

**CREATING AN
OPPORTUNITY
SOCIETY**

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RON HASKINS
ISABEL SAWHILL

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Our Vision

The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

FRANKLIN D. ROOSEVELT

No ancient king could have imagined the comforts and conveniences provided by houses, cars, computers, clothes, packaged foods, and various other amenities enjoyed by most Americans. As this book went to press, the economy was in a deep recession and could remain there for several years, but such temporary troubles should not detract from the fact that America is a very wealthy nation. If personal after-tax income in 2008 were divided equally among the population, every adult and child would have about \$35,000 in goods and services each year—that's \$140,000 for a family of four.¹ But the American economy is marked as much by the disparity between the top and the bottom as it is by its ability to generate income and wealth. Granted, some inequality in income and wealth is necessary to maintain the rewards for the planning, hard work, self-discipline, and risk taking that are the handmaidens of productivity. And productivity is the basis of America's wealth. But our society and political system seem to be more concerned with productivity and the generation of wealth than with inequality and those at the bottom of the heap.

That said, this book is not primarily about how to change the distribution of income per se. Nor is it only about the poor, although we do give them and their children special attention. Instead it is primarily about opportunity and how the nation can create more of it, especially for those at the bottom. We believe that everyone should have a shot at the American Dream and that too many people have been left behind. We focus more on opportunity than on inequality and poverty for two reasons. First, Americans believe in opportunity. They believe that anyone who works hard and has a certain amount of talent can get ahead. For this reason, they are more willing to support policies that reward personal responsibility and enhance mobility than policies that

unconditionally redistribute income after the fact. They are far more interested in equal opportunity than in equal results. We argue that policies aligned with the value of helping people help themselves are likely to be politically acceptable as well as effective. Second, opportunity is a dynamic concept. It is about the process that lies behind where one ends up on the ladder of life. An individual or a family may be poor today and rich tomorrow, or vice versa. A middle-class family may fear that it is only one job away from being poor, and it may be right. A poor family may take great pride in the fact that, as a result of their own sacrifices, their children have entered the middle class. Like almost everyone else who has written about these topics, we rely heavily on data that measure the rich, the poor, and the middle class at one point in time. But too much focus on income at any one time may miss the more important fact that people's fortunes change over the course of their lives.

It is in this context that we examine the growing body of evidence on economic mobility. Mobility and the chance to move ahead in life depend in large part on the circumstances into which one is born. In a seminal address about poverty at Howard University in 1965, President Lyndon Johnson said that as a society we have a responsibility for bringing people to the "starting line" without significant disadvantages, because if we fail to do so they cannot fairly participate in the race.² The point is that people are not born equal. The genetic endowment passed to offspring by parents, which is an important influence on human development, is far from equally distributed. The plain fact, hard to admit in the land of opportunity, is that many children are already far behind at birth. Worse, children disadvantaged at birth have a high probability of being born into circumstances that are not conducive to their development. These include single-parent families, parents with low income and poor parenting skills, dangerous and crime-ridden neighborhoods, and lousy schools. In short, we are worried about the extent of opportunity in America, especially for those at the bottom and their children.

Since its founding, America has been an immensely successful nation. It has long been the world's most affluent society; it continues to be a bastion of individual freedom; and it has shown the way in using democratic government to solve a variety of problems thrown up by history. But now the country is confronted by economic and social disparities that have proven all but impervious to public and private efforts for nearly four decades. As detailed in subsequent chapters, income inequality is as high as it was in the roaring twenties, we have had few successes in fighting poverty, and the United States now offers less economic opportunity than some other countries. We believe that the lack of more significant progress signals that the country's efforts

need to be expanded and retooled. In early 2009 a new administration and a new Congress took steps to address at least some of these problems in a so-called stimulus bill, which represents an almost unprecedented expansion of the role of government. However, little thought was given to the need to rethink and reform the social agenda. One problem with this approach is that a nation already failing to pay its bills cannot afford to permanently expand the size of government. Thus much of the spending in the stimulus bill will have to be stopped in two or three years. Programs that were temporarily expanded will have to contract, and many participants in these programs will lose benefits. This book provides a broader and longer-term look at how to think about social policy and about what needs to be done to create an opportunity society. And because we suggest ways of paying for any expansion of benefits, our proposals are fiscally responsible.

The authors of this book have been studying issues of poverty, inequality, and opportunity for more decades than we care to admit. This book is our attempt to synthesize much of what we have learned about the state of opportunity in America and to offer our views on what the next generation of social policies should look like. The two of us do not always agree. However, we have each benefited from our many debates; and we hope that our effort can serve as an example of what can happen when people from different perspectives seek to find solutions that command wider support than those favored by advocates on either side of the debate about what the more fortunate owe to the less fortunate in our society—and what the less fortunate must do to help themselves get ahead.

At the outset of our study, we want to clarify our general view of how the political system is dealing with the problem of opportunity. We do not side with those who think that the current distribution of income and wealth is just fine and that opportunities to get a firmer foot on the economic ladder cannot be improved. Nor do we side with those who say that all government needs to do is spend far more resources than it does at present on existing social programs. The federal government conducts literally hundreds of programs and spends billions of dollars on domestic social programs. One of our complaints is that the money is not being well spent. Too many programs are either poorly targeted (by age or income), ineffective, or inconsistent with widely held public values. And too many are also inconsistent with research on how people behave and the role that a little more paternalism or higher expectations might play in moving people up the ladder.

We wrote this book because we believe it is possible to do better by paying more attention to six criteria that should guide the nation's social policy. Our first criterion, policies consistent with public values (and thus politically

sustainable), should be obvious in a democracy. Of course, political feasibility is also shaped by external events and changes in electoral fortunes. This shift was strikingly evident when Ronald Reagan took over the presidency in 1981 and Democrats won the White House and Congress in 2009. While we acknowledge the importance of elections, giving too much attention to these short-term political developments implies, in our view, insufficient attention to new ideas and expert opinion along with the need for consistent and coherent policymaking over the longer term. In short, policymakers ignore more durable public values at the risk of becoming irrelevant.

Our second criterion, policies that reward those who play by the rules or exercise personal responsibility, is more controversial. Personal responsibility means that individuals must make decisions and take actions that promote their own growth and well-being as well as that of their children. We place special emphasis in this book on the responsibility to get a good education, to work, and to marry before having children. We show that playing by these three rules would ensure almost everyone a middle-class income. We believe that social policy should encourage playing by this set of rules.

A third criterion is cost-effectiveness. Ideally, one would like to know both the costs and the benefits of a policy, but such information is often lacking. We rely on whatever information is available but do not shrink from making recommendations based on partial evidence when necessary.

A fourth criterion is targeting resources on disadvantaged families and especially on helping their children move up the economic ladder. Too many programs in the federal arsenal are poorly targeted or even perversely tilted toward the more advantaged, a fact that is inconsistent with creating a more equitable society. Many of the nation's most expensive programs, especially those for seniors, fail this test.

A fifth criterion is consistency of programs with new research on human behavior. This research suggests that people often engage in behavior that is shortsighted or even self-destructive but that they respond well when nudged to move in the right direction.

A final criterion is the need for greater simplicity. In some areas, the proliferation of programs has created a nightmare both for those receiving benefits and for those paying the bills. This alphabet soup of programs is unlikely to end any time soon, but we try to strain at least a few letters out of the broth.

In the end, we offer detailed recommendations about public policies that have a reasonable chance of helping those at the bottom move up. We argue for a three-front war: one front focused on improving educational outcomes for children and young adults, one focused on encouraging and supporting

work among adults, and one focused on reducing the number of children being raised in single-parent families.

Like many others, we often focus on poor families or their children, but our attention is not confined solely to the bottom of the income distribution, for a number of reasons. First, we believe a case for action can best be constructed on knowledge of the entire income distribution. Poverty cannot be understood except in relation to how others in society live. The poor in the United States are quite well off by global standards but not in comparison to other Americans. Something is amiss with a society that pays its CEOs as much in a day as a low-wage worker makes in a year. Not only are these two people not in the same boat; they aren't even in the same sea. Second, large and growing differences in resources between the top and bottom may eventually lead to other kinds of stratification, including concentrations of political power, especially if they are combined with little opportunity for those at the bottom to move to the top. Third, the official poverty line of about \$21,000 for a family of four is an arbitrary threshold and does not address the large number of Americans who, though not officially poor, are nonetheless far from financially comfortable. Finally, societies with large gaps between the haves and the have-nots produce less contentment among their populations than similar societies with less inequality.

We devote considerable attention to issues of public philosophy and to attitudes about poverty, inequality, and economic mobility. It turns out that Americans have a more optimistic vision of people's chances of success than the populations of other advanced countries. Moreover, although most Americans want to assist the less fortunate, their compassion is not unlimited and their confidence in government programs is not high. Complaints about "a lack of political will" to fight poverty and inequality need to be assessed against this more sober understanding of public attitudes and the extent to which they can be changed.

The political challenges of creating an opportunity society will intensify in the coming decades for reasons that have little to do with the design of antipoverty and opportunity policies themselves and a lot to do with other developments: the possibility of a prolonged and deep national or global recession, rapid changes in technology and international competition, a greater influx of poorly educated immigrants, the aging of the population along with rising health care costs, and enormous federal budget deficits. One of the most important changes produced by the technological revolution is the sharp decline in jobs that require little education yet pay well—jobs like those that used to be abundant in the manufacturing sector. We believe that, putting periods of recession aside, plenty of jobs will be available in the

future. Anyone who needs evidence of the power of the American economy to create jobs need only consider the nation's ability to absorb 1.5 million immigrants every year for two decades (that's over 30 million people), while for most of this period unemployment rates remained low.

But we are greatly concerned about wages at the bottom of the distribution and the need to better prepare people for the kind of competition that will exist in the future. It is not just the unskilled high school dropout that will be affected; a broad swath of the population will be in competition with workers in newly developing countries such as India and China. In this context, how to balance assistance to the poor with assistance to middle-class workers, given the greater political clout of the latter, will be especially troublesome. And as if this political dilemma were not vexing enough, both groups will be competing with the growing number of elderly Americans, who have high and rapidly rising health care costs, for limited public resources. Either taxes are going to have to be raised to unprecedented levels for the United States, or promises to the elderly are going to have to be scaled back substantially.

Plan and Summary of the Book

The following chapters contain a wealth of research findings, some of them new, some of them old, and many of them based on the work of others, including our own colleagues at Brookings. Chapters 2 through 7 explore the lack of opportunity and the debates about its causes.

Public Values and Attitudes

Chapter 2 is about public values. It argues that a sense of compassion or fairness is deeply embedded in human nature, although compassion is stronger for those with whom the public shares common geography, race, or other ties and for those whom they perceive to be deserving of help. We review public attitudes toward poverty and inequality, concluding that they are almost entirely consistent with arguments that people are naturally sympathetic and value fairness but that their willingness to share with the less fortunate is highly dependent on their assumptions about why people are poor and about how much opportunity they believe exists for people to get ahead. The majority of the public is in favor of helping the disadvantaged, and this proportion has grown in recent years. The public believes that people are poor in part because of a lack of opportunity but in part because of their own failings or lack of personal responsibility. It follows that the public is less willing to provide unconditional assistance to the poor than they

are to provide specific forms of assistance (such as food or housing) or to support programs that enable people to become more self-sufficient (such as education and training).

The chapter concludes that equal opportunity is a more widely held value than equal results but that the lottery of genes and early family environments complicates what is meant by opportunity. It further concludes that income is an imperfect if readily available measure of success. Finally, it concludes that the current way of measuring poverty in the United States does not capture the fact that a sense of well-being depends more on one's relative, than on one's absolute, position in society.

The Rich, the Poor, and the Middle Class

Chapter 3 presents the basic facts about how the rich, the poor, and the middle class have fared over the past four decades. The chapter concludes that inequality has risen dramatically and that there has been little overall progress in combating poverty except among the elderly and, more recently, among families headed by single mothers. The middle class may not have made much progress, especially of late, but is still extraordinarily well off by historical standards. The rich have garnered a huge share of the nation's income and wealth.

The lack of progress in combating poverty is especially surprising, given that poverty in the United States is measured by looking at the share of the overall population that falls below certain fixed thresholds. Economic growth should have automatically reduced the proportion of people falling below these thresholds. The primary reasons for this lack of progress are the stagnation of wages at the bottom of the skill ladder and changes in family composition. Although government spending on the poor has increased dramatically, much of the increase has gone to provide more access to health care and other noncash benefits, none of which shows up in the nation's official measure of poverty.

In the meantime, middle-class incomes have increased modestly, primarily because more of these families have two earners. Men in their thirties have lower wages than their fathers' generation did at the same age. The reasons for this lack of progress remain somewhat unclear but may relate to the ease with which many midlevel jobs can be outsourced to other countries or automated using new technologies. The rising tides of imports and immigration have played a smaller role. For whatever reasons, over the last two decades wages for middle-skilled jobs have lagged behind wages for both low-skilled and high-skilled jobs. So the middle class is not flourishing. This problem is compounded by rising expectations. Even those with incomes well over \$100,000

a year consider themselves middle class, and most members of the middle class enjoy a standard of living that their parents would have envied.

While those at the bottom of the income scale have made no progress and those in the middle very little, those at the top of the income distribution have done spectacularly well. The share of total income going to the top 1 percent has more than doubled since 1980. The super rich have done even better. The median income of the nation's top executives went from 23 times the wages of an average worker in the 1970s to 120 times at its peak in 2000. Wealth is even more concentrated than income.

Opportunity

Chapter 4 picks up on the theme of opportunity. The chapter contains some surprising findings. First, Americans are convinced that they live in an opportunity-rich society. Almost 70 percent believe that people get rewarded for intelligence and skill, more than three times as many as those who believe that coming from a wealthy family is what helps people get ahead. This contrasts sharply with attitudes in other advanced countries, where people weight intelligence, skill, and effort much less heavily and family background more heavily. These disparate attitudes appear to be one reason that Americans are far less sympathetic to government efforts to reduce inequality than the citizens of other countries.

Second, despite its reputation as the land of opportunity, intergenerational mobility in the United States is actually lower for native-born Americans than it is for children in some other advanced nations.

Third, there are some indications that Americans have less mobility than they did in the 1960s or 1970s—that wider gaps between rich and poor make it more difficult to climb the ladder. Prospects for today's children may be constrained as a result.

Fourth, lack of mobility is especially evident in the tails of the income distribution. That is, if you are born into a poor family or a rich family your chances of moving up or down are lower than if you began life somewhere in the middle. That said, there is still plenty of mobility both over the life cycle and from one generation to the next. Children from middle-class families (defined as a family in the middle 20 percent of the income distribution) have about an equal chance of moving up or moving down the ladder by the time they are adults; and people at the start of their careers will typically move to a higher-income group over the course of their working lives. For example, about 60 percent of families in their prime working years will move up at least one quintile (20 percent) over a decade's time.

Fifth, those who finish high school, work full time, and marry before having children are virtually guaranteed a place in the middle class. Only about 2 percent of this group ends up in poverty. Conversely, about three-fourths of those who have done none of these three things are poor in any given year.

Family Background

Chapter 5 asks why it is that family background has a strong influence on where children end up. It explores four possible reasons: genes, parenting styles, material resources, and neighborhoods. It concludes that all four play some role and that they interact in complex ways, but the chapter raises questions about whether simply giving families more material resources would improve their children's life chances very much. Providing poor children and their families with the services of a visiting nurse followed by a high-quality preschool experience and better teachers using proven curricula during the elementary school years is likely to be a more cost-effective solution.

Perspectives on Poverty

Chapter 6 reviews the debates about the extent to which poverty is primarily cultural or structural, that is, related to the behavior of the poor or inherent in a market economy that pays low wages to a large segment of the labor force. Our sampling of the literature reveals no consensus on which is more important. The chapter explores the prevalence of dysfunctional behaviors such as dropping out of school, refusing to work, and having children outside of marriage. Research on the prevalence of such behaviors suggests that they are concentrated among a small segment of the poor living in neighborhoods characterized by the absence of good role models and good opportunities and that this group has been declining in numbers since the 1990s.

The chapter also reviews the extent to which lack of jobs, discrimination, and low wages condemn even those who play by the rules to living on the edge. With respect to jobs, although the economy usually produces enough jobs for all who want to work, jobs are obviously harder to find during periods of high unemployment and in local areas losing their economic base. As for discrimination against African Americans and women, it has declined sharply over the last four decades, although some convincing studies suggest that bias has not been eliminated from American life. Much more important than race or gender, however, are the wages available to those with little education or skills.

In the end, we conclude that both culture and structure keep people on the bottom rungs of the ladder—and that they feed on each other. Moreover,

because the poor are a diverse group, any generalization about why they are poor makes little sense. Some of the poor are elderly or disabled and are not expected to work (or to marry). Among the nonelderly poor, many have simply lost a job, become ill, seen a business fail or a home foreclosed—and they will typically get back on their feet within a year or two. However, a small segment of the poverty population is chronically poor, sometimes across several generations, and if there is a culture of poverty in some urban or rural communities, it is found in this third group. Each group, indeed each individual case, needs to be viewed through a different lens.

These arguments about culture versus structure are also somewhat dated. They ignore the fact that it is not just the poor who make “bad decisions.” New research in economics, psychology, and neuroscience suggest that most of us have a tendency to sabotage our own success. The difference is that the poor have fewer private safety nets upon which to rely when things go awry. This research points to the need for more paternalistic policies that nudge people in the right direction by rewarding them for actions that enhance their self-sufficiency.

Middle-Class Complaints

Chapter 7 addresses the politics of helping the poor during a period when even members of the middle class are anxious about their own and their children’s prospects and when commitments to the elderly are absorbing a dramatically growing proportion of federal resources. The chapter notes that the middle class faces new insecurities that are not adequately addressed by current social insurance programs. Not only are young men earning less than their fathers did at the same age, but also the only reason family incomes have continued to grow is because more women are working. The time pressures faced by two-paycheck families have been much noted, but little has been done to relieve them through subsidized child care or other family-friendly policies. In addition, family income has become less stable, with a small but increasing share of households facing sharp drops in income from year to year.

The anxieties of the middle class are often attributed to globalization and its effects on trade and immigration. However, most evidence suggests that global trade has played only a small role in depressing domestic wages, although its effects, along with the increased offshoring of service sector jobs, could play a more important role in the future. Low-income workers may be less affected than those in the middle class by global trade and offshoring because of their concentration in personal service jobs that cannot, by definition, be done by workers in other countries. Immigration may have some

depressing effects on the wages of the least skilled but not the terrible effects attributed to it by various talk show hosts.

Overall, evidence that the middle class faces greatly increased insecurity remains somewhat limited, leading us to conclude that the problem is at least partly one of rising expectations combined with modestly rising incomes. In the meantime, one group of middle-class citizens, the elderly, are costing the federal government a bundle, and we see no alternative to gradually shifting at least some resources from the more affluent elderly to both the poor and working-age families that are only a rung or two above poverty. Taxes are going to have to increase as well, but no feasible set of tax hikes will bring future federal spending on health programs and Social Security in line with costs. Tax increases will have to be accompanied by major reform of these programs that reduces their cost.

Policy Proposals

Chapters 8 through 10 present our policy proposals for helping those at the bottom achieve the American Dream. Chapter 11 details how we suggest paying for the proposals and argues for a broader, longer-term reallocation of resources from the more affluent elderly to less-advantaged younger families and their children. The three policy chapters address specific measures that could be taken to strengthen education, work, and the family, respectively. In all three cases our recommendations are based on the view—which pervades all the chapters—that government can help but that individuals and families must do their share.

We see the 1996 welfare reform law, which was based on the campaign promises of a Democratic president, written primarily by a Republican Congress, passed by a huge bipartisan vote in both Houses of Congress, and signed by that same Democratic president, as a turning point in the nation's social policy. We seem now to enjoy close to a national consensus that personal responsibility is as important as government policy in helping individuals take advantage of the opportunities offered by our economy and society. Policies that simply transfer money to able-bodied individuals who are not making healthy choices for themselves and their families are generally misdirected—and sometimes counterproductive.

Expanding Educational Opportunity. Chapter 8 argues for expanding educational opportunity at the preschool, K–12, and postsecondary levels. Education has always been the route to upward mobility, and in today's economy it is more important than ever. Economists estimate that the rate of return to education is on the order of 6 to 9 percent and perhaps twice as high if all the nonfinancial benefits, such as better parenting and lower rates of crime, are

included. Despite these returns, rates of educational attainment have slowed, and large gaps by race and income in school achievement, high school graduation, and college enrollment and graduation have persisted or widened. While children from low-income families greatly enhance their chances of moving up the ladder by graduating from high school and obtaining a post-secondary degree, too few children from low-income families finish high school, fewer still enroll in college, and many of these college students drop out before obtaining a degree. Although math scores have improved somewhat, reading achievement at ages thirteen and seventeen has been virtually flat since the early 1990s.

With this as background, chapter 8 argues that we need to invest in education at every level, beginning in the preschool years. The foundation for later success in school is laid down early in life. Yet children from less-advantaged families begin school way behind their more advantaged peers. For this reason, we call for an expansion of home visiting and early education programs targeting disadvantaged children, including a high-quality preschool experience for every three- and four-year-old from a family with income below 150 percent of poverty. We recommend scaling up such programs gradually, and evaluating the results, to ensure that their quality is maintained.

We also call for better coordination of existing programs serving young children at the local level (the Child Care and Development Block Grant, Head Start, state pre-K programs) and preservation of choice for parents to enroll their children in any program that has a track record of successfully preparing children for school. Research shows that programs offered during infancy and preschool can produce significant impacts on development and be cost effective. Even so, implementation is the key, and our proposals are phased in so that only local programs that produce good outcomes would continue to receive funding or become the basis for expanded funding.

We also direct four recommendations to the public schools. First, although we applaud the emphasis on standards and improved accountability incorporated in the No Child Left Behind act, substituting national for state-based standards would avoid the tendency of states to set the bar too low. Not requiring schools to meet world-class standards is a losing strategy in a global economy.

Second, better teaching has to be at the core of any effort to improve education outcomes, so we call for the expansion of an existing federal program that encourages states to reform teacher hiring, retention, and compensation. Education researchers have clearly documented the gains in student achievement that good teaching can produce. They caution against putting too much weight on preservice credentials in selecting teachers and suggest instead putting more emphasis on nontraditional routes into teaching and on a teacher's

ability to improve student achievements from year to year. These reforms should be accompanied by incentives for the best teachers to work in schools with high proportions of disadvantaged students.

Third, a major complaint of many teachers, especially those teaching in inner-city schools, is the difficulty of keeping children engaged and of maintaining order in the classroom. To combat this problem, some schools serving low-income communities are trying a new model that emphasizes high expectations, basic skills, good attendance, longer school hours, frequent assessments, and an insistence on orderly and respectful behavior in the classroom. Although more evaluation of these “paternalistic” schools is needed, they appear to have produced remarkable achievement gains for students in some inner-city schools. Their success is consistent with our view that a little more paternalism in working with disadvantaged youngsters might go a long way toward helping them obtain the education they need in today’s economy.

Finally, we are encouraged by the new insights that more rigorous education research has produced in recent years and urge Congress to continue funding these efforts.

Poor preparation at the secondary level is a major reason for the low rates of college attendance among less-advantaged youth. For this reason we review federally funded programs designed to improve preparation for higher education among disadvantaged students. This review turned up little in the way of effective programs, so we do not recommend expanding such efforts; indeed, the current set of programs should be replaced with a new program driven by accountability for long-term results. However, we emphasize the importance of ensuring that disadvantaged students receive good college counseling in time to allow them to prepare for the rigors of college work.

In addition to poor preparation, another barrier to college for disadvantaged students and their families is the expense of going to college and the complexities involved in applying for financial aid. Here we recommend that the blizzard of financial aid programs be greatly simplified and that they more narrowly target the less advantaged. There are at least thirty-one federal provisions, including grants, loans, and tax breaks, many of them overlapping and redundant, with too much of the assistance going to students from more advantaged families. These programs greatly reduce the cost of attending college but have not kept pace with—and may even have contributed to—rising tuition levels at four-year public and private universities. We also recommend simplifying the application process, terminating some smaller aid programs, and reducing the burden of student debt by making repayment more contingent on income. We are also intrigued by a provocative proposal, put forward by Robert Haveman and Timothy Smeeding, to provide low-income students

with vouchers to attend in-state colleges and universities, with the funding for the vouchers carved out of state grants to these same institutions.³

Because many low-income college students fail to graduate, we reviewed efforts to help them remain in college and turned up very few programs with even modest success in improving students' grades, rates of course completion, and persistence in school. Our conclusion is that, while more experimentation and evaluation of all of these efforts may be merited, without better preparation at the elementary and secondary level, efforts to help people move up the ladder through education will have limited effectiveness.

Supporting and Encouraging Work. Although education is an important route to upward mobility, not everyone will be successful in school. And those who are stuck in low-wage jobs as a result will often earn too little to support themselves and their families above the poverty line. For this reason, in chapter 9 we examine what the federal government currently does through the work support system both to encourage work and to provide assistance to those in low-wage jobs. The work support system is primarily composed of the following programs: the Earned Income Tax Credit, the Child Tax Credit, several benefit and tax programs that subsidize child care, food stamps (now called the Supplemental Nutrition Assistance Program, or SNAP), Medicaid, the State Children's Health Insurance Program, several housing programs, and several employment and training programs. This work-based system is now a critical and growing part of the social safety net. We propose that it be enhanced and reformed to encourage work, with more money for child care, a radical restructuring of housing assistance, and a permanently expanded Child Tax Credit (essentially a wage subsidy) for low-wage workers. We recognize that access to health care needs to be part of the work support package but believe it is best addressed as part of comprehensive health care reform.

With respect to disadvantaged men, many of whom are, or have been, in jail and most of whom receive few benefits, we recommend repeal of mandatory sentencing laws and the institution of demonstration programs to test three ideas that might encourage them to work more and contribute more to their families. One is a suspension of past-due child support payments conditional on fathers agreeing to stay current on their regular payments. Second is an expanded Earned Income Tax Credit (EITC) for childless individuals. Third is a new generation of career-oriented education and training programs. These programs would be based on the assumption that not everyone learns best in a traditional classroom. This assumption entails expanding apprenticeship programs for youth and creating a new competitive block grant to fund adult training and transitional jobs.

In addition to strengthening the work support system, we also argue for tightening work requirements, with the proviso that these should be liberalized rather than tightened during economic downturns. The history of the 1990s shows that a strong economy combined with welfare reform's tough love and an expansion of supports such as the EITC can do more than just one of these alone to move people into jobs and reduce child poverty. For this reason, we support a continuation of current welfare rules, with a few modifications such as adjusting program funding for inflation, providing contingency funding during economic downturns, allowing states to use more of the funds for education, and providing modest funding to expand services for the most troubled families. These modifications should be combined with a firm commitment to the goal of moving as many recipients as possible into jobs. To provide incentives for the recipients of subsidized housing to work, their rent would not be raised steeply or precipitously when they took a job. Fathers owing child support should be required to work, to look for work, or to get more training or education in order to participate in the program for suspending past-due child support.

Strengthening Families. If improving education and encouraging work are the first two legs of our policy stool, the final leg is the need to strengthen families.

As shown in chapter 4 and reinforced in chapter 6, opportunity would be greatly enhanced if the share of American children being reared by their own married parents were increased. For example, if the proportion of children living in female-headed families returned to its 1970 level, the child poverty rate would fall by 4 percentage points, and the proportion of people who could call themselves middle class would greatly expand. Our plan for working toward this goal is presented in chapter 10. In particular, we argue for reviving what some call the success sequence that describes what young people need to do and in what order they need to do it. First comes education (chapter 8). Then comes a stable job that pays a decent wage, made decent by the addition of wage supplements and work supports if necessary (chapter 9). Finally comes marriage, followed by children.

Not everyone will be able to achieve this ordering of life events, but we believe it should be the guide star that society sets for each new generation. The success sequence has fallen out of fashion in recent decades but is nonetheless still a tried and true means of ensuring that most children grow up in two-parent families. To those who argue that this goal is old-fashioned or inconsistent with modern culture, we argue that modern culture is inconsistent with the needs of children. Achieving this goal will require efforts on the

part of many groups and individuals, both in and out of government, including elected officials, faith communities, teachers, and the media. Government's role may be limited, but it can help by funding effective programs and social marketing campaigns and by supporting nongovernmental organizations that are working toward these same goals.

Our specific suggestions for what government could do are organized around four goals: reducing teenage pregnancies, reducing nonmarital births, increasing marriage rates, and reviving the success sequence. To reduce teenage pregnancies, we call for an expanded block grant focused on prevention but with state flexibility to choose whatever approach is most consistent with local community values and with existing evidence on what works best to achieve this goal. In short, the federal government would no longer tell states how they can use their block grant funds, as it does now under the abstinence-only program. Because the most effective programs to date have been those that teach both the advantages of abstinence and the importance of contraception among those who are sexually active, most states would likely choose this broader approach. But if new research found that other approaches were more effective, states would be free to reallocate the funds.

We call for new efforts to reduce unplanned pregnancies, abortions, and unplanned births among unmarried adults, especially adults in their twenties. Today's twenty-somethings, as a group, are largely adrift, no longer moored to the success sequence, and increasingly at risk of having children outside marriage. Some of these children are born to cohabiting couples, but these relationships typically last for only a few years, thereby disrupting adult lives and depriving their children of the stable environment that research shows will best serve their interests. We suggest using community colleges to reach this group of young unmarried adults with additional education and services, including educating them about the benefits of shifting to more effective forms of contraception, such as long-acting methods. These methods are less subject to the problem of inconsistent use that plagues other methods. In addition, to make sure that reproductive health services are available, we also call for an expansion of Medicaid family planning services to more women, including those with higher incomes and those who have never had a child. Where states have been permitted to adopt this expansion under waivers from the federal government, good results have been achieved—and with savings to taxpayers to boot.

We recommend that some parts of the Bush marriage initiative be continued, especially demonstration programs that provide job search and job training, that help adults to strengthen their relationships, and that discourage

marriage when it is not appropriate (such as in cases of domestic violence). Finally, we argue for marketing campaigns and educational programs to change social norms: to bring back the success sequence as the expected path for young Americans. Social marketing campaigns have proved quite successful in modifying behaviors that for many years were resistant to change (such as seat belt use and smoking cessation).

Paying the Bills. Chapter 11 addresses the question of how to pay for these initiatives. Taken together, all of our proposals would cost tens of billions of dollars, but because we call for scaling back other programs designed to achieve similar goals, the net cost of these proposals is reduced to around \$20 billion a year. For example, we recommend reallocating Title I education funds to more effective programs, capping income eligibility for child care, and eliminating several major housing programs and some other smaller programs. Some readers will undoubtedly look at our proposed investments and view them as too small in comparison to the magnitude of the problem. These investments may also seem small in comparison to the funding provided by the nearly \$800 billion stimulus package enacted at the beginning of the Obama administration. The stimulus funding, however, was intended to be temporary and thus was not paid for. Our proposals are meant to be permanent and thus must be properly financed.

Given the need to put the country on a more sustainable fiscal track over the longer term through enhanced revenues or reduced spending, we believe it would be irresponsible to continue to spend at current levels, much less add to this spending, unless a way can be found to do so in a fiscally responsible manner. Huge and growing deficits in the budget, and especially the growth of the three programs primarily responsible for the growing deficit (Medicaid, Medicare, and Social Security), threaten to crowd out spending on less-advantaged families and their children. As a vivid demonstration of this threat, budget projections show that by 2040 all federal revenues will be required just to pay for the three biggest programs, leaving no room for other spending or investments. We do not propose a detailed or comprehensive solution to the fiscal problem, but we do lay out a general strategy for making needed investments in working families and their children while simultaneously contributing something to reducing deficits. In common parlance, we propose not only to stop digging the budget hole but to actually begin filling up the hole, remembering that it is younger Americans, including the disadvantaged, who will end up paying the bill for our current profligacy.

We achieve these outcomes by proposing a new intergenerational contract in which the nation invests more in the young but then expects them to save more for retirement out of their higher incomes and, as a result, to be less dependent

on public programs after retirement. We illustrate this general strategy by proposing several specific measures that save \$46 billion by 2012, an amount that more than pays for the net new costs of our recommendations. Additional reforms in retirement programs are in order. They could be structured to preserve benefits for current retirees and those soon to retire, including preserving or enhancing benefits for low-income seniors, while gradually producing more resources for younger families and their children, especially the more disadvantaged.

Conclusion

This book offers a set of principles to guide social policy in the coming decades. The central principles are that government should endeavor to level the playing field for children from disadvantaged families and to provide extra help to those who play by the rules in their adolescent and adult years. This approach is consistent with public attitudes and also with new research on how people behave. Although broad in its reach, the book does not address every aspect of social policy. Instead it focuses on education, work, and stronger families as the most important elements for creating an opportunity society. In each of these areas the book lays out specific proposals that, based in most cases on solid evidence, would promote opportunity. The recommendations are by no means exhaustive, but we hope that both the principles and the specific recommendations will stimulate others to take action and that those actions will bring the United States a little closer to being the land of opportunity as celebrated in its history and public philosophy.