

THE BROOKINGS INSTITUTION  
A CENTER ON CHILDREN AND FAMILIES EVENT

PAYCHECK PLUS: A NEW ANTIPOVERTY STRATEGY FOR  
SINGLE ADULTS IN NEW YORK CITY

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**Introduction:**

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**Overview of Experiment:**

GORDON BERLIN  
President  
MDRC

**Keynote Address:**

THE HONORABLE SANDER LEVIN (D-MI)  
U.S. House of Representatives

**Panel:**

RON HASKINS, Moderator  
Senior Fellow and Co-Director, Center on Children and Families  
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Deputy Mayor for Health & Human Services  
City of New York

HARRY HOLZER  
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## P R O C E E D I N G S

MS. SAWHILL: Good morning, everybody. Welcome to this bright fall day in Washington, D.C., and it's my pleasure to not only welcome you, but on behalf of the Center for Children and Families that I co-direct along with Ron Haskins, to introduce you to a new project in New York City that I think is pretty unique and pretty exciting. And I think we all have been concerned about the amount of poverty that we've seen in the United States recently, in the wake of the great recession in particular, and the fact that it's been very hard to do anything new that could help struggling families or individuals, and this idea that we're going to be talking about today is actually an effort on the part of New York City to do something about the problem, but to pilot it first to see how it works and to have it carefully evaluated in the process.

We're really happy to have with us today the Deputy Mayor of New York City, Linda Gibbs. She's going to be on a panel later this morning.

We will also be welcoming Congressman Sandy Levin. He's going to be a little late, but when he gets here we'll accommodate him in our schedule and be hearing from him with a view from Capitol Hill. He is, as you know, the ranking member on the Ways and Means Committee, and thus pretty important in terms of where ideas of this sort might eventually go.

In the meantime, I want to say that the intellectual godfather of this idea of providing an EITC-like wage supplement to single individuals is none other than Gordon Berlin who you're going to be hearing from first. There are other people who've written about the idea including Harry Holzer who will be on the panel and a number of others, but I think we are particularly proud at the Center for Children and Families that this idea was first written about in a volume that we co-edit with Princeton University called *The Future of Children*, and Gordon first wrote about this proposal, or made this proposal, in an article that he did, In *The Future of Children*, a few years back. And so

you're first going to be hearing from him about what the program is all about and how it's being evaluated in New York City. It's already in the field and happening, and so I think this is really quite exciting.

Gordon, for those of you -- I think most people here know Gordon, but Gordon is President of MDRC, and MDRC is probably the premiere research and evaluation organization in the country or in the world. I don't think there's any other country that has an MDRC as far as I know, Gordon. And maybe I'm a little biased because I'm on the board as is Ron, but we think it's a terrific organization. They've done all these randomized-control trials of social programs, and as a result of their work we have really learned a ton about what works and what doesn't. So, without further ado, I'm going to turn this over to Gordon. (Applause)

MR. BERLIN: Well thanks, Belle. I don't think I've ever been called the godfather of anything, so I'm speechless. So, I'm really pleased to be here to present this bold, new initiative that the City of New York has undertaken to tackle the complex set of problems that low-wage workers face. And a number of people, many more than just Harry and I, have talked about and proposed at different periods -- in fact, more than 10 years ago the need to think about having an earned-income tax credit that was more generous than the current income-tax credit for singles as an answer to the interrelated problems of low wages, inequality, and increasingly the bleak prospects for low-income males, especially minority males.

Now because this project is designed as a research and demonstration project, it means that we are now going to have an opportunity to learn more about the potential of this kind of initiative, both any positive effects as well as any unintended effects, and we view this forum today as an opportunity to engage committed, knowledgeable people in helping us to think through what are the right questions that we should try to answer in carrying out this project.

So, what's the problem that an enhanced EITC for single workers could address, and I want to really focus on three key issues. The first is a labor market characterized by stagnant and declining earnings as well as falling employment rates, and those problems are especially significant for those with limited education, for men, and for minority males.

Second, a tax-and-transfer system that inadvertently distorts the incentive to work, marry, and bear children. Now, we've worked quite a bit at trying to resolve some of those issues on the marriage side, but some of those problems still exist, and let me give you an example.

Let's say that Belle and I work side by side selling retail clothes at Target, and we both make about \$11,000 or \$12,000 a year, but Belle has two children. She's the custodial parent of those children, and she, at the end of the year is going to get a supplement from the earned-income tax credit of about \$6,000. I, on the other hand, have no children that I'm the custodial parent of, and I'm going to get basically no enhancement as a result of my work, or really modest enhancement, and that creates a set of disparities between us because there we are working essentially side by side at the same job and ending the year with substantially different incomes.

And the third point is the reality that low-wage work is really here to stay. I'm not saying that low-wage work is the future of America, but it's certainly going to be a big part of the range of jobs that are going to be available to people in the future. If you look at the Bureau of Labor Statistic's projections through the year 2020, five of the top six job categories that will create the most jobs are occupations that are job categories that pay less than \$24,000 a year, so it's going to be big part of the future. And taken together, these interrelated problems really describe an alarming landscape for disadvantaged young men especially, but also young women with limited education.

So, one answer, of course, is to raise the minimum wage. There's a big debate that we're engaging in right now about that. New York State has engaged in that

debate, and they've decided to raise the minimum wage. It's going to up to \$8 on January 1st, then to \$8.75, and then to \$9. Another way to respond to the problem is to enhance the earned-income tax credit, and ideally, and this is essentially the test that is now underway in New York, we would be doing the two things together.

There's a strong body of evidence on the effects of the EITC and from the Make Work Pay experiments that MDRC ran indicating that making work pay at the low end does increase employment. It does increase earnings. It increases income. It even has positive effects for children, but we're less clear about what those effects are likely to be for singles and young men. So, this chart just really illustrates the problem that I just described.

We're looking at real hourly wages between 1973 and 2012, a nearly 40-year period, and it's laid out by education level, and as you can see, the big part of the problem has been for those with a high-school diploma or less. In 1973, the average high-school graduate was earning \$16.77 a hour. Today, the average high-school graduate is earning \$15.78, a dollar less. These problems have been especially acute for males. In 1973, a high-school dropout was actually earning \$17 an hour, and today they're earning about \$12.75. That's a 25 percent decline.

What's startling about the chart, why it's worth looking at and thinking about is during this same exact period, GDP was rising. It more than doubled easily during this period, so that means that the historic relationship between economic growth and wages has fundamentally broken down, and that's a big part of the policy problem that we need to address.

So, what is Paycheck Plus and how would it begin to address that set of issues? Well, it pays a supplement of up to \$2,000 a year for earnings in 2014, 2015, and 2016 with the first payment scheduled to be made in April of 2015 when an individual files their income taxes. The program's being operated by the Food Bank of New York. It's the city's largest VITA center. They serve a very large number of people each year,

and they're also responsible in this project for recruiting and enrolling participants into the study and the program, doing tax preparation, then with our help calculating the payment amount that someone would be due at the end, and then initiating, along with the payment vendor, the cutting of that check to the individual.

The goal is to recruit and enroll about 6,000 participants by early 2014, half of whom will be able to receive the supplement. And we've enrolled so far -- we started about six weeks ago; we've enrolled 1,500 people to date into the study.

The recruitment is going to be using the VITA system's list of previous people they've worked with, and HRA, the city welfare department, is helping us with people who have child support orders as well as individuals who are food stamp or SNAP recipients, and we're flooding work-assistance centers and welfare offices and criminal programs that serve ex-offenders, and food lines, and just about every other venue that we can think about in order to identify low-income men to work with.

Eligibility is for 21 to 65-year-old men and women with no dependent children -- dependent being in the filing-your-taxes sense -- who earn less than \$30,000 a year. We're trying to target a minimum of 1,000 non-custodial parents and 800 ex-offenders, and then we want to have a mix of people who have no earnings currently or earning less than \$18,000 and are earning between \$18,000 and \$30,000 where this credit phases out.

And our goal is to measure any differences that emerge between the two groups; the group that's eligible and the group that's not, and their employment and their earnings and their income and family formation and child-support paid and in criminal justice involvement.

So, how will this system work? This is the current EITC. It tops out at \$575 for earnings in the sort of \$6- to \$7,400 range, so somebody who worked 1,500 hours a year, a little more than half-time, at \$8 an hour would be getting a supplement of about \$200, and if they worked full-time at \$8 they'd get no supplement whatsoever.

So, how does the Paycheck Plus change that picture? In the phase-up range, an \$8 an hour job becomes a \$10.40 an hour job up until income reaches about \$6,667. That maximum payment of \$2,000 continues all the way until earnings reach \$18,000. At \$18,000, that's the equivalent of working at \$9 an hour or full-time, you'd get an extra \$2,000 raising your total income to \$20,000.

As income rises above that \$18,000 figure, we'll begin to phase out the credit, and at earnings of \$20,000, the credit payment will be about \$1,600. At \$25,000 the payment credit would be about \$835, and then it will phase out at about \$29,900.

Now how does that compare to the current EITC for a single parent with one child, that example that I gave earlier? That credit phases up and phases down at pretty much the same rates as this one, but the peak maximum is about \$3,100 - \$3,170, something like that; \$3,170. So, we're beginning now to close that gap, but we're still saying we should be paying more if somebody does have a child.

Okay, so what are the implications of this for me and Belle? How well have we done in closing this parity gap? So, on the left you can see Belle. She's wearing a lovely pantsuit, and she's there with her single child. She earns \$11,650, the same amount as me for selling clothes at Target, and she gets a current EITC of \$3,170. I on the other hand, on the right, am making the same amount of money, but under the current EITC I get an additional \$180. Under Paycheck Plus, we're going to top up that \$180 by \$1,820 bringing the total amount to me to \$2,000 in supplement for a total income of \$13,650; about \$1,200 or so less than Belle, but substantially having closed that gap.

So, by creating greater parity in the labor market, a single EITC is public policy, helps to make low wage work pay, and the estimates that are out there are that every 10 percent increase in earnings or wages is equal to usually a 5 to maybe 10 percent increase in employment rates, and we're going to be looking to try to understand better what difference that makes.

So, what are the questions we hope to answer? Will expanding the EITC to single adults boost employment rates? Will it increase earnings and reduce poverty? Will it reduce criminal justice involvement? How will it change family formation? How would it increase child support payments among other questions, and we'll be tracking the individuals over the next four-year period to try to understand what those effects are over time.

I mean, I think it's really important to remember this is an expensive policy if it was to become national policy. There are potential unintended consequences that we'd want to learn about. I mean, from an equity point of view, I think it's pretty clear this would be a good thing to do, but there are a lot of choices one could make with the kind of expenditure that would be required here. And we have this remarkable opportunity to learn more than we've known so far. We're out of the realm of the theoretical of Harry and I guessing about what the effects might be, and we're actually going to have an opportunity to learn it. Thank you. (Applause)

MS. SAWHILL: I think we may be getting some mics here, but I have a pretty loud voice. Can you all hear me?

SPEAKER: Yes.

MS. SAWHILL: Let me just start out, Gordon, and pick up on your example of you and I are both working at Target. We both have low-wage jobs. I have a child and I'm getting the EITC that is, what, a little over \$14-, almost \$15,000. I mean, with the EITC that's what my income is, and you're not, or you're getting a very small one. So, let's suppose now that my child is your child also. It's just that we're not living together. How does this work? Maybe you visit occasionally. Maybe you have a child-support order, but we're not married, and you're not part of my household. Is it okay now for you to get this and for us to combine our resources? This is a genuine question. I just don't understand the rules of the program.



MR. BERLIN: Right. So, there are two answers. One are how will this supplement work in this demonstration project, and to be eligible we're aiming at singles, so you wouldn't be married, but if we had the relationship you described, I would qualify for the singles EITC. You would qualify for yours, and if we chose to live together, an attractive offer (laughter) -- if we chose to live together and --

MS. SAWHILL: Nobody ever says that to me anymore.

MR. BERLIN: -- and share resources, we could do that.

MS. SAWHILL: We could. So then, what is the incentive for us to get married?

MR. BERLIN: Well, you could also --

MS. SAWHILL: I mean, if we get married, will we be worse off or better off than under -- not combine the two?

MR. BERLIN: Under this plan if you got married you would continue to receive the supplement. How to structure federal policy if we were to go down this route based on the findings from a study like this is one of the big open questions. It's expensive, but it could have a really important effect on decision making regarding this set of distorted incentives that I described at the outset to work, marry, and bear children.

MS. SAWHILL: I guess another question, obviously, is the costs which are not small, and you mentioned the idea of combining an increase in the minimum wage and something like an EITC for singles, or an expanded EITC, more generally, and I think that idea's been around for a while.

I think, obviously, the benefit of a minimum-wage increase accomplishing the same kinds of goals here is that it's much cheaper, at least in terms of federal budgets or state budgets or anybody else's budget. The private sector and employers may not like it as much. How do we think about the trade-offs here between increasing the minimum wage and doing something with the EITC? Is the argument that the EITC path is better targeted? What would you say to someone who said, "I just want to raise

the minimum wage. That's much more -- for all the political problems or challenges of doing that, it's so much cheaper than this."

MR. BERLIN: So, I think we all know about the politics of raising the minimum wage, and it has been with us for a very long time. We start to catch up, and then gradually we fall way behind again. Ideally we would raise the minimum wage to \$15 an hour, but I think even then economists who are in favor of the raising minimum wage would begin to get a little bit nervous about the effects on the labor market and the range of opportunities available.

So, I think in an idea world we would do both, and the two would work hand in hand. There's no reason that the government should bear the full price of this. After all, as I pointed out earlier, GDP growth has been quite substantial, and part of the challenge I think we face as a country in the new sort of information age is how to more evenly distribute the wealth that gets generated, so part of that is having employers pay higher wages.

How high you can go remains a problem, and I think the compromise that we're going to be in a position to test because the whole time that we're running this demonstration project, the New York State minimum wage will go, as I said, to \$8 on January 1st of 2014, then to \$8.75 the following year, and in 2016 to \$9.00 an hour, and we'll be able to look at the interaction between the two.

MS. SAWHILL: Yeah, I think it's really interesting. Who would like to ask a question out there in the audience? No one? Yes, in the back row there.

MS. WOLFSTONES: Linda Wolfstones of (inaudible) CDA (inaudible).

MS. SAWHILL: Hard to hear you. Can you take the mic maybe?

MS. WOLFSTONES: Oh, there's a mic. Yes, Linda Wolfstones, many years ago an employee of MCDA, which was working to do some of these same kinds of demonstrations. I guess I really have two questions. One is a startling comment. You said that were you to get married, you then could both stay in the program, and so I'm

picturing that here's a couple who is married who can't get into the program to begin with, but if you got married while you were getting this EITC you could remain married, and that to me sounds very strange. The other is just a personal, why did you --

MS. SAWHILL: The last part of her question which the mic went off was why did they pick 65 as the top age eligibility.

MR. BERLIN: I would have thought you would have asked about why 21. That tends to be more controversial. Given the problems we were trying to target, we just thought that we really are interested in the effects of this policy at the low end.

Again, this is a demonstration project, and we're trying to understand what the effects, to your first question, what the effects are on family formation and relationships, and so we thought it made more sense to test it in a way in which we would begin to overcome some of these problems that currently exist.

And of course, in a national policy you'd have to resolve some of these issues about how these two things work, but the whole point is to have a set of policies that treat us all the way we're treated whether you're on them or not so that we can make decisions about family formation in the way that everybody else makes them, and that's really what we're trying to understand at this point.

MS. SAWHILL: But I understand that her question -- and I sort of had the same question -- is there then an inequity going to be created between the already married and the people who get married, newly married. And I guess your answer is we don't know yet because we haven't dealt with that?

MR. BERLIN: Yeah, so the current EITC if you're married is slightly larger than -- so if you have one child and you're single, you get an amount that's, I think, \$1,000 or \$1,500 or so less than if you're married and have one child. So, this credit would -- there would be an issue there. We'd have to think through how to resolve that, but again at this point we're really trying to understand once we make work pay, what's the likely effect on employment and earnings and this other set of issues. And then we

would have to, if we were to then take it to national policy, begin to figure out how to resolve those kinds of issues if they were created.

MS. SAWHILL: Yes, here.

SPEAKER: Thanks. Clint (inaudible), Pew Charitable Trust. I have two questions that are related to generalizability out of the New York City experiment. The first, obviously, the New York City labor market, and particularly the New York City low-wage labor market is fairly different and unique relative to national labor markets. I'm interested in your thoughts about how -- whatever findings might translate out of that context.

And related to that, where the EITC's delivered through the tax form and through the IRS, this will obviously go through a separate process including a process of selection into it, but the filers aren't the typical tax filer, so I'm curious how you see the findings translating towards national policy and how that might condition your understanding of what you learn?

MR. BERLIN: Yeah, so that's a good question. So, we're just starting with the VITA list. We expect them to make up a relatively small part of the total sample. We're reaching out to a wide variety of venues to try to identify singles, both men and women, so I think we're going to do reasonably well on the generalizability side. I mean, if their selection -- the selection is if went to work you'd make more, and are there a group of people who don't come forward to do that, and that seems to me to be the question we have for the nation, not just for New York City.

In terms of labor market at the low end, I'm not sure how different it really is. I mean, I think the minimum wage amounts are a little higher than in some other places like in the Midwest, but custodial, hospital orderly, store guard, retail sales -- those occupations all feel pretty similar to me as in other places. The only difference might be that you drove your car there rather than ride the subway. But I know we could talk about

that. I haven't thought that much off-hand, but it's great to hear these kinds of questions so we can think about whether there are issues there.

MS. SAWHILL: I have one last question that's about this issue of very complex family arrangements these days, and that is if we go back to our example of you and I are both working at Target, but now I don't have any children, so I'm eligible for this myself. And I'm looking around at the kinds of guys that are marriage materials or even material to be the father of my children, and I'm not wild about what I'm seeing. Sorry. Now I get my low wage topped up by up to \$2,000. Maybe that tips me into a decision to really just go it alone, and so will we be looking at impacts on not only marriage and family composition, but also whether young women have children or not?

MR. BERLIN: So, we will have young women in our sample. We're not sure how many, but we're definitely going to be looking at issues and child bearing and family formation for both the men and the women in the sample.

I mean, I think we need to be realistic about how much family-formation effects we're likely to find in this three-year temporary demonstration initiative. In terms of the worry about I've made you better off by \$2,000, so you're now less likely to pick me or some other eligible older male for your partner, I just think we'll just have to see what comes out of that. I don't think these dollar amounts are big enough to drive things at that level, and remember, a good chunk of the people that I'll have to choose from would also be getting \$2,000 more than they might be getting otherwise.

MS. SAWHILL: That's true, yeah. Okay.

MR. BERLIN: But you only get that \$2,000 at earnings up to \$18,000, and then it begins to phase out, so.

MS. SAWHILL: Okay. So, maybe we should bring up the panel now, and have more discussion of all of these issues, I'm sure, but thank you so much, Gordon.

MR. BERLIN: All right. Thank you. (Applause)

MR. HASKINS: Welcome to Brookings. My name is Ron Haskins. I'm, along with Belle, co-Director of our Center on Children and Families. Some people say I work for Belle, I think that's mostly accurate, so I greatly enjoy it, though, Belle.

We've had a lot of panels here since I've been here and I don't know that we've ever had a more distinguished panel than this. This is really an amazing panel from many perspectives as I think you'll discover.

SPEAKER: Ron, I've heard you say that to every panel.

MR. HASKINS: I have never said that before, never. I might have said it once when you were on a panel because that would make it one of – all right. So let me just say a word about the panel. You have all kinds of information in your folders, so I'm just going to say a few things.

Linda Gibbs all the way down there on the far right is a Deputy Mayor for Health and Human Services in New York City. And I think it's fair to call her the chief architect. I wish there were other mayors here so we could get a big argument about this. But the most innovative, bold city government in the United States maybe ever. The number of things that they have done is shocking. And many of them – I can't believe there's a mayor that allows most of his big ideas to be tested by random assignment design because we all know the fate of random assignment programs is usually, they don't work too well. So it's an amazing thing. They've won all kinds of awards. The mayor is, I think, getting an award today, right?

MS. GIBBS: Yes, this evening.

MR. HASKINS: And yet for all this wonderful work, plus he contributes some of his own money to many of these things so they could find out if they work before they try to get tax payers to pay for it. There's an original idea. You should call Trinol and tell the mayor in Trinol about that. But it really is, it's an amazing set of things that have happened in New York.

Doug Holtz-Eakin who is in the middle there, Doug is a former Director of

the Congressional Budget Office. He's now President of the American Action Forum. He's a frequent guest at Brookings. And I'm going to say this about Doug, if you want a reasonable and perceptive answer from a conservative, he's the best person to ask.

SPEAKER: So much for the praise.

MR. HASKINS: You can't deny it. Guilty as charged. Did you say, well, there are no others? Next, Harry Holzer who's seated appropriately on Doug's left. He's a distinguished labor economist at Georgetown and the Urban Institute. He's a former chief economist at the Department of Labor. I think Harry has written 11 books and 5,396 articles. And he has solved the problem of sleep. He sleeps on Tuesday and Thursday nights and occasionally on Saturday. So that's how he's able to do all that. Joe Jones right here on my right. I love to have Joe on my right.

MR. JONES: Hey, man, watch that.

MR. HASKINS: He's the founder and head of the Center for Urban Families in Baltimore. And also, this is something that people just don't know about, but he's the head of a national group called the National Fatherhood Leadership Group which is a really important group of small community based organizations, primarily black. And Joe has been doing this for many, many years.

I cannot tell you the political adeptness with which he has exercised his leadership under incredibly challenging circumstances, so I really admire him for that. But his center is also a thing of beauty in Baltimore. So Joe is just one of the most distinguished community based leaders in the country.

And then Vicki Turetsky next to the end over there. By a process of subtraction, she's the only person left, so of course I'm talking about Vicki Turetsky. She's the Commissioner of the Office of Child Support Enforcement. She is a brilliant example of a person who has had a background in government service, in research, and scholarly activity, and in advocacy. Now, those last two often don't go too well together. But I have to say, I've read a lot of Vicki's work, I've talked with her many, many times

over the years because we both have been very interested in child support, and she really is a very insightful observer and willing to call them as the research shows them to be, so that's very impressive.

We're going to start. Each panelist is going to make a seven minute statement. Sometime in the middle Mr. Levin will show up. And when Mr. Levin shows up, whoever is speaking will finish, everyone will keep their seats, Mr. Levin will come to the podium, I'll introduce him, he'll give a talk, then I'm going to ask him a couple of questions, all of this at the podium, and then we'll give you an opportunity to ask questions, and then he'll leave, and then we'll resume the panel. So, Joe, will you help me remember where I left off when –

MR. JONES: I will, yes.

MR. HASKINS: All right. So let's go ahead. Let's begin with Linda Gibbs.

MS. GIBBS: Great, thank you. Good morning, everybody. So this initiative is actually sort of like a third or fourth generation chapter in our anti-poverty work that began about eight years ago in New York City as a very targeted set of interventions that were asking the question, what can we do differently that can sort of disrupt the pattern of poverty that we have. We saw huge changes in the '90's as New York, along with other states in the nation, implemented welfare reform. And so big increases in employment among low income or no income women, big drops in child poverty for those households, so drops in child poverty driven by the increase in employment for the women who are the custodial moms.

And when we were taking a look, basically things had sort of flattened out since then. The early 2000, you know, we just weren't seeing any changes in the poverty rates. And this was, you know, we actually started this work pre-recession, and we all know what happened once the recession hit.

But the question that we started asking ourselves is, you know, here's



the array of social services, the safety net, our employment incentives, what can we do differently that might sort of disrupt this? And we really dug in on three populations, the working poor, black and Latino young men, adolescent, you know, 16 to 24 year old, 24 year olds in particular, but men is the one that, you know, where we saw worse outcomes, and then very early age children, zero to five.

So I want to focus here on just this question of the 16 to 24 year olds. So we created an agenda for those three populations. But one of the really important things that the mayor wanted us to do was to be really rigorous about figuring out whether or not our work actually had an impact. You know, he's great at letting us do crazy, new things. You know, some things are not so crazy, but some of them are pretty out there.

And he's like, as long as you believe that this is something that might disrupt and create a change for the better, and as long as you do an evaluation to find out – to answer the question, is this working.

So we created a center, we call it the Center for Economic Opportunity, to sort of help to implement this range of programs, but to ask that question, is it working, and if it's not working, let's end it and take the dollars and reinvest.

Without going into the details of that, what we found about four years later was, you know, things working, things not. But one of the areas where I would say that we both had a disappointing level of failure, as well as some sort of encouraging like glimmers of hope, was really in this adolescent population, the young adult population.

But it was also getting increasingly disturbing to us about just the trajectory and the fact that we weren't seeing the improvements for the young men. And so what we did is, we basically dug in deeper and we created what we call our Young Men's Initiative and expanded out the work for the programs on health, education, employment, and justice to increase the effort around these young men. And so bigger investments there, all targeted really on the observation that what we have in the social

services is what I've come to realize people refer to as the feminization of social services.

Government programs for the most part have been structured a great deal by direction of federal policy to the individual. You're trying to get to the kid, and so if you're getting to the kid, you're basically going through the custodial parent, who is the mom, and so, therefore, a lot of the programs are really directed to women. And it's left the men out.

They've sort of been, you know, where I see them in my jurisdiction, you know, I see them in droves in the justice system, you just don't see them in the safety net, the social welfare system.

And so our question is, what can we do to sort of pick up on great lessons learned from the work that's going on to be successful and increasing employment for women and carry that over? How can we take those lessons and apply them to the men? And so a strong partner all along in this work has been Gordon Berlin and his colleagues at MDRC, advising the city on the Young Men's Initiative broadly. But Gordon really brought this conversation to the city's attention. What if we took half of the coin? In welfare reform, it was the changes in the public assistance program and the incentives toward greater engagement with the work force paired with investments in child care and pumped up EITC. Those were the three sort of legs of the stool that really drove that increase for the women.

What if we take that lesson and ask, can it work for men? The dads are typically not with the women. The vast majority of kids born in low income households in New York City are kids who are being born in single parent households. We know that's a prescription to their growing up in poverty and just perpetuating the cycle of poverty.

If we're going to be successful in helping young men, not only can we get them back on track, but it also poses the possibility that you can help them to be better economic contributing parents to their children and further reduce child poverty, and you can help to get the social fabric of the city back toward a place where families are not

disintegrating and people are not feeling so alienated from the economic mainstream. So that was really the origin.

Kristin Morris and her team at CEO – so Gordon had encouraged us to do this. We took a run at Charlie Rangel when he was the head of Ways and Means. We, you know, had a little angle going there. That one didn't work out. This came back and I, you know, we sort of sold the mayor on the idea, but it was, you know, for the city, a five year program, \$11 million, it's still a pretty expensive proposition. And that's where Kristin stepped forward with her team and said, you know, the mayor said we should end those programs that aren't working and invest the dollars either where, you know, expanding things that are working or try new things.

And it so happens this was, you know, she had just completed a round of evaluations, four or five programs, that it was time to recognize that these were programs that were not working, which is such a truly exceptional thing to do, and so going through the very challenging process of letting those programs know that, you know, that the effort was, you know, you gave it a good try, but it's time to call it quits and move on. And we took the resources from those programs and invested in this EITC pilot.

And so the big effort bottom line is that we're in a bad place for black and Latino young men in this country and in New York City, and, you know, we've just got to pull out all the stops and figure out what's going to change that trajectory, and this we think is an important possible piece of that puzzle.

MR. HASKINS: Great. Thank you. Pull out the stops, which is exactly right. Vicki.

MS. TURETSKY: Well, let me first start with a couple of caveats. First of all, the administration does not have position on expanding EITC or how it's targeted.

MR. HASKINS: Anything else in New York City either.

MS. TURETSKY: Or anything else in New York City, that's right.

Although I do want to mention that then Senator Obama introduced legislation back in

2006 and thereafter with an EITC proposal that was a little different from the one that is being tested in New York City, and instead would specifically target non-custodial parents. And that particular model was proposed by Elaine Sorenson, who was at the Urban Institute, but now works for us at OCSE. So we have been very interested in, you know, watching the field and seeing what works in the area of EITC.

So when you hear my remarks, understand that they are directed to more general policy considerations, you know, whether we're designing a demonstration or setting national policy. The whole point of the demonstration is to experiment and test ideas and try to use that information to make judgments about policy down the road.

But I do want to applaud the city for conducting the demonstration project. I think it'll give us a lot of useful information about what would work to help raise the votes of young, low skilled men, as well as low skilled women. And I really associate myself personally with the remarks that you made. You know, what we really need are policies that help reduce poverty and encourage work among low income fathers and other single adults. But I want to say here that adults not living with dependent children is saying a different thing than adults that lack dependent children. And it is not the case that the potential participants in the demonstration are without dependent children in many cases, although the eligibility criteria are open to those with and without kids.

Tax status aside and whether or not the EITC model focuses on the family status of the participants as a condition of receipt, many of the participants that this demonstration is going to serve are low income, non-custodial parents, usually low income fathers, and they have kids, and their kids are dependent on them for financial support, as well as parenting.

Additional employment based income, additional income period, but additional income that's based on employment, as the EITC is, I think stands a good chance of helping low skilled fathers meet their fundamental responsibilities to take care of their kids, as every parent has that responsibility.

That, in turn, can provide more financial breathing room for both parents and the kids, create more employment stability that, in turn, will help with family stability, and frankly, community stability, as Linda referred to, and can reduce the disparities and the income supports available to custodial parents and non-custodial parents, as you also mentioned. So I think that the demonstration could have findings that support the idea that. And the EITC can help raise the income support for kids, improve the relationship between the parents, and encourage more constant involvement between parents and children.

Now, we well understand the circumstances of many of the participants, those with kids, because they're in our case load. But the fact is, child support is a major family support anti-poverty program, as well, in its own right. And the goal is that children can count on that support from both parents.

Child support program aims and has achieved the goal of ensuring that there's parity between the parents so that both parents are contributing to the kids. And, in fact, the data suggests that both non-custodial and custodial parents contribute about equally to their kids' support through their earnings.

I think the key question is whether child support should be garnished from the EITC and I will leave that for a follow up question or can talk to it now. I want to make one further point, which is that I do think that when you look at that question, you'll also have to look at where the child support is going. And there is a history in the child support program of using child support to repay welfare benefits. That was the old days. Today, 94 percent of the child support collected for families is paid to families, not used to reimburse welfare. But I do think that changes the equities to the extent the money isn't going to the family.

MR. HASKINS: Thank you, Vicki.

MS. TURETSKY: Thank you.

MR. HASKINS: Doug.

MR. HOLTZ-EAKIN: Thank you. Thank you for the chance to be here today. And long ago and far away when I was an academic, I actually edited a research volume on the earned income tax credit and its effectiveness and it's nice to see this effort once again. I guess my basic reaction is, this is simply very impressive.

First of all, I want to echo what Ron said, to really subject this to random assignment and to evaluate it rigorously is a tremendous undertaking and we're going to learn a lot about it. I think it's time for a fresh look at this.

And from a research design point of view, I think one of the things I'm very interested in looking at is the labor supply effects in pretty close detail. For the EITC, there's sort of a pretty simple bottom line which is that it looks like it moves people from out of work to work pretty effectively. And then there is a minor issue about the fact that when you phase out the EITC use, essentially place a higher marginal tax rate on people's efforts, and to the extent that we can find some, you know, labor market disincentives from those high marginal tax rates, it looks to be in couples and second owners and couples, but it doesn't appear to be very big. And this is another chance to look at that again.

You know, many people, myself included, worry a lot about the fact that the lowest income Americans have some very high effective marginal tax rates. And one of the reasons I think this would be an interesting opportunity is, there are now other programs out there that have those same kinds of phase outs, whether they're other income tax credits that are phasing out, but now the Affordable Care Act and the amount of support you'll get there also phases out.

And it will be interesting to look through this period with this group to see if there's any new evidence about the labor market implications of those effective marginal tax rates on low earners in America. I think that's an important topic.

If it remains the case that what you're really finding is, you move people from out of work to work, then that's an important thing to know and changes how you

think about the structure of anything that might go on at the national level. It's also I think just tremendous in terms of its anti-poverty effects. I mean if you look at the work of, for example, Bruce Myer, who has looked at alternative measures of poverty that are focused on the effective standard of living of people, how much they consume, what comes out of that research is something very clear, which is, there are only two programs that have dramatically changed the poverty picture in the United States. One is Social Security, very successful old age poverty, and the other is the earned income tax credit, very effective at combating poverty. And so if we want to have an anti-poverty program, I think this is the right place to look.

It would raise this very substantial question of budgetary resources and that's a reality. But I think it's, you know, important to face those budgetary problems anyway, because the way we are currently structuring the federal budget is one in which old programs and programs that serve the old, quite frankly, the big entitlements, are really pushing out other funded programs, all the discretionary programs where the investments can take place, and we need to come to terms with that.

If this is the effective anti-poverty tool and this is how we can get people to work, we need to find room in the budget to invest in those workers and their children and thus switch the anti-young bias that's built into the federal budget, and I think that's an essential agenda for our time. I also just love the fact that this focuses on work. We have seen lots of expansions in non-work kinds of programs (inaudible) the Forward Care Act is one. We've seen increases in unemployment insurance. We've seen increases in food stamps.

There's lots of controversy about which way the causal errors go there. Are they getting bigger because of economic conditions or do they feed into those economic conditions? But we haven't seen a focus on work for a long time. And I think this is a tremendous step in the right direction from that point of view.

And then I guess the one place where I would disagree with what's been

said so far is, I'm glad this is not an increase in the minimum wage. The minimum wage, to my eye, doesn't have any of these virtues. It is poorly targeted on poverty.

Minimum wage workers are not uniformly in poverty households. And if we're going to deal with poverty, we've got to focus on the people in those households. And while there's lots of fights about the work impacts of minimum wage, I think the balance of the evidence is that it does, in fact, deter hiring. I don't think anyone loses their job over minimum wage increases, but it does deter hiring. I don't think that's something we need right now, either from an employment point of view or because it has this paradoxical inequality effect which is, if all you do when you raise minimum wage is, you stop people who are currently unemployed from getting a job, you've effectively redistributed income from the unemployed to the employed. That doesn't strike me as a sensible way to go at this point in time. So I'd rather stay out of the minimum wage fight, focus on something like this which has a track record of success on the work and poverty and glean whatever evidence we can from this effort to design severe programs at the federal level.

MR. HASKINS: Doug, thank you. Harry Holzer.

MR. HOLZER: Thank you, Ron. So I should start with full disclosure. I'm on the Advisory Committee for Gordon on this project, along with some other distinguished folks, and I've been, like all the speakers, quite excited about this. At the end of the 1990's, I was among a group of labor economists and started to notice that if you're just for the business cycle, if you're just for that 1990's boom that we all remember so fondly, low income women were pouring into the job market and low income men continued to pour out of it.

And we were disturbed by the fact that these trends looked so different, and there are a lot of different reasons for that. Welfare reform, of course, was pushing a lot of low income women. Incarceration and other issues were driving a lot of the men out. But another big difference seemed to be on these policies, that there was a whole



set of make work pay policies targeted at the women, especially the moms, the EITC, child care subsidies and things like that, and there was nothing like that at all for the men. And so a lot of us at that time started to think about and started to advocate for at least some of these policies, now, maybe at lower levels because the men didn't have the custody. And by the way, this policy obviously isn't for men only, it's for childless adults, but clearly that's the target population that a lot of us are interested in.

There was always a lot of discussion of whether or not we should target non-custodial fathers more narrowly as opposed to childless adults more broadly, and it would certainly be cheaper to do the narrowly, but there are lots of reasons we think the broader policy is better.

The notion if you're telling low income men that the only way they get a subsidy is to father kids out of marriage, that's not such a great policy, and so the broader policy makes a lot of sense. So we're very pleased with all of this.

Now, having said that, I want to be the one to actually – I want to try to lower our expectations a little bit, because I think it's almost certain that the impacts of this will be considerably smaller than the impacts for low income moms in the 1990's. And I would hate for this thing to be viewed a failure just because the impacts were smaller than people expected. And let me throw out three or four reasons why I think. I mean as Doug said, this is a purely labor supply initiative in the jargon of economists who are trying to push people up their labor supply curves. And that works perfect in a situation where we have no problems on the demand side of the market, no employment problems, and strong demand, and no other offsetting issues on the supply side. And those conditions just don't hold in this case.

So let me elaborate on sort of three or four reasons why I want our expectations to be a little more modest. First of all, the magnitude of the subsidies are good, but they're considerably smaller than what the low income moms with two or more kids have. The 30 percent subsidy rate is actually a pretty good rate, but it maxes out

much earlier, it maxes out under \$7,000.

The maximum subsidy is \$2,000. That's less than half of what moms – and again, they don't have the custody of the kids. I'm not criticizing it. It just means a smaller policy is going to have a smaller impact. The take-up rate will be smaller and the effects on behavior probably smaller.

But secondly, there are big problems on the demand side. I don't have to tell people, folks, that the recovery in the labor market from the great recession has been very, very sluggish, and it remains so, and it's likely going to remain to be that case through the duration of this pilot. And on top of that, even in a strong job market, I fear that a lot of the folks we're talking about today, low income men, especially African American men, are really the last people employers are interested in hiring, especially in this low wage service sector. There's a lot of evidence that tells us that, audit studies of employers, survey data on employers that I worked on a lot in the '90's, ethnographic studies of employers.

Employers have a very jaundiced view of this population, a lot of stereotypes, a lot of statistical discrimination limiting their interest in this population. And conversely, I think the ambivalence or the antipathy goes both ways. This is not, in fact, a sector that a lot of these men would prefer to work in if they have their druthers.

I mean even ethnographic work on these guys say they still would much rather have a construction job, a truck driver job, rather than a minimum wage job where they have to say have a nice day at the end. You know, that's not what draws them. So even separate from the job market, the demand effects and the supply effects in the sector might be muted.

And finally, you do have the problem that a significant part of this population has the double whammy of having criminal records and/or being in arrears on child support. And I think the criminal records, again, really limits demand. And the arrears on the child support I think really limit supply. I defer completely to Vicki on the

child support issue. I think those numbers have gotten a lot better. But as she suggested, the fact is that the credits are still going to get garnished right now for the men that are in arrears. They're just not going to see the money. And so that's going to certainly limit their interest and their take up.

And on the demand side, since a lot of these men have criminal records, employers are going to be very reluctant to hire them. Employers are fearful of this population of men, especially black men that have criminal records, for a lot of different reasons.

Now, sometimes it's state and federal policy that actually prevents them from hiring these guys in places like elder care or child care. And I don't know the New York laws, if that's going to be a problem there.

A lot of these employers simply fear legal liabilities, that if you hire somebody and they punch out a customer or a co-worker, potentially there's legal liabilities on the employer for negligent hiring. The number of times that's actually happened is really quite small, and yet it's a fear that a lot of employers have that they want to avoid if they can. So I want to stop my negatives there.

You know, we have to expect that – I'm expecting the impacts to be positive. I'm hopeful they'll be positive, but modest in magnitude. And actually in our discussions with the Advisory Committee, we talked about all these things. We talked about can we take the sample, divide it up in certain ways to focus on these different populations, maybe target complimentary services for the different parts of the population, and all of that would have required more money I think than Gordon had to spend on the population, something that actually would have required some – maybe a few changes also in child support law in the city that we also couldn't get.

But I think the right way to think about this is, there's never going to be a single policy bullet that solves the problem for this population. There's problems with all these dementias, therefore, any policy to really make a big dent is going to have to have

several dimensions to it.

I think this is one important dimension I think it will have, in fact, and then what kinds of other things, employment services, criminal justice reforms, further child support reforms can we also implement to compliment this thing, and together, that package might be more successful than either of these policies on their own. So again, I remain very hopeful. And again, even if the effects are modest, I look forward to seeing them.

MR. HASKINS: Joe Jones.

MR. JONES: Well, Belle and Ron, I thank you for hosting this event and inviting me to participate. Deputy Mayor, I both want to congratulate you on being bold and tell you how jealous I am of what you all are doing in New York and hope that what we learn from this has the ability to be exported to other places around the country.

I actually think that what is happening in this country with respect to the plight of low income men across the ethnic spectrum, but particularly what's happening with black and Latino boys and men of color is unconscionable. It is just so dire in our communities.

I'm a person who grew up in Baltimore, spent time on the other side of the fence, if you know what I mean, and so I have an experience where I've been able to grow out of that experience. And it goes back, you know, a couple of decades now. And what I see now in this generation of black men and boys as opposed to the generation I came from is that the circumstances are 10 times worse.

To give you some example of what I mean as it relates to this conversation, in Baltimore, my organization is located in zip code 21217. The adjacent two communities are 21215, a community called Park Heights, which is near Pinnacle Race Course, and 21216, which is near Compton State University. Those three zip codes represent five of the top zip codes where the majority of people who are released from incarceration in the state of Maryland come back to. Also in those three zip codes, again, 21215, 16, and 17, there are approximately 800 men in each one of those zip

codes who owe collectively around \$20 million plus in back child support, right. The ability of a community to absorb that kind of debt and the behavior associated with it is, again, it's unconscionable, and it's almost impossible for a community to uplift itself when you have those kind of circumstances, and you don't have targeted approaches to dealing with these issues like the initiative we're talking about here with respect to the expansion of the earned income tax credit.

And obviously we know that we're talking about this in terms of childless workers. But the implications for fathers with children who are not necessarily considered dependent, but those children are dependent on those fathers, and if we want those fathers to have a relationship with their children, we've got to figure out how do we do things that are creative enough so that, one, we encourage the men to come above ground, play the mainstream game.

If they play the mainstream game, we don't cut them off at the neck when they pop their heads above the surface, right, because it's a bait and switch game. And the one thing about these guys is, they're not dumb. They may have done dumb things, but they're not dumb.

And so when we have initiatives or policies that are like that, they're smart enough to stay underground and they're going to do the things that they need to do to survive and it's counterproductive to the quality of life in a community that we want children to be exposed to. So when I think about this project in terms of giving guys who want to try to do the right thing an opportunity, we've got to continue to drill deep.

And, Gordon and Harry, I want to thank you all for staying with your ideas over the last decade plus to make sure that something like this now comes to the point where we're looking at it. We have the best scientific rigor that we're applying to it, so we're going to learn good, bad, or indifferent.

Harry, I understand that the outcomes we may see from this may not be significant, may be much more modest than people would like, but when you think about

the dire circumstances of these guys, the likelihood that you're going to get significant outcomes early on, you know, is not realistic, but it's the right thing to do.

Secondly, there are a couple of things that are happening in the state of Maryland that occurs to me that something like this could compliment. Earlier this year, we worked with the Maryland state legislature and one of our legislative champions, Delegate Sandy Rosenberg, and we advocated for a bill that would require the Maryland Department of Human Resources, which is where our TANF program, Child Support and Family Investment Administration is under one roof, to change the way in which they engage poor moms when they enter the welfare program, particularly the subset of those women who are in relationships with the fathers of their children, so that there is no longer just a conversation with her about child support related to her eligibility, and to bring the guy into the fold together.

And the bill requires the Maryland Department of Human Resources, the Center for Urban Families, my organization, to work in partnership to change the way those inter agencies work together. And I'm very encouraged because we've gotten the Ann E. Casey Foundation to work with us on the evaluation side of it, so that as these women go to welfare programs, we're now going to be working with them as couples to do two things, to help them increase their relationship skills, but also to work with them jointly to get them into the labor market as a family unit, not just as individuals.

And then the other part of this has to do with the fact that the child support anchor around the neck of these men has to be considered when we look at these policies, because if we are going to say that we want to expand the earned income tax credit to make these men more eligible, but we're not going to do something creative to kind of offset the implication of child support arrears in terms of collections, it's going to be a disincentive for them to participate. The second thing is that the, and I hope that this is being considered, is that the under regulation or oversight of the commercial tax preparers is so critical to the efficacy and the integrity of this model that if we don't make

sure that people are not applying for, or not having their taxes prepared, but applying for rapid advanced loans and other, you know, products that allow them to be dragged into administrative fees that are 300, 400, 500, 700 percent against their ability to get those checks back as a refund, then we're going to be missing the boat.

And then lastly I will say that, you know, one of the things that we've been able to advance in in Baltimore is this partnership. This goes to the labor force issues that Harry talked about. We have a partnership with the Maryland Department of Human Resources and the Department of Social Services and Johns Hopkins University and we're now looking to expand this with several other hospitals through a state funded program where women who are on the DSS case loads, the welfare caseloads, go through us through soft skills training.

They then go into a five month internship program at Hopkins where they're allowed to keep their state benefits while they are in the internship. And they go through rotations at Hopkins. And then after the five month internship, they go into full-time employment opportunities within a hospital system. And now we're looking at the partners of those women to come up with corollary services so that they can get into the hospital systems together. And then we have two other hospitals, the University of Maryland Medical Center and Bon Secours Hospital that are joined with us in exploring how to expand that.

And I think this gives us the encouragement that if we can expand EITC and potentially think through how do we work with these couples who are interested in being together, we have the potential of, you know, impacting marriage rates, or at least cohabitation rates relative to the families wanting to stay within a couple relationship and the impact for their children.

MR. HASKINS: Great. Thank you, Joe. Well, fortunately Mr. Levin has arrived and I've been disentangling myself here without – so thank you so much for coming. I know it's been a problem with your schedule and we really appreciate you and

your staff making all the adjustments so you could appear.

For those of you who don't know, Mr. Levin has been in Congress for 31 years. He represents Michigan's 9<sup>th</sup> District, fortunately north of Detroit, not in Detroit. He's the top Democrat on the Ways and Means Committee, which means if you think a little bit in the future, that should those Republicans continue to behave the way they are, soon he could be chairman of the Ways and Means Committee and then we'll have a hell of a time getting him to come back here. I had an opportunity to watch him directly for 14 years. I was on the staff of the Ways and Means Committee. And here's the conclusion that I would come to about Mr. Levin. He's one of the most thoughtful, well prepared, and determined, and I mean determined, members of Congress. You do not want to be on the other side.

With regard to today's topic, Mr. Levin has always showed a commitment to policy for the poor, and especially for children. He's been a champion for them throughout his career, and again, extremely knowledgeable on the programs which are incredibly complex, and yet he mastered the programs, knew more about them than just anybody on the Committee, especially once Tom Donnelly left. And so he was always a great champion for children. So, Mr. Levin, we're so glad you could come today and talk about this important policy initiative.

(Applause)

MR. LEVIN: Hi, Ron. Nice to see all of you, and Belle. I wanted to come in part because I don't get here enough. It's one of my favorite institutions. And so in a sense, whatever the subject, I like to be there, even if I don't know much about it. I'm sorry I'm a bit late. In a sense, not much is happening here, but in other respects, a lot is happening. And today is a day when lots is happening regarding health care. So I was delayed because of that. And when I leave, I'll go back into that thicket. I wanted to say just a few words before I got into this subject based on my experiences back home last week and the weekend.



I had a meeting with workers who have been unemployed in most cases over six months. And we sat around for an hour talking about their lives, and it was very striking as they talked about the struggles to find employment, as they talked about the importance of their unemployment insurance, as they talked about their efforts to find new careers, as half of them who were in their 40's and 50's explained the difficulties of finding work if you're in your 40's and 50's and early 60's. I'm not sure how much work has really been done.

There is a law against age discrimination. Many of them indicated they did not put any indication on their CV that might tip off what their age was. So they would put they went to school, but not when they graduated. But it was really very telling what the atmosphere is in this country.

And then I went to a church based pantry on Saturday. I had been there a year before. And when I walked in to where the pantry is, it was striking how empty the shelves were. And I found it very disconcerting because there's been so much demand for food that half of their shelving was totally empty. And then I met three couples who came there for food, people who had worked, in some cases drawing unemployment insurance, other cases haven exhausted it, and they told me their efforts to find work, and even if they had some help like unemployment insurance, there wasn't enough money for them to pay their, in one case, the mortgage, keep a car so they could look for work.

I mention this because I do think as we look at this issue that you're focusing on today, we have to realize the basic environment in which a lot of our fellow and sister human beings are operating today, a very difficult one, indeed.

So I think that makes all the more important what you're discussing today because you're asking – we have a law, a law that goes back many years that was, if anything, was bipartisan, that was it, the EITC, and how it has, with the child tax credit, lifted, according to recent data, about nine million people out of poverty, and the idea that we need to look into it further and see if there are ways to improve it.

Ironically, going back to my first thought, in Michigan last year, they reduced the Michigan EITC and I found it hard to understand. And I just went back and looked at the figures. If I can find them, I just scribbled them down again. It reduced the benefit of the Michigan EITC in average from \$439 to \$132. And so one has to wonder why that would be done. So in a sense, I wanted to come here really to congratulate you for your immersing yourself in this issue. There has been legislation over the years to try to do some adjustment to this. I think the term child – you probably have talked about this, the term childless worker is a misnomer, right, because in many, many, many cases, they're really not childless, right.

I don't know all of the data, but if the divorce rate in this country is 50 percent, that's about what it is, it means that a lot of these workers are not childless, right. They're called that I guess because they don't have the structure in terms of the divorce that they have custody or shared custody, is that correct, of children, so they're called childless.

So I think what you're doing is really important. And this experiment in New York is critical because, I'm sure you're discussing this, what the EITC has been doing is not only to try to ease the financial burdens on people, but I think often has major social implications and provides an environment so that families can function more effectively.

So not what else I should say. There are other factors. Clearly we have to have more effective training, retraining availabilities. I remember going to a facility a year ago at the Macomb Community College and there were 30 people there who had been laid off, who were engineers, or who were experts in software, and they were in a course trying to upgrade their skills, and almost all of them were in their late 40's and 50's. And their main concern was, as they upgraded their skills, whether people would hire them at their age. And frankly, I found it rather sad because I didn't know what to say to them as they labored there to upgrade their skills already being skilled.

So I think if I might suggest what you need to do is to hammer home that there is a gap here in EITC which has been working well, but it misses a lot of people that it should affect, and that this is an experiment, as I understand it, to drive home that point, and as I understand it, to look at the environment in which this tax provision or this provision would operate.

So let me say one last thing. We haven't been functioning very well. It's so different, Ron, from the days when you were there. I think we didn't always agree. But I was on the Conference Committee on welfare reform and you were a critical part of it, and there was enough sense of trust that we could sit down and argue, and in many cases, if not most, come out with a result. And we've lost so much of that and we need to somehow find ways to renew it.

And I want to mention this because there was a hearing on Ways and Means about problems with EITC. Some of you maybe were there. And there were discussions about the missed payments, the over payments, the problems with the EITC. So I discussed with the staff, because we haven't spent much time on this recently, and they were reminding me that the figures that we work with are from 2006, and so the whole focus of the hearing was on the problems that we have, the missed payments, the over payments, et cetera, based on data that is essentially six to seven years old. And when we talk about referring to it in terms of 2009, they're really not 2009 figures.

And what bothered me about it was that we need to look at problems of efficiency. We need to look at problems of effectiveness. We need to look at the areas where programs aren't working well. It has to be done in the spirit of trying to make them better, not make them worse. And too much of what's going on in this town, if I might say so, is oversight, not to make a program better, but to try to see if you can make it worse or not exist at all.

So in a sense, all of you working on this, you're a ray of sunshine. And I hope very much that this ray of sunshine will have so many emissions that it will spread

throughout this town and touch areas other than this. So congratulations on your work.

Do you want to talk for a couple of minutes, because I've interrupted you?

MR. HASKINS: Great. You can stay for –

MR. LEVIN: Yeah.

MR. HASKINS: --- just a couple minutes.

MR. LEVIN: I'm fine.

MR. HASKINS: Okay.

MR. LEVIN: I looked at my watch only because I know something is coming, but it's not coming for quite a while yet.

MR. HASKINS: Okay, good. So first of all, let me give an example of the way things used to work. I can distinctly remember sitting in the basement in the Capital, in one of those dark, gloomy rooms, at something like 1:00 in the morning as you pestered Clay Shaw about the contingency fund. The welfare reform bill had a puny little fund in it that hardly gave any money during the recession, and we wound up with a \$2 billion contingency fund, entitlement money in the fund, and I'd say 95 percent due to your, I wouldn't say orneriness, and Clay Shaw said, yeah, we've got to do this. And there were a lot of things like that. It is the way it used to work. And, in fact, that leads to my question.

So the EITC, you don't get it unless you work. And this group, men that have been left out, and Republicans have repeatedly shown they are concerned about men. They put a provision in the legislation about marriage. It had a separate section for men. So both because it makes people work and because it focuses on men, a group that Republicans are concerned about. And let's say that two to three years from now we find out it actually does increase our labor force participation and even does something about their child support payments. Can you imagine that you could reach a bipartisan agreement where you would spend \$20 or \$30 billion on a program like this that would have those effects?

MR. LEVIN: By the way, we know what's happened to the wages of most of the men in this structure, right. I mean the data on wages for middle income men and women, those figures are startling, and you all have worked on it. You could in your sleep talk about what's happened and how in the last 30 – 35 years there are various sources how essentially huge numbers of people have been going backwards, and more men than women. So that should be a prelude to my giving you a very positive yes.

But I don't want to beat the drum too much, but it requires resetting the environment and the atmosphere in Washington, if I might say so. Because we're going to have a fight, if I might just give you an example, over the federal program and unemployment insurance.

On December 28, a 1,200,000 people are going to lose all of their unemployment insurance, every dollar. That's how many people have gone beyond the state program and are in EUC, the federal program, 1,200,000 people. The next six months beyond that if we don't act, there will be another million and a half. You would think in view of that, there's no phase down. You would think based – this is three days after Christmas. You would think that we could garner our resources and discuss it and resolve it. I'm afraid to say, as of today, there has been no such discussion except among a few of us. So that's kind of a long answer, Ron. But I think you need to push this. It makes so much sense. My guess is, it's going to have social ramifications that people don't understand fully. We don't understand.

I got from a report from a staff member about the school district in suburban Detroit in which my late wife and I raised our children, and a report on the number of kids who come to school every morning who have not had any breakfast, and, for me, it was so painful. So I think you need to pursue this as we try to get people talking about the potential benefits of this program. Okay. What else?

MR. HASKINS: A question from the audience? Yes. Wait until the microphone comes. Give us your name and ask a brief question, please.

MR. LEVIN: Ron is tough, by the way.

MR. LOVELL: Just great having you here. I'm Malcolm Lovell and I headed the employment service.

MR. LEVIN: Hi, Malcolm.

MR. LOVELL: One of the problems that we found when I was working in the anti-poverty program was among –

MR. LEVIN: Malcolm, make sure everybody can hear you.

MR. LOVELL: One of the main problems in the black community were the number of single parent families. And only about 10 percent of the black births in those days were to a family that was done, split. And I just wondered, is there any change in that? Is the black community now coming up with more married couples or none?

MR. LEVIN: I'm not sure of the data. But I think everybody realizes – I think within the black community, there is a growing concern about the – I mean you look back 30, 40 years ago, take Detroit, it has been so devastating. When I worked at Dodge one summer, you could do that in the summer. There was steady employment. And the industrial wage base for so many families essentially was eroded, and in many cases destroyed.

It's an important issue and a complicated issue. And my guess is that a program like this can have important ramifications potentially in terms of family structure. You'll see, right?

SPEAKER: Yes.

MR. LEVIN: You'll see, and that's why you should do it. Now, it is fabulous that you're doing this and that you're doing it with a wide wing spread, that's fabulous.

MR. HASKINS: One more question from the audience. In the back there.

MS. LASHHERE: Jen Lashere, a retired professor from Oakland

University.

MR. HASKINS: Oakland, Michigan, I assume?

MR. LEVIN: Yes.

MS. LASHERE: Oakland, Michigan.

MR. LEVIN: There's only one Oakland University.

MS. LASHERE: Right. Wouldn't a program like the WPA or a works progress program accomplish some of the things you wanted?

MR. LEVIN: Well, it's an entirely different subject. But I mean I'll finish with this. We're having so much trouble getting ourselves together that we have trouble even passing an infrastructure bill. And we know that – we were talking about this today because, or yesterday, because there's some thought we should put more money into infrastructure, and we were talking about the economic impact of extending unemployment insurance and spending some of that money, because it's about 25 billion a year, on infrastructure. I don't want it to be either or.

And it was pointed out that the startup time frame for structures longer than the impact of unemployment insurance. But the answer is, sure, we should have had a major infrastructure. It won't be 30, 40 years ago. The truth of the matter, it won't be – and we have other ways to do it. We've had construction workers a few years ago, if you went to any metropolitan area, 25, 35 percent of the construction workers were unemployed, and it's had so many ramifications. You know, the ramifications it's had for their pension funds, for their health insurance funds? The construction industry has had historically strong pensions and strong insurance funds. Because of the lack of funding for infrastructure, a good number of the Taft construction funds in this country are in deep trouble. And the teamster central fund is in very deep trouble, and they're tied into construction.

The answer is, sure, just roam around – just go up and down these streets. If you don't believe it, come with me as I drive in and go to the Capital. And the

road leading onto east/west is – I mean it's – I was in Bangladesh in the summer and the roads are about just as bad as they are there. Sure.

Well, I really enjoyed this. And I so congratulate you and all of you for doing this. This is an institution that I think has managed to carry on regardless, and good luck with this project.

MR. HASKINS: Thank you very much.

(Applause)

MR. HASKINS: All right. So now a couple of questions and then we'll have a couple questions from the audience. Nothing secret. It would be safe with me if there were. One time we had Eleanor Holmes Norton here and we were sitting at a table and she had all her notes right there, she hadn't spoken yet, and I had a cup of coffee, and I spilled my cup of coffee all over. She was not pleased. All right. So I want to ask a couple questions. Vicki, I'd like to start with you.

You wanted to talk about garnishment, which I think is a good thing. But I want to ask you another question I think is really important and interesting, and that is that the – it started in Texas. It might be the only thing that started in Texas the administration really likes apparently. But Texas had a program where they helped fathers who owed child support get money. The biggest cause of not paying child support is, guys don't have money.

MS. TURETSKY: Right.

MR. HASKINS: And so they decided to try to help them find jobs. And now the administration, and the Congress I think has even gotten involved, sees this as a good idea, and why don't state child support enforcement programs try to help people get jobs? So my question is, first, do you agree with that? And secondly, couldn't something like an earned income tax credit even augment those programs and make them more effective?

MS. TURETSKY: Yes and yes.



MR. HASKINS: Thank you very much.

MS. TURETSKY: But I have a longer answer. The Texas program is not the only program.

MR. HASKINS: Oh, no, I know, yeah.

MS. TURETSKY: In fact, the majority of states now have at least one local child support ladder coordinated employment program. Now, we don't have authority to pay for those services and so that would be something Congress could take up. But we are, ourselves, conducting a large scale random assignment study of non-custodial parent employment programs being led by Jennifer Brazinsky, who's here in the audience here on my staff.

And Texas is one of those eight sites. But there are a number of models. New York had a model that had positive results in terms of employment, earnings, and child support payments, and that lasted over time.

So, yes, I think child support and employment programs for non-custodial parents work very effectively together. We're seeing positive results. And it's sort of a natural fit for us.

MR. HASKINS: Okay, good. Thank you. Now, let's just say a few words about garnishment. I'd like to hear what you think about – tell people what garnishment is first.

MS. TURETSKY: Okay.

MR. HASKINS: There might be one person out there who doesn't know.

MS. TURETSKY: All right. If you have a child support order, you are subject to payroll withholding, sometimes called garnishment, sometimes called income withholding from your paycheck. Child support is paid in this country primarily, in fact, 70 percent of child support collected is paid through payroll withholding. And you don't have to be behind on your child support. It's the primary way we collect child support if you owe child support.

And so the question here, the design question here is whether EITC benefits in, I'm going to say not in the demonstration project because, you know, that's a demonstration project, but in terms of policy, whether child support should be offset from EITC.

So there's payroll withholding and then there's also – we in the states collect child support debt through tax offsets, federal and state offsets. And the question is, should EITC be exempt from that process of offset? I would argue no. And I guess I would preface my remarks by saying we understand the disincentives to low wage employment that unrealistically high support orders and unrealistically high payroll withholding levels and unrealistically high debt can create for low skilled, marginally employed men, non-custodial parents. Parents need to support their kids, but they also need to survive themselves, and that's the dilemma. We are working very hard in the child support program across the country, including New York City, to adopt effective child support procedures in this area to set orders based on, you know, real income, not made up income, as has been in the past, to reduce debt, to connect to employment programs, to intervene early, to bring both parents together, you know, the whole range of what we call family centered policies and practices, and we're seeing a lot of change through the country, and it's not complete yet by any means.

MR. HASKINS: Good.

MS. TURETSKY: And there are many fathers that have high debt. But I also think, just to say one more thing, that EITC is garnished for a variety of debts, not just child support, including student loans. Most families use their EITC benefits to pay off bills. I mean I did when I was a low income single parent and got EITC. I used it to pay bills. And so why should we take the money off the table? We need to fix the child support policies. We don't necessarily need to take money off the table for EITC availability for supporting their kids.

MR. HASKINS: Interesting answer. Linda, New York is a very political

place. Do you want to add something to that?

MR. HOLT-EAKIN: Can I just know the facts on the pilot? Will this pilot be subject to garnishment, child supporters?

MS. TURETSKY: It won't be sort of automatically by virtue of participation, but the participants will be subject to all the city's normal child support routines.

MR. HASKINS: So it could be?

MS. TURETSKY: It could be.

MR. HASKINS: All right. So let me ask you a follow up question.

MS. TURETSKY: Did I get that right? Yeah. Okay, thank you.

MR. HASKINS: A couple of the panelists have mentioned that this group of fathers that we often think about are not necessarily a sympathetic group and don't necessarily have great political power. So now you have this remarkable new program for this group. Tell us about the politics of it. Do you think something like this would pass the city council? Do you think something like this is likely to be expanded? Do you think that voters would support it and so forth?

MS. TURETSKY: I think you have to make the case. I don't think that there is automatically great sympathies. The perspective the way that we've taken this on is to try to be a lot more explicit about the social disparities that are experienced by black and Latino young men in the city, to put that out there so that people understand that their graduation rates are half the rates of white men. And, you know, under Mayor Bloomberg, we've closed that disparity, so now they're about 75 percent the rate of white men. The justice outcomes are like just heartbreaking. They're, you know, 26 times more likely to be involved in the justice system compared to white men. Across the board, their employment rate is much lower, and so to make people more aware of the specifics of how vast those disparities are, and to appeal to them on social justice grounds as the first appeal.

And as the second appeal, to appeal to them in terms of their own self-interest, and to understand the incredible drag on the economy that results from under employing, under educating, over incarcerating vast swathes of our population, and pulling them out of the economic mainstream is – so not only do you have to pay the high costs associated with those negative outcomes, but you also deprive the country of an economic force that should be working in your favor to make us even more competitive economically.

And so trying on both levels to make that appeal is part of what we are trying to be explicit about. But it really is an uphill battle. And I think the more and more and more that we can show that our public programs are successful and you can have an impact and you can sort of reduce the barriers that are prohibiting individuals from being successful in our economy and in our society and show that potential, then the evidence can help to sort of make the case and, you know, sort of foster more public support for these initiatives.

MR. HASKINS: Great. Thank you. So Doug and Harry.

Harry raised this. It was just raised. Mr. Levin and his solution was WPA. I'm not sure that would fly with either one of you, I don't know. But demand is an issue here. I mean the jobs are going to be hard to come by, especially some places in the country, in Mr. Levin's district and south of his district, in Detroit, for example. So what would you do on the demand? What would you do to produce more jobs? What's your solution to that part of the problem?

MR. HOLZER: The broad answer would be certain fiscal policy changes that Doug and I are probably going to disagree on, so I'm not even going to go there. Politically it's not going to happen anyway. I would support a targeted job creation effort that included public service employment along with infrastructure and some of the other things. Politically that's probably not going to happen.

So I think, you know, within the realm of what is politically possible,

there's a set of ways to expand job creation. For instance, transitional jobs are something that has been talked about a lot for this population. I mean so far the evaluation evidence on the best of the program suggests they don't increase employment rates after the subsidy ends. While the subsidy is in place, they do dramatically – and they have other offsetting benefits like reducing incarceration, recidivism, again, for the best program. So that might be our best effort, to create – and then, of course, the other thing on the demand side is, I think there are things you could do on the criminal justice side for guys with criminal records.

It's actually illegal for any firm to say I'm not going to hire anybody with a felony conviction because that has the despaired impact of – the EEOC has ruled on that. It still happens a lot. One could imagine simply enforcing that law more effectively, pushing the states to reconsider some of their legal barriers that they've put in place for this population, you can imagine some of those things. Plus, you know, just better job placement services.

So much of this is statistical discrimination against guys that employers fear. You go to an employer and you say, look, this guy had one non-violent felony conviction. It was five years ago. The odds of reoffending are low. Let's show you the certificate of what they've done since then. You can imagine that simply providing more information –

MR. HASKINS: Aren't there bonds that an employer could –

MR. HOLZER: --- all those no take up of that. But you can imagine a set of things all together that really would start to make a dent.

MR. HOLTZ-EAKIN: I think the most important thing is to recognize that something like this would be structural change. And you shouldn't confuse it with a short run demand problem, which we have, and we need to deal with. I mean it's always a mistake to oversell something, it's like this is going to solve our short run problems. That's what's happening with infrastructure. It gets sold as stimulus. We need better

infrastructure. It should not be sold as stimulus. We get better infrastructure programs, fund them, and have them.

So I would hope this debate would be about poverty, targeting poverty effectively, rewarding work, and, you know, all good things flow from work. If you look at the correlations, you know, people at work succeed much more in America. So that's the conversation to have. And to simply, you know, get something better in place and then come back to these demand problems that are real, I mean there's no doubt about it.

MR. HASKINS: Okay, good. Joe, the rest of us speculate about this stuff and read the research studies and so forth, but you live it every day, you've lived it yourself in your personal life. Here's the question. When you were 23 or 24, someone comes along and says get a job. We're going to give you \$2,000 extra. First, would that be enough to convince a lot of the people that you work with, these young men, that it might be worth it to take that job at a gas station, you know, for \$7 an hour or \$8 an hour? And secondly, if the answer to that first one is yes or a little bit, then do you think that it would have an impact on their behavior, especially the probability they would be incarcerated again, and the relationship with the women in their life and so forth?

MR. JONES: Well, if you're asking me about population or generation of folks back then –

MR. HASKINS: No, I'm talking now.

MR. JONES: Now, we have so many things competing against what we are trying to do for particularly young men, right. There are two things in particular that really are charged. One is, relative to men in our country, generally speaking, we don't necessarily believe that men of any color, of any socio economic background, should receive support. They should be able to pull themselves up by their bootstraps if they fall and that's it, right.

Secondly, I think the vestiges of race and slavery in this country still have not been overcome to the point where there is a segment about society. They don't

believe men of color should receive any kind of support, particularly something like what we're talking about, expanding the EITC. That said, there are sources of support in the community I think that are untapped that young men are largely missing from, right. The church in the black community should be a central player in anything that we do relative to getting people in the community, in this case young black men, out of the hell hole that many of them exist in.

I think the fact that so many of these men come from father absent households, where the model of behavior with respect to a work ethic has never existed for them. And so we're talking about now convincing them that they should take a legal job where a \$2,000 subsidy is going to be attractive to them against the other earning opportunities in the community is very, very limited.

That's why our institutions in the community, whether it's community based organizations like the Center for Families, our churches, some of our state agencies, and I think that some of the policies that we've had where it's just not safe, it's not perceived as being safe to go to child support is a huge disincentive.

The fact that we have, you know, stop and frisk policies in so many of our communities. Young black men and Latino men don't trust systems, right. So you have all of that tugging against that. So the partnerships that are absolutely necessary for something like this to be optimally effective have to be – they have to really be worked to make sure that it's not just the opportunity exists, but the connectivity to it. And then the constant support with these young men, to get them to understand that this is something that's available to you and you can take advantage of it, but to simply say here it is and expect that there's going to be a huge on ramp to utilization I think is not necessarily something that's going to be as beneficial to them as we would like for it to be.

MR. HASKINS: Great. That's a good answer. Okay. Audience, a couple questions from the audience. Tell us your name and ask a brief question, please.

Let's start right here on the left.

MR. SCHWARTZ: My name is Mark Schwartz and I have a question for Mr. Jones and Ms. Gibbs about the philanthropic community, foundations and individuals, whether a program like this that's proven effective to the EITC could attract the interest of philanthropists interested in making an impact on poverty. I know that previous CEO efforts have attracted Robin Hood Foundation's interest. And, Mr. Jones, you mentioned the Casey Foundation.

MS. GIBBS: Our entire array of anti-poverty initiatives and the Young Men's Initiative is public/private partnership. So we've had incredible support from Robin Hood, and Star, Rockefeller, Blue Bird Philanthropies, you know, and small organizations, New York Community Trust, small community based philanthropies, and that has been really critical. And the way that we tried to stack that up is to use the philanthropic dollars for things that are a little bit more out there. And so to the extent that you say, you know, this is something you should try not with tax payer dollars, or for things where the philanthropic dollars can jumpstart something, but then the savings associated with those initiatives can then feed in later and keep it going. So it's a great sort of initiative fund.

In this case, this is being spent with – paid for with city tax levy dollars, so it's not philanthropic dollars in particular. You know, our question really – and this is what the mayor struggled with, he liked it, he believed it was something that ought to be tried, he feels like it's going to work.

His struggle was, should a local government pay for this? And because it was a pilot and we're testing it and it's clearly being done in a way that – we would not have an intent of taking this to scale with city dollars. It's sort of the type of income redistribution policy that is appropriate only for the federal level to do. But we're doing it with city tax levy dollars in order to test the proposition in order to make the case so that federal policy folks could answer the question about the investment.



MR. HASKINS: Joe.

MR. JONES: Yeah, I actually think that, you know, that we are in a very encouraging environment with respect to your question. And I'll mention two examples of why I think that. One, any time that you have two of the most wealthiest men in the world, George Soros and Michael Bloomberg, co-investing in something, it's like Beyoncé. If Beyoncé changes her hair style, young ladies throughout society will change their hair style to mirror Beyoncé. Well, when George and Bloomberg, you know, start something, it has a reverberating effect. To that point –

MS. GIBBS: I'll let the mayor know you equated him to Beyoncé.

MR. HASKINS: He has better hair.

MR. JONES: Earlier this year at the Council on Foundations meeting in Chicago, 26 of the nation's most influential philanthropic organizations pledged to look at ways to co-invest in issues that impact black men and boys. And they're currently trying to figure out how to translate those pledges into action.

So there are a number of conversations that are happening that will help this coalition of foundations to consider what it will do around these kinds of investments. And I think that a model like this has huge potential and interest from a group like that.

MR. HASKINS: That's interesting. Another question, right here on the –

MS. BRAID: Hi. I'm Emily Braid and I'm the UK Ambassador, Social Policy Advisor. So I'm real excited to see things that are mirroring the national level of universal credit revolution that's happening in the UK, making work pay. But I really wanted to ask what we've been touching on a bit about re-employment services.

And I think, you know, Ron, you made a good point that, you know, if you – somebody and said get a job, here's \$2,000 extra bucks, how do you get the word out? How do you sort of change your American job centers to engage with the unemployed population more actively in New York City? Because I don't think you can do a project like this without, in tandem, reforming how you engage that unemployed population at the

point of re-employment services. So I mean, Ms. Gibbs, you can answer that and anyone else who'd like to address it.

MS. GIBBS: Yes and no. And the reason I say yes and no is, one of the considerations in design was, should we actually hard wire this right to employment services. And the challenge is that if we did that, then we would be testing a two proposition intervention, not just the EITC. And so we wanted this test to mirror the real world as much as possible. And at this point, there is not a parallel investment in comprehensive, you know, entitlement job training services. And so what we will see, because there are a lot of efforts going on simultaneously within our initiatives around retooling a lot of our work force approaches to assist disconnected youth in particular to get connected, it is possible that they will see some of those services in their environment. I don't know that we, in our evaluation design, that we'll be able to control for that. I don't think so.

So the yes part of my answer is that we see with our Young Men's Initiative, we not only want to – we really wanted to touch the effort from every point of view, from employment, education, justice, health, because we don't know where the right triggers are, and we don't know what's going to be enough to shift the outcomes. And if we just took one approach, it would assume that our knowledge about, you know, if it's all education, that that's it. But we don't know that's the answer.

And so we have this very comprehensive approach. And so if you're trying to build a set of circumstances that can get out all those barriers with as much sort of energy and enthusiasm as possible, you've got to, you know, sort of run on all drives. But in this case, we really wanted to test the EITC as it would exist in the real world.

MR. HASKINS: Harry Holzer.

MR. HOLZER: So what we mostly have in the United States are these one stop shops. These guys aren't going to walk into a one stop shop, and even if they did, you know, they're not going to get the level, the intensity, the services they need. To

me, the folks that do a good job of this, like the Center for Employment Opportunity in New York, you know, outfits like – you need an intermediary that works actively both with employers creating the demand, trying to generate, trying to offset some of their negative – first of all, making the connection at all to employers, and then trying to offset a lot of their negative impressions, and then working with the young men themselves, and maybe trying to deal with their child support issues and things like that.

And, you know, the most successful job developers have a lot of things in their tool kit. They can't just rely on one thing. This would be an additional powerful tool, hopefully, among others, and I think that would be the right way. If you could scale up some of those efforts along with this, on top of these other things, then hopefully that tool kit together would be more powerful and more effective, and I think that's the right way to think about it. And it still wouldn't be that expensive to try to scale up relative to a lot of the other remedies that one can think about.

MR. HASKINS: One more question, back there.

MR. LANGROCK: Hi. I'm John Langrock from the Office of Child Support Enforcement. And I guess this gets back to the last couple of questions that we're just asking. And Mr. Jones I guess hit right on it, actually living it. You know, is \$2,000 going to be enough incentive to get anything? And Mr. Gordon had mentioned it in the design, that we should expect low impacts. So, Ms. Gibbs, my question to you is, are there these comprehensive programs in the design evaluation? Are you considering that right now? Because, you know, are there fatherhood programs connected? Is there case management connection to the group that will be the experimental group? Because \$2,000 just probably will not cut it.

MR. HASKINS: Okay. Before you answer that, let's let – this young lady here had a question. Let's let her ask her question and then the panelists can answer either one. Right over here, yeah.

MS. SESSER: My question is actually related to that. My question

builds on Emily's. I'm Ann Sesser from the Ways and Means Committee, builds on Emily's question and the one that was just asked about lump sums versus kind of getting a supplement as you go and that kind of effect has on workers. So you're telling men, go get a job, we'll give you \$2,000 in a year, plus four months down the road, and so just thinking about that aspect.

MR. HASKINS: Okay. Go ahead. Anybody on the panel say whatever they would like to, including last words.

MS. GIBBS: So there's nothing hard wired, and I won't take the time to go through the entire, you know, CEO, why am I portfolio or all of our small business training programs. They exist, and a lot of the work that we're doing is to figure out why young men won't walk through the door of our one stop job centers and so how do we restructure approaches that get them into those programs? But, you know, maybe it comes back to thinking about the question with the garnishment.

I think, you know, and it's been hard and I may be disagreeing with my own decision, but I think what we want to know here is if the \$2,000 is enough. And I think if we hard wire any take back, you know, before they even get it, we're depriving ourselves of the knowledge of whether it's enough.

And it is the case that there are a number of governmental supports that go to them to go to their children. And, you know, some sort of, you know, fiscal equity, you know, policy decision might say, you know, you want to take it back. One the one hand, you can't give it because you're in need – when you're no longer in need because you've gotten this other thing.

But on the other hand, you know, these are really, really poor, disconnected guys who have got a lot of history. And maybe, if you think about it, it's more important for them to get themselves out of shelter because now they can pay the rent in a way that they couldn't before, and that step might put them on a better path to being able to pay child support later. And so, you know, I think I come down on this

garnishment issue, of wanting to know whether it is enough, and to understand this in the trajectory of somebody's life experience, and the fact that you believe that they should meet their legal obligations on child support doesn't have to lead you to the conclusion that they have to pay it, you know, day one, before they even get the money in their pocket. So that's, you know, sort of the tension there on the garnishment issue.

You know, I suppose on the EITC and lump sum versus trickle it along the way, it may be one of these irrational decisions.

MR. HASKINS: Linda, first, will you tell us what are – there are no additional provisions for continuous payments that will mostly come as one payment or is that not right?

MS. GIBBS: You're mirroring the real world EITC as much as possible.

MR. HASKINS: Yeah.

MS. GIBBS: We talked about that. We said this is the policy we're testing, so let's do it, let's make it look and feel and behave like a real EITC.

MR. HASKINS: Right.

MS. GIBBS: It's interesting that some, you know, people behave in what might seem economically irrational ways, but, you know, sort of going after, you know, sort of a lump sum sometimes can feel a lot bigger than if you divide it by 52 and it's like – and you'll get an extra, I don't do math that quickly, you know, \$100 a week or whatever. That's way too much, right? Yeah. Well, now I make my point. You'll get an extra 37 cents a week, you know, and it's just like, you know, like you'll get \$2,000, you're like, you know, lotto. So, you know, and I know MDRC has a lot of research, including stuff that they've done in the UK around more paste out and economic incentives.

MR. HASTINS: Anybody else on the panel, anything?

MR. HOLZER: I'll say one thing. This is my positive scenario that I'm hoping for. First of all, I'm hoping that Gordon's study generates positive impacts even if they're small, 2, 3, 4 percentage points would be great. Then if people say, well, how

much would it really cost to do this at the federal level, some version of this, you know, 15 billion, 20 billion, that's never going to happen on its own. But if a comprehensive tax reform effort ever does start to occur, and I'd ask Doug as this, within the broader context of that conversation, could something like this be tucked in and actually maybe –

MR. HOLTZ-EAKIN: That was the point I was going to make. I mean that is the opportunity because, you know, the EITC does have a good bipartisan history. Any tax reform will have to be bipartisan. And there's always this issue of the distributional tables. And this is a wonderful tool to solve the distributional tables in a tax reform. And so that is an opportunity, it's worth thinking about.

MS. GIBBS: May I respond to Ann's question?

MR. HASKINS: Please do.

MS. GIBBS: And this is not data. This is just having lived the life from a different perspective, which is, how do you use money? Of your low income marginal budget, how do you use money when it comes in as a lump sum versus it comes in every month? And just speaking from a personal observation, if it comes in in a lump sum, you're more likely to pay off bills, debts, and save some, if you can, or pay or a, you know, some sort of investment.

If it comes in every month, you'll use it for rent, you'll use it for food, and so it's a different use of the money. I think there are advantages to both. But I think as you said, that when you get in a lump sum, there are more possibilities, I guess.

MR. HASKINS: Joe Jones.

MR. JONES: So two things. One, I think that, you know, John and both of you mentioned it, I think case management coupled with financial education has to be a part of the equation so that cumulatively, you know, particularly when you're talking about young people, that we're able to help them understand how to budget even if they don't get it right away. I mean at 23, I don't know how smart I was about money. And obviously, with my other background, I wasn't very smart at all. But I think that there's a

way in which we can help people, you know, build their (inaudible)

Secondly, with respect to couples who, you know, who want to form relationships, and the notion that – this is sort of like, you know, when a couple applies for a mortgage, right, you look at the two people's credit scores independently, and the mortgage industry will base the loan on the person with the lowest credit score, right.

So, in effect, you have a mortgage with a high interest rate, right, when you really could average them out. Why for the couples who would be potentially eligible for the earned income tax credit who want to be together, why don't we similarly look at the income of the lowest earner, right, and make the earned income tax credit applicable to that person's earnings as opposed to averaging out for both?

MR. HASKINS: Good point. So we've come to the end. I'd like to thank you. You've been a great audience. And please join me in thanking the panel.

(Applause)

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