

Chapter 6: The Way Forward

Reducing poverty and increasing social mobility are bipartisan national priorities. They are discussed often by the president and Congress, in think tanks and universities, in the press and in the public square. They are major issues for both parties in the 2016 presidential campaign.

In this report, we have drawn from the best thinking across the political spectrum. We offer a way of thinking about poverty and economic mobility that is unified by three core values shared in some form by nearly all Americans: opportunity, responsibility, and security.

All Americans should have the *opportunity* to apply their talents and efforts to better themselves and their children, regardless of the circumstances of their birth. All Americans have a *responsibility* to provide for themselves and their families to the best of their abilities before asking others for help. All Americans are entitled to a basic level of *security* against the vicissitudes of life and, in a nation as rich as ours, to a baseline level of material well-being.

Each of these core values requires and reinforces the others. People can't meaningfully take responsibility for their lives without adequate opportunities for educational attainment and employment, and the risks required for success are often intolerable without some level of security. Likewise, security for those who need it cannot exist in a nation without firm commitments from individuals to assume responsibility to the best of their abilities and from government to promote opportunity. And without the values of security and responsibility, opportunity is vacuous.

Fighting poverty and increasing mobility, then, is essentially an exercise in addressing these three values simultaneously: increasing opportunity so Americans can meet their responsibilities, with an adequate social safety net for those who truly need it. Applying these three values to three domains of life—family, work, and education—offers a concrete way to fight poverty, increase mobility, and advance the American Dream. Most social scientists, policy analysts, and practitioners focus primarily on one of these three challenges. We believe that 21st century reality demands that we address all three simultaneously. If families are strengthened but educational opportunity is not, then children can't fully benefit from the additional time and resources that two parents can provide. If our labor market is strengthened to better reward work but our educational system fails to impart needed knowledge and skills to the next generation of workers, then wages

will remain low for many people. If our education system is dramatically improved but opportunities to work are limited, then knowledge and skill building will be much less effective and less rewarded.

Within the family, the values of opportunity, responsibility, and security are best advanced by ensuring that marriage comes before childbearing, that mothers and fathers know the basics of parenting, and that becoming a parent is a deliberate choice. Within education, the values of opportunity, responsibility, and security are best advanced by ensuring that government invests enough in early childhood and postsecondary schooling; by educating the whole child; by reorganizing schools so that teaching is more effective and ties with local communities are stronger; and by closing resource gaps between schools in low- and high-income communities. Within employment, the values of opportunity, responsibility, and security for low-income Americans are advanced by improving skills through work-based learning and increased funding for lower-ranked schools tied to increased accountability; by making work pay through earnings subsidies and increasing the federal minimum wage; and by increasing workforce participation through strengthening work requirements and work opportunities in some federal benefit programs.

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This report contains a package of specific proposals, based on the best social science evidence, designed to achieve these goals. The proposals are public policies that advance the American Dream.

As a group, we offer this report with our unanimous endorsement. That doesn't mean that every member of the group agrees with every proposal. Instead, our endorsement means that we believe this report, as a whole, represents a very good way forward. And if America's leaders want to move forward together, in a bipartisan way, then this report is the most detailed plan available for doing so.

Our report is not comprehensive—policies other than the ones discussed here are surely needed. But as a nation, we have a long journey ahead of us, and we are confident that this report lays down a path for getting started in the right direction.

HOW TO PAY FOR OUR PROPOSALS

As we think about moving forward, a natural question arises, particularly in Washington: How are we going to pay for these proposals? Though it's not the focus of this report, we must briefly address this important challenge. We're committed to the principle that we shouldn't fight poverty today by increasing the debt our children and grandchildren will face tomorrow. The nation thus has two options for funding our proposals: reducing the amount of money the federal government spends on other programs or increasing the amount of revenue the federal government raises. Just as our proposals represent ideas from across the policy spectrum, there are reasonable ways both to cut spending and to raise revenue that are consistent with our core values.

For example, Social Security spending is projected to consume over one percentage point more of national income in 2040 than it does today. Medicare spending is on an even more rapid upward path, projected to increase from its current 3.5 percent of gross domestic product to 6.3 percent in 2040. Some of this increase is inevitable because of the aging of the baby boom generation.

Nonetheless, policy changes could both slow the growth of entitlement spending and ensure security for seniors who truly rely on government pensions and health care. Beyond reducing entitlement spending for the affluent, we recommend reducing the spending that's commonly described as "corporate welfare," such as agricultural subsidies. Surely a better use of these public funds is to channel them to fighting poverty and increasing opportunity.

We must raise revenue as well. The tax code contains many deductions from gross income and tax credits, and it excludes certain types of income from taxation altogether. These provisions are labeled "tax expenditures" because they are, in effect, spending programs. We emphasize the fact that they overwhelmingly benefit high-income households. The mortgage interest deduction, for example, reduced revenue by \$70 billion in 2013, and is projected to average more than \$100 billion per year for the following ten years. Over 90 percent of the benefit from this deduction accrued to households in the top 40 percent of income, with 15 percent of the benefit going to households in the top 1 percent. By reducing the financial gain a well-off household can receive through tax expenditures, we can generate significant revenue to offset the spending required for our proposed policies.

These budgetary proposals are in keeping with this report's emphasis on the values of opportunity, responsibility, and security. Their goal is to increase opportunity for Americans who need it most. They require that Americans take responsibility for their lives, to provide for themselves in old age, and to receive federal spending through the tax code only if they are not well-off. And they maintain security by keeping programs in place for those who truly need them.

CONCLUSION

In our nation's time of darkest division—the opening months of the Civil War—Abraham Lincoln described the American experiment and the purpose of the American government. In his July 4, 1861, message to Congress,

he said the government's leading object is "to elevate the condition of men—to lift artificial weights from all shoulders; to clear paths of laudable pursuit for all; to afford all an unfettered start, and a fair chance, in the race of life."

America made stunning progress toward those goals between 1865 and 2000, creating the world's first mass prosperity society and the world's most powerful magnet for ambitious immigrants. Despite our many flaws, we were a model of freedom, constitutional democracy, and forward-looking innovation. Our culture and institutions were admired and copied by many nations around the world. When our country made reducing poverty a national priority in the 1960s, we had some success, which carried through to a bipartisan commitment in the 1990s to create a work-based safety net.

But recently progress has stalled, and bipartisanship has become ever more elusive. That is why we came together and worked together, for more than a year, to find a way forward. In the course of our work, we all benefited from the political diversity and disciplinary breadth of our group. We believe that we have come up with the most comprehensive and balanced analysis available anywhere on the current causes of American poverty. Based on that analysis, we have offered a detailed plan for reducing poverty by increasing opportunity, responsibility, and security.

We as a nation can and must recommit ourselves to clearing "paths of laudable pursuit for all." Our history, our identity, and our values require that we do what we can to give all of our fellow citizens "an unfettered start, and a fair chance, in the race of life."