that I think have really been stressed so far, that I wanted to underscore, is first the current condition of the U.S. safety net. I was

going to make some of the same points Gene did, vis-a-vis the difference between the official poverty statistics and poverty trends accurately measured. And, the really pretty remarkable success of the safety net in staving off an increase of poverty, if you measure it the right way, over such a deep recession.

One point that wasn't made -- and this actually comes from some very useful data that the CBO generates on income by quintile, looking at all the different components. One of the things that the CBO let's you do is to break out the changes in income from the market side of the equation, that is, before you put in the tax and transfer system. And you heard the point -- Gene made it, I just remade it -- about the fact that accurately measure, poverty is, of course, higher when you measure it more accurately, because the poverty thresholds need to be adjusted somewhat. And so the rate itself is higher, but the trend was pretty flat over the downturn.

But actually, if you look at middle class families, you find from the CBO data that middle-class families, whose average income in that data is probably around \$40,000, \$45,000, something in that neighborhood, that their market income fell \$6,000. So, you know, a big loss, you know, off a base of \$50,000, that's, you know, that's 10, 12 percent.

The middle fifth lost \$6,000 in market income between '07 and '09, but transfers went up almost \$3,000 for them. Their federal taxes, because we still have progressive taxation, so as your income falls you move into lower brackets, fell \$2,300. So those transfers -- by the way, what transfers are middle-income people getting? I mean, they're not getting cash assistance, typically, on welfare. These are not -- this is the middle fifth. It's unemployment insurance, largely, which was very much extended as part of some of the work that Mona was talking about earlier, in the early Obama administration.

So, ultimately, after losing \$6,000 in market income, their income after taxes and transfers, was down only \$1,000. So, the safety net really worked pretty well. And that's something we'd want to, I think, acknowledge and protect.

Okay, my second point was about this very obscure thing that Gene, I though was really beautifully articulate on, this idea of non-defense discretionary, NDD, spending, which, again, sounds very obscure, but he very nicely took you through how important this is. And I think it's particularly important if you're concerned about the issues of opportunity and mobility that Ron and Belle have been so forceful in amplifying for us.

Basically, there are many components within this non-defense discretionary part of the budget that I look at as ladders to overcome mobility barriers. And the more we squeeze that part of the budget, the less we'll be able to support that stuff.

And I want to address very quickly some of the discussions that were brought up earlier around, you know, is money the answer? And what's the right metric? -- and all of that. I'll send Gene a note on this later.

I mean, my understanding is that -- he mentioned inflation. I mean, the caps on this -- I'll get a little wonky myself, here, for a second -- the caps on this NDD spending actually grow about 2 percent over the decade, over the next decade. They're slated to -- you know, that's baked into the cake. And that's about the projected rate of inflation.

What they're not adjusted for is population growth. And that's really important. And, you know, you can have this argument about, well, is this the right metric? And are we throwing money at the problem? I think when you're talking about population growth, it's not rocket science. It's actually pretty simple. If you believe that

Pell Grants are precisely the kind of mobility ladder that I think other panelists would probably agree there are, if you have more people, if the population is growing and you need them, then simply not adjusting this part of the budget for population growth is very problematic.

And if you look -- you know, there's a lot of very optimistic and, I think, positive things coming out of this panel. I'm very happy to hear it. John and Mona, in particular, I thought were raising very good and real things to feel somewhat hopeful about.

But, as we speak, there are powerful forces trying to cut the heck out of this NDD side of the budget, and I think that's very much poverty-inducing, particularly over the long term, vis-a-vis this linkage between inequality and mobility that Belle has stressed.

Grants to school districts, direct benefits, like WIC. Head Start, Pell Grants, child care, health centers, job training, Meals-on-Wheels, assisted housing -- that's what's in this NDD part of the budget. Pell Grants, in particular, are vulnerable to further cuts.

So we can't squeeze that part of the budget any more. And, by the way, on the messaging, we really need to find a better way to talk about this. Because, you know, the White House -- and I was there at the time -- used to brag, "We're taking NDD down to the lowest level since Eisenhower." Nobody knows what NDD is, and probably nobody knows what Eisenhower is. (Laughter) And, it's a weird bragging point, anyway, because it's not a good idea.

Okay. But the thing that hasn't been emphasized enough, in my view, although it's been mentioned -- and, JoAnne, I thought, made some good points on this -- is the role of the economy. And Belle mentioned it, as well.

You know, there is no better -- I think Belle said it -- there is no better social program for all the stuff we want to talk about, and out-of-wedlock, and high school completion, and all of that, there's no better poverty reduction program, at least as I've observed, than a full-employment economy, generating gainful employment opportunities for everybody.

And, you know, it's not as much of a skills story as you might think. I mean, that's definitely in the mix -- John is right. But if you go back to the latter 1990s, you saw low-wage workers who were not particularly skilled, whose wages were rising at the rate of productivity growth for the first time in decades. And the reason was because the job market was tight enough such that employers had to bid-up their wage offers. And we haven't see anything like that since.

And let me finish by saying that the three, the triumvirate of Sawhill-Haskins, of finish school, work full time, and not have kids out of wedlock is implicated here. I mean, finishing school is a no-brainer, a slam dunk. I have nothing to say about that. But you can't work full time if there's not full-time work.

And I would urge my friends to my right -- on the panel, on the panel -- you know, work a little bit more closely with some of my macro friends upstairs to think more about the demand side of the equation.

And finally, on the out-of-wedlock piece, I'm sure you're right. Your statistics are absolutely convincing. But, it's not necessarily obvious to me that if you go into a data set and you find that people with out-of-wedlock births have worse poverty outcomes it's because they have out-of-wedlock birth. And, in fact, there's some compelling, and not a big literature, small literature, some compelling work that's actually looked at, say, young women from impoverished backgrounds who had a miscarriage, for example, and track them. And their poverty outcomes were often just as bad as the

people who had the out-of-wedlock birth. And you can look at sisters who are the same in every way, except one had an out-of-wedlock birth and one didn't, and too often those outcomes are indistinguishable.

So, while you've got to be right, I'm sure you're right. There's no question, for example, that two parent families are going to generate more income than one, I think you have to be careful of not sort of bleeding into what I think of as kind of the Charles Murray view on this -- and I've debated Charles about this, so I'm not telling tales out of school -- that there's an obvious causal relationship between what you're observing when sort of deeper economic factors and opportunity factors are in play.

I'll stop there.

MR. HASKINS: Thank you.

Well, as things exist right now, a child born -- and we have just spectacular data on this, so I don't think anybody can possibly challenge what I'm about to tell you -- a child born in the bottom, whose parents are in the bottom 20 percent of income has almost a 50 percent change of staying in the bottom. That is not equality of opportunity.

So my question to the panel is: At the beginning of the new administration, with Republican leaders suddenly interested, or maybe, in Ryan's case, have been interested for a long time, in poverty and opportunity, what is the single most important thing government can do to make the odds better that those kids in the bottom can move up?

Bridge?

MR. BRIDGELAND: High quality education. Obviously, there have to be jobs at the end of the pipeline. John Podesta came into our Opportunity Nation effort,

where we had brought together the, you know, Center for American Progress, and the Heritage Foundation, and Brookings --

MR. HASKINS: Not in the same room, I hope.

MR. BRIDGELAND: Yeah, they were all in the same room.

MR. HASKINS: Oh, wow.

MR. BRIDGELAND: In fact, I think you guys were there, as well. And Podesta said if there isn't a decent-paying job at the end of the pipeline, none of this will matter.

But, that as a given, a high quality education, and targeting like a laser the lowest performing schools. We actually know what works, and we're seeing it all over the country, from Shelbyville, Indiana, that was the *TIME* magazine poster child for Dropout Nation. And they boosted high school graduation rates by 18 percentage points over the last five years, to New York City schools that took these large, urban, impersonal environments, and created some, more personalized learning environments, and alternate pathways, including now the IBM P-Tech academy, that's linking employers and community colleges with secondary schools.

So I think creating and scaling -- and I love both the branding and the structure of Race to the Top, and I know it's come under controversy. But I think moving more toward that approach where, with limited federal resources, we're effecting a sea-change across school districts and States, in terms of meeting these basic criteria that research, and the Brookings Institution, you know, are validating, in terms of what's working.

MR. HASKINS: And that leads -- just to provoke my good friend Jared -- because the administration arranged it, it's shocking to me that this actually happened -- so that States, to qualify for money in Race to the Top, we're talking about serious money

here, it's almost \$5 billion -- many of them had to change their laws so that the States could base teacher pay and promotion on student performance. This is the most controversial issue for unions, for teachers unions in the United States.

So, what do you think of that?

MR. BERNSTEIN: I'm nervous about this VAM question, value-added measurement. I've delved into this literature. There's a young economist named Jesse Rothstein, whose work is really superb on this point. And if you spend a little time reading this literature, you'll be -- with a pretty open mind, putting the whole union question aside, you'll come away with profound questions about whether we can actually measure the kind of value added that we're trying to base teacher promotion and teach salary on.

So, I think it's fundamentally absolutely a sound idea. But we're getting way ahead of our ability to measure.

Can make a comment about your question about the bottom 20 percent?

MR. HASKINS: Yes.

MR. BERNSTEIN: Yes -- I wanted to kind of amplify Mona said. You talked about middle-income employment. And I believe you, and I hope you're right. I wanted to say a similar thing about low-income employment, and it relates to your question.

Once this economy gets back on track I think we probably will create, similar to what Mona was saying, she was talking about more middle-income jobs, probably a lot of low-wage jobs in the non-tradable services. By the way, all her jobs were non-tradable, as well. That's an interesting linkage there.

And I'm talking about child care workers -- I mean, like it or not, it's a low-wage job -- food prep, retail sales, security guards. I think one of the ways to change that

mobility statistic, along with, of course, John's points about education, is to make sure that these low-income jobs are good jobs. And that can be a good job if you have a tight labor market, a well trained person, robust work supports -- an earned-income credit, guaranteed health coverage, a child tax credit, perhaps some help with things like transportation and housing. Now, that turns a low-income job without mobility into something close to the second or third fifth of the income scale.

MR. HASKINS: Absolutely.

Anybody else want to add to this? The single best thing we're going to do to promote mobility? And anybody who says "education" has to be more specific.

MS. BARNHART: Well, I was just going to say, I'm certainly not going to discount the importance of education. My husband and my sister both teach GED, and so we were talking about education classes for the generation that didn't succeed in school.

But just to switch gears for a moment and focus a little differently, I personally believe that providing the role model of a working parent is one of the most important things we can do for children. Because children model the behavior, in large measure, of the authority figures, or the love figures, or whatever, the nurturing figures in their life, and I think it's critically important.

I want to use that to segue into some of the comments that Mona and John made, and say that when I talked about the waivers in the SNAP program, I specifically had in mind some of the work that's been done with community colleges and technical schools at the State and county level around the country, where they're actually partnering with businesses to identify those middle-skills jobs, and to actually developing courses that specifically train people to go into a job.

And the kind of waiver approach I'm talking about --

MR. HASKINS: But they all work at the local level.

MS. BARNHART: Exactly. Exactly. And the kind of waiver approach I'm talking about would allow the funding that those schools are spending on those courses -- and, in many cases, that the private businesses are giving the schools -- to be matched, to access 50-50 E&T funding from the SNAP program. You know, so that you could actually channel the education for the parents, the role models, towards real jobs, good jobs, as you say. The analysis I've done, same as you. We were talking 40 to 50, maybe even higher paid jobs, that have greater potential in the long term.

So that's the kind of innovative waiver experimentation that I specifically had in mind.

MS. SUTPHEN: I actually had one comment about Jared's with the lower-income and lower-skilled jobs. I actually, I completely agree with this. I was always really struck by small business owners in my community where I live, in Harlem, if you ask them what their biggest problem is about opening up another small business, it's never capital, which really shocked me. If you get 20 small businesses together, they won't say it's capital that is the barrier, it's that they can't find qualified workers. And we're not talking -- now we're talking, when you ask somebody, well, what specifically is it? Literally, you may have business owners say, "I will never open another small business because I can't deal with finding somebody -- " -- to answer the telephone, take a message, and work a cash register. Right?

MR. HASKINS: I've talked to all of those people in the last week. Right.

MS. SUTPHEN: So I do think there's this huge opportunity for -- I mean, the Obama administration started something called the "Skills for America's Future," which was actually, which does have retailers in it. It's definitely not designed for the middle-skill portion of the economy, but really basic skills. And then we're getting into a

whole question of basic education, and basic math skills, and basic writing skills and the like, so that, you know, it does link back in with the education agenda. So I didn't want to --

But I think there's a ton to do, as well, in the next tier down, in terms of job skills, if we can figure that out, as well.

MS. SAWHILL: I totally agree with what John Bridgeland said about education. And I just want to add a little more specificity there.

First of all, it is the low-hanging fruit to expand early childhood education, as Mona said, and link it to child care if we can.

Secondly, I want to reemphasize something that Gene talked about, which we don't talk about enough, and which I think we need to do more work on, and that is the high expectations, the determination, the grit. You know, I think we forget that schools can't do it alone. Students are not empty vessels in which you can just pour learning. And somehow or other we have a tendency to blame our institutions, blame the teachers and others that are part of them, for why kids aren't learning more.

We need more of a social norm in this country that teaches children from an early age. And this, of course, is what more affluent, advantaged parents do quite naturally.

And the President has talked about this, you know, "You need to read to your children. You need to turn off the television set. You need to imbue them with a sense of lifelong learning." And if we don't achieve that, along with all these changes in our institutions, and in programs, and all the other stuff we talk about, I don't think we'll get there.

MR. HASKINS: So, this prompts the next question I would like to ask the panel, and that is, at any given moment, 26, 27 percent of our kids live in a single-parent

family. We now have almost universal agreement, which we did not use to have in the scholarly world -- the scholarly world is not overly conservative, as some of you may have noticed -- that this is not the optimum situation for raising kids. Kids raised in single-parent families, there are heroes there, just like you said. And, Godspeed, I was a single parent myself for many years. So, nothing against single parents.

But, if you're worried about child development, kids need two parents, and they need stability. And they do not get it from single-parent families. They're more likely to drop out of school. They're more likely to have low grades. They're more likely to commit a crime. They're more likely to be on welfare as adults. They're more likely to have a child outside marriage themselves, even as a teenager or in their twenties.

So, with that, we do so little about family formation. We have had the courage to talk about teen pregnancy, and births outside marriage. And this administration has been, in my view just terrific on this issue.

But nobody talks about marriage. We do not make the point to our kids that if you, you know, if your children are raised by a single parent family, they have big disadvantages from the beginning.

So what should we do about family composition in the United States?

MS. SAWHILL: Well, I mean, I can come back to what Jared said, in terms of raising questions based on some of the literature, that shows that unwed parenthood is not necessarily a causal source of later disadvantage. But I would contrast it to the much larger body of research that you just alluded to, Ron, that does suggest, for whatever reasons, this is a problem.

And the simplest way that I would put it is: Two parents have more time. And, goodness gracious, parenting is a very time-intensive activity. And anybody that's been a parent knows that. And I'm always struck by the young people that I know who,

after they have young children are, you know, suddenly realizing what an incredible commitment this is. And I think an awful lot of people go into it without an understanding of what a commitment it is.

So, two parents have more time, more psychological resources. And then, they have more money. Either they have the ability for one parent to stay home at least some of the time, so that reduces the whole child care burden, et cetera. Or, they can have two incomes. And even if you have a relatively low-wage job, much less a middle-skill job, if you have two of them, you're not going to be -- you know, you're going to have struggles, but you're going to be okay.

And to do this with just one income, and all the child care burdens that go with that, is just incredibly tough. And if some Hollywood star wants to do that, fine. I'm just okay with that. But --

MR. BERNSTEIN: Belle, could --

MS. SAWHILL: Yes.

MR. BERNSTEIN: -- I mean, what Belle is saying is all true, but, I mean -- and with great respect --

MR. HASKINS: Now comes the problem.

MR. BERNSTEIN: -- no, I mean, that's a description of the problem. I didn't hear anything in there that was, you know, "Here's what we ought to do to solve this." And I'm not criticizing, because I think the reason there's kind of a deadly thud of a silence after that is because we don't really know what to do about it.

MS. SAWHILL: Yes, we do.

MR. BERNSTEIN: Well, I think that we've been extremely ineffective in affecting this particular trend. And I think --

MR. HASKINS: Before you go further, wait. You've got the floor, but before you go further, let's assume that reducing teen pregnancy can be achieved --

MR. BERNSTEIN: Well, that's what -- I was going to say that.

MR. HASKINS: -- and it will modestly contribute to the problem.

MR. BERNSTEIN: So, I think that's --

MR. HASKINS: But, now, what about marriage?

MR. BERNSTEIN: So, I think that's --

MS. SAWHILL: Yes, but what about teen pregnancy? Let's get the facts out.

MR. BERNSTEIN: Yes.

MS. SAWHILL: Because I don't think this group necessarily all knows the facts.

MR. BERNSTEIN: I was going to say --

MR. HASKINS: Oh, yes, they do. It's a Brookings audience.

MR. BERNSTEIN: That's where we can have, and should continue to make progress, in reducing teen pregnancy. And that strikes me as, you know, something we are okay at, and getting better. And you can say more about that in a second. And you should, because that's, I think, somewhat of a tragedy, and absolutely a positive development, to block that kind of a --

But, the formation of single-parenthood strikes me as something that may well be out of the purview of government to do much about. It's a kind of a cultural-social thing that I'm not really all that comfortable trying to change.

What I do think we should do is kind of take a Hippocratic Oath. So, for example, our tax system shouldn't penalize marriage. That strikes me as obvious thing. And then, I think we should be much more concerned about the kind of economic

disadvantages that single parents have, and try to address them, rather than trying to break this, I think, somewhat immutable cultural trend that, in some ways, is related to feminism and some positive developments in society, as well, that we have to acknowledge, too.

MS. SAWHILL: Can I just quickly make three quick points?

MR. HASKINS: Yes.

MS. SAWHILL: First of all, for those of you who don't know, we've made huge progress on reducing teenage pregnancy. It is now at the lowest level that it's been since we first started collecting the data in 1940. You know, we should be celebrating that, and we should keep going, but -- because we still have higher rates than other advanced countries.

But where we have not made as much progress is for young adults in their 20s.

Second point, I agree with you, Jared, that government can't play a big role in this arena. It can play a small role. It can make access to contraception easy and cheap, and the Affordable Care Act does some of that. But we shouldn't be eliminating Title X, and it's very much under threat. And there are other issues that government can play a role in here.

Thirdly -- I've forgotten my third point.

MR. BERNSTEIN: Well, those are two good ones.

MS. SAWHILL: Oh, I know what it is. You know, on your point about making single parents better off by giving them assistance, well, of course we should. But bear in mind that when you get to a point where we are now, which is that more than half of babies are being born into single-parent families, that puts a huge burden on the rest of society if they have to end up providing help to the other half.

So, you know, it's one thing when it's a small group. It's one thing when there are people who go through a period when they need some help from the government. It's another thing if you -- I mean, I don't want to sound like Mitt Romney here, like it's the 47 percent or something, but it is getting to be too large a group for us to help on a massive scale.

MR. HASKINS: Anybody want to add to this?

JoAnne?

MS. BARNHART: I was just going to say that, you know, when you asked the question and it fell to deafening silence, I almost said then, and then thought better of it, but decided now, having heard the discussion, I'm going to go ahead and say it.

I suppose I'm something of a dinosaur, but my first thought was, and has been for a long time, and it came to mind here, totally politically incorrect, but there is no substitute for an irate mother, quite frankly. And the reason that I behaved the way I did in my adolescence, and twenties and, you know, unmarried years, is, quite frankly, had I made different choices than I made, my mother would have killed me -- okay?

And so I think that's my way of agreeing with Belle and with Jared that there's not necessarily a role for government there. This is something that is, that needs to be handled in the home, by the parents.

And I do think, though, that one of the things we need to be cautious about is when government starts to provide the answers to everything, parents then, or anyone, looks to the government to be the source of providing that guidance. And, in fact, I think we need to be clearer about where the lines are drawn, and what government can do, and what individual families and parents can do, and should do.

MR. BRIDGELAND: I would just -- is that okay?

MR. HASKINS: Oh, go ahead. Yes.

MR. BRIDGELAND: Or too much on this?

MR. HASKINS: No, no. You're taking time from the audience, but they don't mind. (Laughter)

MR. BRIDGELAND: Very quickly. That's a very unpopular thing to do. My mentor and thesis advisor, James P. Wilson used to say, when the American family breaks down, no government can rescue it.

Having said that, in the Bush administration we did have a Healthy Marriages and a Responsible Fatherhood Initiative. Small grant program, but at least kept the issue on the national agenda.

And I think President Obama, in talking so compellingly about the power of responsible fathers is good sauce for the country.

Also looking at Robert Putnam's research around two parents, you know, "Good Night Moon" time, to putting their kids in leadership activities, and just the enormous effects, compared to parents who don't have that kind of engagement.

Finally, I think, under the Bush Administration we talked a lot about the power of faith-based and community organizations, and first looking to those. And when I was on President Obama's White House Council for Community Solutions, one of the first examples that was brought up to our Council was this Milwaukee community solution to teenage pregnancy. And I know, you know, you've done extraordinary work on these issues. And it was sort of the secret sauce of how we were making so much progress around the country, not only in promoting healthy marriages, but ending teenage pregnancy, or preventing teenage pregnancy.

MS. SUTPHEN: Yes, I was just going to chime in with the Fatherhood Initiative, as well, which I think tries to marry -- no pun intended -- the interests of the

religious community. Because this is a real social norm. I actually think we're headed in totally the wrong direction, in some respects, just as a cultural-social norm nowadays.

MR. HASKINS: Wait, wait. So, just --

MS. SUTPHEN: So, the Obama administration --

MR. HASKINS: Just one minute on why we're headed in the wrong direction.

MS. SUTPHEN: I just think it's a cultural-social thing, and you see it across all income levels. It used to be that you had, you know, single parents; it was really a low-income dynamic. Now it's across all income scales, to the extent that you have young adults, teenagers and young adults, seeing everybody from Hollywood starts, to people just choosing to have children on their own, even, you know, successful career people adopting. We're going kind of against the social grain about what's acceptable, right? Before, it was kind of a little bit stigmatized, right? It was a thing that, well, that wasn't so great -- right? -- that that happened.

Now, it's actually, you have lots of people who are choosing this now. There's the whole move for single fatherhood. Just, you go on and on.

So, I think as a cultural dynamic, and therefore it's very hard to shift around, we are going against the grain on that. But that's why I think, actually fatherhood initiatives are smart. We may need motherhood initiatives at some point, but fatherhood initiatives are smart, because they don't actually get to the question of marriage, it gets to the question of parenthood -- right? And the two don't necessarily have to go together, and we need to just deal with the reality of where the country is headed on that.

MR. HASKINS: I agree with almost everything you said, but I think it's worthwhile pointing out to the audience that if you look at marriage and non-marital births and divorce by women's education, women who have a college degree still have very

high marriage rates. They get married later. They do not have babies outside marriage. They do not get divorced; their divorce rates are lower than they were in the '80s. So their kids are the direct beneficiaries. It has not spread to the whole society yet.

So -- audience. Raise your hand and we'll bring a microphone to you. Tell us your name, and ask a question. We are much more interested in questions than long comments.

Start in the back, on the left there. Always start on the left, that's what Jared taught me.

MS. PLAVNIK: Hi, I'm La Tosha Plavnik, from the Consortium of Social Science Associations.

My question goes back to teen mothers and out-of-wedlock births in women in their early 20s. What we haven't talked about is really the war that's on birth control, making birth control harder to get, the fight against having the FDA approve it for over-the-counter use. I'm not even talking about abortion, because that gets into another thing.

But even sex education in school, where women don't even know, if they don't want to use birth control and they want to use a more natural calendar method, we are not even taught how to understand our bodies and how our cycles work.

So, I think part of reducing that is greater education and greater access, but that doesn't seem to be talked about a lot, at least by the people on this panel.

Thank you.

MR. HASKINS: So I think there are two things for the panel to deal with here: one is the threat to funding for programs that provide family planning, and two is the broader issue of education, and how much young people are learning about various methods of birth control, and so forth.

MS. SAWHILL: I mean, I totally agree we've been having a culture war over exactly these issues, and it came out very strongly during this last presidential campaign. And I think it's one reason that there is a gender gap in who supports whom.

But Andrea Kane, who is my colleague, who's out here in the audience, from the National Campaign to Prevent Teen and Unplanned Pregnancy, do you want --

MR. HASKINS: Andrea, stand up and give a five-minute speech.

MS. SAWHILL: -- do you want to say anything specific about this? I would welcome your thoughts. You know so much more than I do.

MS. KANE: I think I would just answer your question by sort of going back to the point that you just made, Belle, which is, in terms of family planning, absolutely. I mean, there are federal programs that help low-income women get access to contraception, Title X, Medicaid, both of those are under attack in different ways. There are also policies that help individuals with private insurance get access to birth control with no co-pays. That's also under attack.

So I think there is a war on some of these things.

In terms of education, you know, going back to the point about evidence-based programs, we have strong evidence about what works, in terms of reducing teen pregnancy. And the Obama administration has provided funding for those programs. Congress has continued funding for those programs, even under tough circumstances.

So, I think anything we can do to keep those going, and scale them up -- to Bridge's point -- looking at places like Milwaukee are great examples. You know, we sort of know what works on teen pregnancy; we just need to do more of it.

And then, on the contraception side, we just need to stop attacking it, and expand it.

MR. HASKINS: Thank you for that.

Next question. So let's do on the right here. Hand it to the person right next to you. That's efficient.

MS. BINGHAM: Thank you. I'm Beth Bingham. I'm with the Green and Healthy Homes Initiative. And I think one of the things we haven't talked about is housing, and the impact on all of these issues.

You know, millions of children live in really poor housing, so we can make a really great school for them, and provide them with amazing teachers, and yet when they get home, if they're living in an environment -- you know, kids, the number one medical reason kids miss school now is asthma. And much of the problems from asthma come from inside the home.

So we look at -- you know, HUD has programs, and CDC has programs, but housing, the health of one's housing, and that child's ability to go home and study, or even to get to school, because, you know, they're not being sickened by what's at home, or by their --

MR. HASKINS: So, pose a specific question to the panel about housing.

MS. BINGHAM: So, housing, do you look at that at all in any of the research you're doing? And how housing and neighborhood and community stability impact a child's ability to succeed --

MR. HASKINS: Jared's going to (inaudible).

MS. BINGHAM: -- outside of the rest of the issues.

MR. BERNSTEIN: Well, no, I just wanted to say two things. One, it's important in precisely the ways that you mentioned. It links up to something Belle said that I wanted to amplify, which is that when you're talking about educational outcomes, as you mentioned, one of the problems of focusing on kind of the whole school-based experience is you're leaving out this dimension of what goes on outside of school. And

housing is key, not just -- and this is related to poverty outcomes -- not just the condition of your housing, but how often you have to move. We find that low-income families with kids have to move a lot more, because of disruptive housing situations, and that hurts them both in real-time poverty, but also generationally.

Finally, a great thing to read today is the lead editorial in the *New York Times*. It's a really excellent set of suggestions for the President's second term on precisely the issue of how to improve low-income housing opportunities.

MR. HASKINS: By the way, mentioning outside-school factors that bear on child development, I think the best edited book that I have ever read is called *Whither Opportunity?* It was published last year or the year before. Editors are Richard Murnane and Greg Duncan. And anybody who's interested in this, it's a spectacular book.

So -- back on the left there. Come up -- well, go ahead. Go ahead.

MS. BOTEACH: Hi. Melissa Boteach, with Half in Ten, in the Center for American Progress.

We've spoken a little bit about the importance of work, but we haven't talked much about sort of work-family balance. And Jared talked about the need to improve real quality jobs.

And I'm wondering if the panel can touch a little bit about post-election, especially with the role of women in the election, particularly paid sick-leave, and the potential for some bipartisanship on that front.

MR. HASKINS: Mona, go ahead.

MS. SUTPHEN: I was just going to say that it would fit in that same agenda. It's really a child care question of the agenda, in a way.

And I do think Republicans would be smart to consider something in this space. And there's been a lot of debate about the federal government, for example,

among others -- and I would love the federal government to take a look at things like women not having to take vacation time to have a baby, right? Because the federal government has no paid maternity leave, which I kind of find stunning. It's the country's largest employer, but that's aside.

I do, I actually think this is a very rich area for potential bipartisanship. But I think whatever the solution set is, people are still very conscious about putting further burdens on employers, particularly as the health care law goes forward. So, whatever it is, it needs to be structured in a way where the perception and the reality is that it doesn't add another burden, when people aren't exactly sure how the whole thing is going to play out to being with, right?

So I think there's a balance there. But, yeah, I think there's opportunity.

MR. HASKINS: JoAnne, do you want to add to that?

MS. BARNHART: No, I'm just nodding because I'm agreeing with everything she's saying.

MR. HASKINS: John, I saw your eyebrows go up. Do you want to say something?

MR. BRIDGELAND: No, I like it. I like it a lot. I think the Republicans will have some hesitation around mandates, but I think if you elevate examples in the private sector -- and there are many -- and at the local and State levels, and show the power of, you know, this work-family balance -- interestingly, also, I just want to note the primary reason young people are leaving college in the country is they can't balance work and school. So I think there are a lot of dimensions here, and a lot of areas that are just ripe for creative energy for Republicans and Democrats to work together on. And I think this is one of them.

And thanks to her, and what CAP has done on that campaign. It's been extraordinary.

MR. HASKINS: Come up a little further, Reid. Oh, this young later right here. Yes.

MS. LEVIN-EPSTEIN: It's the "young" part, Ron. Thanks. I'm competing with you for the grey hair.

Jodie Levin-Epstein, with the Center for Law and Social Policy, and also part of the team that brings you Spotlight on Poverty and Opportunity. And I once again want to thank Brookings for partnering with us, and Ron for putting up with us in working together. It's been great. We hope to do it again.

The issue of finding areas for bipartisanship, I want to thank everybody on the panel for flagging a set of those. Those are all about getting young people and others towards jobs, liveable-wage jobs, good-paying jobs.

Someone was saying "that's a given," but there's a real big problem, and Jared helped us understand problem. One of it is that there aren't enough jobs, but the other is that so many of the jobs are, as well, part-time, and increasingly so. We have 8 million people in involuntary part-time employment right now.

So, can there be -- here's the question: Can there be a bipartisan agreement that full-time workers should not have to be in poverty? And we do have full-time workers today in poverty. So how do we address that problem?

And then -- I hope this isn't a "thud" question -- how do we, in fact, deal with this issue of involuntary employment, when you have workers who want full-time jobs, who cannot get them

MR. HASKINS: Jared Bernstein.

MR. BERNSTEIN: So, if I can take a quick stab -- very simple, and a great, maybe, a great, perhaps, direction for your team to think of going forward.

This may sound crazy and radical, or maybe really ancient history, but, frankly, it comes down to this, in my view. When I look forward in the job market, I worry that we're not going -- even though I agree with Mona, and my own prognostications, we may be wrong. And I worry that we're not going to create enough jobs to accomplish what Jodie was talking about.

Ergo, if we wanted to have a policy, an anti-welfare policy that's based on work, and the private sector isn't creating enough work, then the public sector has to step in and fill the gap.

So, I think we need to think seriously -- and I'm not talking about a bunch of guys going out into the woods and build a dam like they did in the New Deal. I think we have to think creatively, and in new ways, about supplementing the quantity of employment that's provided by the private sector, by the public sector, in the spirit of what we used to call PSEs, "public service employment." That may not work anymore. That's an old idea. There may be other ways to do that.

But I think those of us -- and I include my friend Ron, and I would guess you don't totally disagree with what I'm about to say, even though it's certainly more, you know, associated with a kind of progressive view than a conservative one.

The idea is that if we want to base our poverty on work, our anti-poverty programs on work, and work isn't there, then we have to create the work ourselves.

MR. HASKINS: Let's have one more question. Come up this way. Right over here on the left. The young lady right there, yes.

Ms. STRAUSS: Hi, I'm Sharon Strauss, and I'm from Montgomery County Community Action Agency.

And so, at the beginning of the presentation, and throughout, there was discussion about how the earned-income tax credit and the other tax credits have really contributed to the stabilization of families, and keeping them out of poverty.

So my question is, there is a large network of organizations that are providing free tax assistance, to help people access the EITC. But even with thousands of hours of volunteers, we are not really getting -- we're leaving on the table that families should be able to spend.

So what are some ideas about, you know, making sure people can access those tax credits?

MR. HASKINS: JoAnne?

MS. BARNHART: Well, I don't know that I have ideas about how they can access those tax credits, but I would say this -- and this is no news -- GAO and others that have reported on the sort of misspent money in the EITC over the years, as well. I'm a believer in the EITC.

But I think it seems to me what one could do, particularly in an environment of economic constraints, is look at trying to identify some of the funds that are not being targeted to the appropriate individuals, and using those to up the ante, in terms of the funds that could be available to actually outreach to those who are eligible. Do you understand what I'm saying?

MR. HASKINS: Mona.

MS. SUTPHEN: I mean, one model -- because I've worked on various programs to try to do it. It's impossible. It's really frustrating, actually, that you're working on something, and you even get to talk to people about it, and then they still decide not to try to actually fill out the forms to take the tax credit.

But I do think a one-stop model is probably where the most likely place, if somebody comes in for SNAP benefits, that people are cross-trained, that they that, in fact, "Well, did you know that you're eligible for this?" That that, you know, would obviously make it more efficient, if you can have enrollment across programs, right, so you don't have to have the 25 different silos. It would make it a lot easier. And I actually think, in a fiscal, you know, the environment that we're in, figuring out how to cut some of the architecture about how people, what people have to actually do in order to get access to the tax credits, would actually help a little bit in terms of streamlining and the like.

So that could help.

MR. HASKINS: Go ahead, JoAnne.

MS. BARNHART: If I can just say, you know, I do a lot of work with States in welfare-to-work programs, and in designing the orientation programs for the applicants coming in, we always make a case where work pays, include EITC, and actually do a chart that shows at this income level, here's what you get, and, by the way, here's the information, and here (inaudible).

So, you're absolutely correct, Mona. And actually, not only does that increase the utilization by the people who should be using it, but it also goes a long way to showing people what's in their own economic self-interest. And I happen to believe that everyone acts in what's in their own economic self-interest. That's not a bad thing. It's a good thing.

And so when you can show that the EITC could actually be a critical part of helping a family move to employment, you know, it's very, very important. We do that. We include it everything (inaudible).

MR. HASKINS: Belle Sawhill.

MS. SAWHILL: I want to use this as an ability to make a broader point here, which is there's going to be a lot of discussion going forward, I suspect, about the need to simplify and rationalize a lot of the programs. Several of you -- I think, you, Bridge, and Tevi, and what you all just said -- have brought home the point that we have too many programs, they're too complicated. The people who use them can't understand them. It makes it harder for them to access them. All the silos.

As we talk about reform, which I think we should do -- and we're going to be talking about it in the tax system, probably, first, but also possibly in the job training arena, and in some of these other areas -- I think there's going to be a debate between liberals and conservatives, in which conservatives say, "We need to simplify, rationalize, make these systems more effective," which is right. But then they often combine that with the notion that we can save tons of money if we do that.

And I think many liberals would agree that we need to improve the programs, but they are afraid that, in the process of improving them, money will be taken away.

I think we could accomplish a lot if we could find some bipartisan way to come together on "reforming programs doesn't have to mean spending less money." If it works, over time maybe it will save money, but we can't have that be the up-front reason for doing it.

MR. BRIDGELAND: Can I just add one thing quickly?

MR. HASKINS: Yes.

MR. BRIDGELAND: And this idea of subsidiarity, where --

MR. HASKINS: Time's up. (Laughter)

MR. BRIDGELAND: -- government cannot impede community innovation. When we went around, in this White House Council for Community Solutions

that President Obama formed, and we listened to all these local communities, we said, "What can the government do to be helpful to you?" And every single one of them said, "Please, eliminate the federal barriers to our being innovative -- " -- on eligibility and use of funds, governance structures -- a whole host.

And so President Obama came forward with these pilot partnerships that eliminates these barriers in all these programs. And, hopefully 12 of them will be an experiment as to how that goes.

MR. HASKINS: I have a simple criterion for judging the success of an event, and I hope that our Brookings even meets this, and that's that the people in the audience will leave saying, "I learned more this morning that I would have learned doing whatever else I would have done."

So, if you didn't, given this panel and the keynote speeches, then you need to reexamine your life.

Thank you very much. Thanking the panel. (Applause)

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