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SHOULD THE U.S. ENACT A UNIVERSAL CHILD ALLOWANCE?

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Introduction

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Panel 1: Setting the Context

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Panel 2: Proposals for a Universal Child Allowance

MODERATOR: APARNA MATHUR
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CHRIS WIMER
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Keynote Remarks

ROBERT DOAR
Morgridge Fellow in Poverty Studies
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MODERATOR: RON HASKINS
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Keynote Remarks

THE HONORABLE ROSA DeLAURO (D-Conn.)
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MODERATOR: JARED BERNSTEIN
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P R O C E E D I N G S

MR. HASKINS: Welcome to Brookings. My name is Ron Haskins, along with Richard Reeves, the gentleman to my right, not politically, but to my right. And I co-direct a center here called the Center on Children and Families, which we are extremely pleased to do. And we're pleased to be holding this event as well about an old policy idea, which is often called the children's allowance, a species of guaranteed annual income, with some new twists.

And why would we be concerned about a children's allowance, the idea of giving a guaranteed cash benefit to families? And I think there are a lot of reasons, but I think two are predominant. One has always been a good reason to do it, and that is it costs a lot of money to raise a child, at least a quarter of a million dollars. The estimates vary greatly. Wealthy families spend more and so forth, but it is a lot of money to raise children. And they are the future of society, so it makes sense that we would subsidize families to try to compensate them for the money that they have to spend for children because without kids we wouldn't have a future. The second reason, more recent in origin, and an issue of some debate -- maybe we'll have some today about that -- and that is that since welfare reform in '96 there has been an accumulation of -- especially single women -- but people at the bottom of the income scale who do not have any cash benefit at all. And these families are extremely poor. Deep poverty has risen and so forth. And so there's a real concern that we need a way to get money to that group of families. And of course these are all laid out in the papers and presumably mentioned by various of the participants, both the speakers and the reactants.

So the goal, the key goal, make sure that all American families have a cash income, not just low income families but all families. And by the way, we'll talk about this later I'm pretty sure, but very good modeling shows that even if you finance by ending the child tax credit and the \$4000 child exemption that there's still virtually no losers, that everyone would still have more than they have now, especially if the benefit is set at around \$250 a month.

So here's our plan for the event. As soon as I get through talking Jane Waldfogel will come up and speak for an hour or so maybe. (Laughter) And it will all be very important, so take notes rapidly. Jane is the -- this will take three minutes to tell you her title -- Compton Foundation centennial professor of social work for the prevention of children's and youth problems at Columbia. Pretty good,

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huh? It was a good thing I had it written down. Jane can't even say it yet without reading it. And I think it's safe to say for those of you who follow this world, that Jane is one of the biggest stars in the world of social policy. She is truly amazing and has a spectacular career.

And then when she gets done we'll leave and we'll turn it over to Richard in Panel 1. And they're going to talk about the context, some of the issues that I just discussed, but other things as well. Richard will chair that panel and he'll introduce the speakers at the appropriate time.

Then we are going to present two actual plans for what a child wants, what it will actually look like, and how much it might cost, and hopefully we'll even say something -- maybe the reactants will - about offsetting the costs of these plans. And Aparna Mathur from AEI, a resident scholar there, will chair that panel and she'll introduce the panelists at the appropriate time.

And then we're going to conclude the event with two keynote talks, one by Robert Doar of AEI, whom I'll introduce at the appropriate time, and the other one by Rosa DeLauro, who will be introduced by Jared Bernstein. And then we'll have an opportunity for the audience to ask questions for all the panelists, both the speakers and the reactants.

And then after that last keynote speech we will adjourn and have some adult beverages and snacks for people who can stay around for a while.

So with that, Jane.

MS. WALDFOGEL: Thank you, Ron. So it's my pleasure to join Ron in welcoming all of you here today and I know we both want to thank the people who supported this conference today. So that would be the three poverty centers, Wisconsin, Michigan, and Columbia, and also the Annie E. Casey Foundation. And I hope I haven't forgotten anybody in terms of funders. Okay. It looks like I haven't.

I also want to thank Ron and his staff here at Brookings for being such good hosts. They have been really tremendous to work with in organizing this conference.

So this comes at an opportune time. We first began talking about this event a few years ago when we realized that 2017 would be the 50th anniversary of the first conference on a universal child allowance. Now, some of you may not have been here for that first conference 50 years ago (laughter), but there was such a conference, it was held at HEW, and it was organized by our former colleagues at

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Columbia School of Social Work, Eveline Burns, who was very active in the founding of Social Security, and Al Kahn. So we're following up on that earlier conference.

Already back then in 1967 many of our peer countries had a universal child allowance, and over the ensuing 50 years universal child allowances have become a core element of a modern safety net and one that helps substantially to reduce the risk of child poverty. Countries as varied as Austria, Canada, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, Norway, Sweden, and the UK, all have a universal or near universal child allowance. Providing a cash benefit to all families with children regardless of family income or employment, typically paid monthly, these universal child allowances provide a cash floor that helps protect children from shocks and fluctuations in their parents' employment or income. The level of the allowance, the amount, varies by country. In Germany and Belgium the benefit for two children is about \$5600 per year, in Ireland it's about \$4000, and in the Netherlands it's about \$2400. In Canada, following recent reforms, families may now receive up to \$6400 per child under age 6 and up to \$5400 for a school age child, age 6 to 17, depending on your family income. We know from the UK that expansions of their child allowance and their child tax credits in the late 1990s and early 2000s helped cut child poverty in half if measured on an absolute poverty line as we do in the United States. The recent Canadian reforms are projected to do the same, to also cut child poverty in half.

It's important to note that these allowance amounts are in addition to the universal healthcare and the low cost, high quality childcare and preschool that these countries provide. So they're intended to help cover the costs of other necessities for children, educational goods, like books and toys, as well as material goods, like housing, food, clothing, and even diapers. So when we first started talking about today's conference a few years ago we thought we would be introducing, or maybe reintroducing the idea of a universal child allowance to U.S. policy makers, especially those who weren't around 50 years ago for that first conference. But over the past few years actually the idea of a universal child allowance has been garnering quite a bit of interest and attention in Washington and elsewhere in the U.S. and from several parts of the political spectrum.

So today we're going to be showcasing two particularly prominent proposals, but there are also others. So this seems like an ideal time to come together and talk about the case for a universal

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child allowance, hear about two current proposals, and engage in a discussion of the feasibility, costs, and benefits.

So thank you all for joining us and let's go into the first session.

MR. REEVES: Thank you, Jane, thank you, Ron. As Ron said I'm the co-director of the Center on Children and Families. I'd like to add my welcome to all of you in the room, but also those of you who are joining us on the live web stream. Some people are unable to make it or are watching from around the country. I just want you to know if you're watching on line that you are almost as welcome as the people who've come, very nearly as welcome as the people who are physically in the room. Also, those who are on social media, if you're going to tweet please use #ChildAllowance to draw more attention to the event.

It's probably obvious by now that I'm from the U.K., which Jane just mentioned. And in fact with three children who are being raised in the UK had a universal child benefit for all three of those children. I was then part of the coalition government that removed that universal child benefit. They were making it not universal for high rate tax payers as part of an attempt to save money. And shortly after that I left and came to the U.S. (Laughter) So I'm not suggesting causality, but I am just reporting the facts.

What I'm going to do is I'm going to introduce the whole panel. We have two presentations and two panelists and then we can move things along quite quickly. So you're going to first hear from Kathy Edin, who is sitting two to my right as you look. She is the Bloomberg distinguished professor in the Department of Sociology at Johns Hopkins and seems to write a book roughly once a year. The last two are "Coming of Age in the Other America" and "\$2.00 a Day: Living on Almost Nothing in America." And she's going to open proceedings with her presentation on problems with the current U.S. safety net.

After hearing from Kathy we're going to hear from Vonnie McLoyd, who is to my immediate right as you look at the stage, who is Ewart A.C. Thomas collegiate professor of psychology at the University of Michigan. One note, by the way, is that these job titles are getting longer for everybody. (Laughter) And Vonnie is going to present on why money matters. And I should have mentioned that she's also an associate editor of American Psychologist.

On your far left is CLASP's executive director Olivia Golden. She's a former fellow at the

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Urban Institute and served for eight years in the federal government as the commissioner for children, youth, and families, and then as assistant secretary for children and families at the U.S. Department of Health and Human Services. And then last, and on the far right as you look at the stage, this is purely a physical description and not a political one (laughter), is Ramesh Ponnuru, who is senior editor for National Review, a columnist at Bloomberg View -- so that's two mentions of Bloomberg from one panel, so he's definitely getting his money's worth -- a visiting fellow at the American Enterprise Institute and a senior fellow of the National Review Institute.

So, with no further ado, I'm going to hand things over to Kathy for her presentation.

Kathy Edin.

MS. EDIN: So the 20th anniversary of welfare reform has drawn renewed attention to this landmark piece of legislation passed just a little over 20 years ago. And the question that's come up over and over again is did it succeed or fail. So I live in Baltimore and I do so so that I'm not actually inside of the beltway and I can still think straight. But I've heard this is a City of simple answers. So I'm going to resist the temptation to give one. If by welfare reform we include the broad changes to the safety net we saw in the 1990s and into the 2000s, the expansion of the earned income tax credit, the child tax credit, a health insurance for poor children called SCHIP, SNAP, our food stamp program expanded of course by Bush 2. Then I think the answer to the question of whether welfare reform succeeded or failed must be both.

So let's talk about the success side of the ledger, and I'll want to point out that I wrote a book about this with Sarah Halpern-Meehin, Laura Tach, and Jen Sykes. Sarah is the first author. So I do write optimistic books. It's called "It's Not Like I'm Poor." But in that book we chronicle a remarkable success of the 90 reforms, the expansion of the EITC that made good on the promise that if you work you shouldn't be poor. This is a remarkable achievement and we manage to do it -- and this is really the theme of our book -- in a way that virtually consecrated these hard pressed working parents as citizens. So I first sort of caught wind of how profound this change had been when fieldwork took me to East Boston. I was following around EITC recipients to figure out how they spent the money. Ended up in East Boston. I just stumbled upon this old Dickensian building, you know, kind of encrusted with 100 years of soot, wire mesh over the windows, both brass letters and carved into the facade of the building

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were the words overseers of the public welfare. To me this was such a powerful symbol of the stigma and shame that it accompanied that program. It was almost as if you had to trade away your citizenship to get relief. So imagine my shock when I then went on Bennington Street and arrived at the local H&R Block, where of course about 70 percent of EITC claimants fill out their tax forms and actually collect their checks. And standing there with my colleagues, wearing sandwich boards to get them to participate in our study, people would come out after giving H&R Block \$200 to file their taxes, saying things like I've got people, or I feel like a real American, even I feel proud to be a taxpayer. Now, my financial advisor tells me I shouldn't be paying as many taxes as I am. So I've never really felt proud to be a taxpayer, but these testaments of citizenship were just unexpected and really remarkable in our work. And we didn't just expand the EITC we also made it easier for children of working parents to stay on Medicaid and we made it easier for them to get on SNAP. So I think we can argue that one of the legacies of welfare reform is that the working poor are, at least in terms of money, arguably better off than at any time in American history as long as they work full time, full year.

That's enough optimism. What about the failure part? Of course I like talking about that more. But let me start by saying something about the literature. Laura Tach and I have just reviewed all of the literature on welfare reform over the last 20 years for the annual review and it is amazing how good it looked at the beginning. Lots of researchers, including myself, were looking at welfare reform in the '90s, and two things were happening that made us really optimistic. Welfare rolls were falling, dependency was decreasing, and labor force attachment was increasing. Now, somehow after 2000 researchers lost interest in welfare reform, except for a few notable exceptions. And so we failed to notice that after the late 1990s we no longer saw this crisscross of trends, but instead two things were going in the same direction. Welfare rolls continued to fall and so did labor force participation.

So here's what we didn't understand about welfare reform. First, it was not a stroke of a pen. Instead it was a dynamic force. Now there are two features of TANF that led to that dynamism. First, we ended the entitlement. Second, we gave it to states as in the form of a block grant with little oversight. Now we all like to think of states as laboratories of democracy, myself included. Innovation can be very good. But instead it became -- and I'm going to use a strong term here purposely -- really almost an opiate for the states, an irresistible flexible funding stream to use, Peter, the citizen's term. I

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call it a slush fund because I like to call a spade a spade. But when governors wanted to give goodies away they couldn't afford, like Michigan's scholarship program, there was the TANF block grant. When states found themselves needing to fill budget holes -- this happened I believe just last year in South Carolina with expenditures on child welfare -- there was TANF. And state governors could also look good by giving more help, sort of piling onto this help for those noble working poor. And in the end what we've seen is a virtual collapse of the TANF program in several states. In virtually every state in the nation it is only a shadow of its former self and we've essentially seen this rising inequality among the poor.

The second thing we didn't understand is that the '90s economy, the late '90s economy wouldn't last forever. It remains true that today's bad jobs are just much, much worse than the bad jobs of the late 1990s when welfare reform was looking so good. There's now a rising literature on the fissuring of the workplace, which has led to worsening income volatility among the poor who are mostly in and out of the labor market now rather than stably in either in or either out.

So let's look at a few pictures. This is the decline in the TANF caseload among eligibles. As you can see it's quite stark. But what I want to point out is that in our field work you may know that Luke and I -- Lou Schaefer, who is in the back -- and I wrote a book last year called "\$2.00 a Day: The Rise of the Number of Americans Living on Virtually Nothing in America." And this was both an exercise of numbers and an ethnography. But as we were following actual people over many months and years in this situation we were struck by the fact that when hard times came in most cases it didn't even occur to people to knock at TANF's door. TANF was dead in the imaginations of the poor.

Second, here's how states are spending their TANF dollars. What we see is this diversion by states. Very little, by the way, expended for work related activities. And the largest single category of course for other areas, often times to fill budget holes or for governors to give away goodies.

So there's less to the poorest. This is really the story of welfare reform, less to the poorest, more to what my colleague, Robert Moffitt, calls the shallow poor, and to the near poor. So in some we've seen a reconfiguring of a safety net. And Laura Tach and I in our annual review piece argue that this is really a redrawing of the line of deservedness with work as the new litmus test for citizenship.

Now this has led to harsh consequences among the poor. We see the rise in extreme poverty. These are figures from the CPS. You know, our original estimates were point in time estimates

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from the SIIP. These are from the CPS. The reason we use the CPS is because you can correct at least somewhat for underreporting. You may recall in our original estimates we reported roughly a doubling in \$2.00 a day poverty. Here you see among all families with children an increase of about three times. Now, if we limit our estimates just to single mothers, those most likely to be affected by welfare reform, we see a much larger increase, from about 90,000 to about 700,000 in 2012.

If you don't believe surveys we can turn to SNAP data. These are the number of SNAP households reporting that they have literally zero income when they apply for SNAP or they go back for recertification.

Now, I will say something about this chart. When we plot this against our original estimates from the survey of income and program participation there is an eerie correspondence between this line and our estimates, except at the end of the series when what you see from the food stamp program is much more dire than what our SIIP estimates indicate. So, hmm, what could be going on there? I showed that slide in an audience where Irv Garfinkel and Jane Waldfogel were and they immediately said, oh, that's got to be child homelessness. So, indeed, since about 2004 states have been required, schools have been required to report on the number of students that are either homeless or unstably housed. And we see that when states were kind of more or less reliably reporting there has been a huge (inaudible). And we'll come back to this in a minute.

So does it matter? Does it matter that the cash safety net has all but collapsed in many of our states? Chris Winship, my friend and I think former student, but maybe we didn't quite overlap, says look at all this Medicaid. Robert Rector said well the poor have cell phones. Now, Rae McCormick from "\$2.00 a Day" actually has Medicaid, although it doesn't pay for many of her medications. And she has a cell phone. I hear from her almost every day. So how do we think about that given the fact that she had no heat this winter? How do we think about that when we consider the fact that her lights and her water were routinely cut off. Her daughter, Azara, turned six five day before Christmas. Rae had no money for a cake, nor did Azara get any Christmas or birthday presents from her family. So how do we think of these two things together? And I argue that it's actually important to do that. I think these are good questions to be asking.

I put it to you that we cannot adjudicate these claims unless we turn to direct measures of

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wellbeing, like student homelessness. Some others that might be important are low birth weight, out of home placements, food security, and so on. But when Luke and I looked into the data, we used state by year fixed effects. I'm an ethnographer, so I had to practice that even more than I have to practice my title. We found that for every 100 case decline in the TANF caseload within a state we saw 16 more kids homeless or unstably housed. So just a little taste of that wellbeing research.

Now, TANF may be dead, but that's all the more reason to consider other ways to get a cash floor under our most vulnerable and least culpable citizens, our children.

Thank you.

MR. REEVES: Thank you. (Applause) Thank you, Kathy. And next, Vonnie, who is going to speak on why money matters.

MS. McLOYD: The issue of why money matters to children's development is best addressed by the voluminous body of research on the effects of poverty and economic stress on children's development. This research is informed by three perspectives.

The first focusing on investment, the second focusing on family stress, and the third focusing on environmental stress. I want to try to present some major findings relevant to each of these perspectives and I want to encompass findings from correlation of research, as well as experimental research. Experimental research in which families are individuals or assigned to randomly to control or experimental or treatment groups is critically important in estimating the extent to which the association between family income and child outcomes is causal. But these studies have the problem that they often tell us very little about the processes that are involved in that relationship, whereas correlation of research has the opposite limitation in that it often it's purposely focused on trying to understand the processes that account for the link between income and children's development. But, of course, the limitation of these studies is that they are susceptible to biases from unmeasured parent and family characteristics as well as biases by directional influences of children on their parents. The most vigorous correlation of research, and research that I will give most weight to in my overview, uses longitudinal studies, longitudinal designs, statistical controls for confounding parent and family characteristics, and controls for the initial level of the child outcome variable.

So the investment perspective essentially argues that children from poor family lag

behind their economically advantaged counterparts in terms of their cognitive development and academic achievement, in part because their parents have fewer resources to invest in them. So they are less able to purchase inputs for their children, including books and educational materials at home, high quality childcare, and other experiences that are associated with cognitive development and academic achievement. Economically disadvantaged parents may also have less time to invest in their children because they are more likely to be single parents, more likely to have non standard work hours, and less flexible work schedules. And all of these factors have the effect of reducing parent/child contact.

So what does the non experimental longitudinal research tell us about this? I'll be very brief. There are very, very robust links between family income, quality of the child's home environment, and cognitive functioning. And there is very strong evidence that the link between income and children's cognitive functioning is mediated through home environment, the level of cognitive stimulation in the home. So there are many, many studies that document these links. Correlation of research.

What's perhaps more important and what I want to emphasize is the evidence that we have from experimental research. Experimental research does point to causal effects of family income during early childhood on children's academic achievement. So there were many welfare and anti poverty experiments in the United States in the 1990s, and some of those experiments were experimental earning supplement programs. And those programs without exception increased children's academic achievement. But again, we don't know from those studies what the mediating processes are. So these are set as they had random assignment, they had treatment and control groups, and we consistently see that those children who are in families that had earnings supplements that brought the earnings of the families, the income of the families above poverty level had subsequent increases in their academic achievement.

We also have some evidence form quasi experimental research. And essentially the studies that capitalize on the natural variation in policy implementation suggest causal effects that then come on children's school achievements. So I think here's a case where you can begin to make causal statements even when families are not randomly assigned to treatment and control groups. So we saw increases in low income children's achievement and educational attainment coinciding with increases in the EITC. Likewise, in Canada, when family income increased due to an increase in the child tax credit

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low income children's math and vocabulary scores increased.

So I think it's very clear that there is a causal link between income and children's cognitive development and their achievement outcomes.

The other thing I want to emphasize, because it's relevant to the proposal that we'll be discussing today, is that there is pretty strong evidence that the timing of family economic conditions matters such that the economic conditions experienced prior to the age of five compared to economic conditions experienced after the age of five are strongly associated with children's schooling, academic outcomes, adult earnings, and work hours during adulthood. So economic conditions seem to be much more important for children's outcomes when we're looking at economic conditions that existed prior to the age of five. And these strong effects of income in early childhood are consistent with growing evidence that the developing brain is more sensitive to environmental influences in the first few years of life and they're very consistent with this idea that early skills provide a key foundation for later skill acquisition.

So let me turn to the family stress perspective, the second perspective. This perspective essentially says family income matters because of the impact that it has on parents' mental health functioning, the impact that it has on marital and co-parenting relationships, and ultimately the impact that it has on the quality of parenting. So from this perspective children living in families with inadequate income and unstable income are more likely to experience internalizing, externalizing problems through these cascading processes whereby unstable or insufficient income creates economic pressure as parents struggle to pay bills. This economic pressure creates psychological distress in parents that spills over into marital and co-parenting relationships leading to low quality parenting distinguished by a harsh, punitive, inconsistent, and detached parenting. That in turn creates socio emotional difficulties for the child. I would say in general that there is stronger, more consistent support for these direct links articulated by this family stress model than there is for the entire mediation process that's hypothesized by this model.

Secondly, I want to emphasize that the amount of family income generally is more strongly related to children's cognitive development and academic achievement than it is to children's socio emotional development. We also know that decreases in family income and unstable income is

linked to a whole host of negative outcomes, greater psychological stress among parents, disruptions in family routines, decreases in cognitive stimulation in the home, increased school absences, et cetera.

In terms of experimental research, again referring to the experimental earnings supplement programs in the U.S., some of those programs improve children's positive behavior and reduce behavioral problems. Some, but not all. In contrast to the effect that these programs had on children's academic functioning, all of them had positive effects on children's academic functioning. And in terms of what we know about mediating processes, the experimental earnings supplement programs, while some of them had positive effects on children's positive behavior and reduced behavioral problems, they don't tell us much -- anything really -- about what mediated those effects. So there was no consistent evidence that parent wellbeing, parenting practices, or family relations mediated these effects.

Next I want to move to an environmental stress perspective. Essentially this perspective is a broader view of stress. I mean the family stress model has been criticized for focusing just on family stress. Critics say poor children inhabit physical settings that are problematic in many ways. They are exposed to a daunting array of stressful conditions, not just family conflict, but food insecurity, dangerous neighborhoods, inadequate housing, poor childcare, high levels of noise, high levels of crowding. So they're exposed to these stressful conditions and stressful events. And these stressful events are often contagious, one stressor leads to another leads to another. So the environmental stress perspective formulated by developmental psychologist and neuroscientists is seen as a corrective to the narrow focus on family stress. And this broader perspective holds that family income matters to children's health and development because it affects the level of exposure that children to chronic psychosocial and physical stress.

In terms of evidence from non experimental research, we see significant links between family income, stress exposure, and biological and psychosocial indicators. And we are seeing more and more evidence of these links. So two of the kind of links that I wanted to make a comment about is stress processes that are linked to poverty include detrimental changes in the body's hormonal responses to prolonged stress and alterations in the immune and aging processes.

So we're beginning to understand how poverty -- in the words of some of our students -- gets under the skin. So we now know, for example, that boys how grow up in highly disadvantaged

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environments that are distinguished by poverty and low maternal education have shorter telomeres than boys who grow up in advantaged environments. Telomeres are the caps on the ends of each strand of DNA and they protect chromosomes. So telomere length represents cellular aging and accelerated shortening of the telomeres is used as a biomarker of exposure to lifetime stress. We also know from this research that cumulative stress exposure is a mediator of the link between poverty and children's psychosocial adjustment.

We have some work from quasi-experimental research. Again, research that capitalizes on the natural variation in policy implementation suggests that there are some causal effects of income on infant and child physical health. So in the U.S., increases in state EITCs have been associated with improvement in birth outcomes, and we see similar data coming from Canada. It's unclear whether additional income in the case of birth outcomes made a difference because the extra money was used for nutritious food, because it reduces stress created by economic pressure, or because of other reasons. So we don't have as much research on the environmental stress perspective, but I think that is where the research is moving.

So I just want to summarize points here. Experimental research points to causal effects of income on children's academic achievement. Links between family income and children's cognitive development and academic achievement are due in part to differences in the provision of cognitive stimulation in the home within family improvements. That is the same family, longitudinal research shows the same family when they have extra income we see a corresponding increase in the quality of the home environment, suggesting that low-income parents use "extra money" in part to improve the quality of the home learning environment. Decreases in family income are linked to various negative outcomes, as I said.

So I'm going to stop there.

MR. REEVES: Thank you, Vonnie. Thank you. (Applause) Now we have two respondents who are going to offer some brief comments. I'll then moderate a discussion among the panel before throwing it out to you, to the floor. We've mic'd up so I think -- is Olivia live? Olivia Golden.

MS. GOLDEN: It's an honor to be here with this extraordinary panel with Vonnie and with Kathy Edin. I'm going to try to make five points in my five minutes, but there are dozens more things I

want to say, so please ask great questions.

Number one is that it feels to me like a particularly important moment to have a panel that's focusing on the vulnerability of children, particularly young children. Children are the poorest Americans. About one in five young children the poorest within that group, children are the most likely to be people of color of all age groups of Americans, so facing lots of other barriers, and developmentally, as you heard in the last presentation, young children in particular but all children are at a particularly vulnerable point. And they're at particular risk right now in proposals from the administration and from the Congress, like the repeal of health reform and the President's proposals for 2018. So wonderful to focus on them.

Second, I would say that the idea of cash or of a child allowance is an important piece of a solution, but particularly at levels like \$2000 or \$3000 a child in the U.S. context, which as Jane pointed out, is different from any other countries, it will never be more than a piece, perhaps a modest piece of the solutions. And I'll say a couple of headlines about that. One is that we have a growing body of research about how central Medicaid in particular as well as SNAP, nutrition benefits, earned income tax credit, have been to children's well being. And you heard some of that in the last presentation. Medicaid and the Affordable Care Act, both because of the importance to children of their own health coverage and because of the importance of covering parents and addressing their mental health and health needs. So research is showing, for example, long run effects, not just on child health but also on income in school completion years later.

The other reason why cash is only a piece of the solution is that many of the crucial supports that children need developmentally, like health and like housing and childcare, that I'm going to talk about in a moment, can't easily be averaged out to a dollar figure. The family that has modest healthcare needs and is healthy, the family that has a job that coincides with school compared to the family that needs full time infant childcare at \$16,000, or high impact health costs. So your need needs to be both/and.

Third point is that fixing low wage work has to be part of the solution too. And Kathy alluded to this, the extent to which low wage work has gotten worse. One of the facts that often surprises people when I report it from the census poverty statistics is that about 70 percent of poor children live in a

home with a worker. So they are poor because of too low wages, because of too few hours, or because of intermittent work, or a combination. So raising minimum wage, paid family leave, paid sick days so parents don't get fired because of staying home with a child, fair scheduling, are all central to the solution.

Fourth, I would pull out two areas where I think we ought to concentrate particularly based on the developmental evidence and the gaps we have right now, and those are childcare and early education and housing. You saw Kathy's chart about homelessness. The national statistics about homelessness show that the single most likely year to be homeless is between birth and age one, which when you think about the vulnerability of young children to instability, is extraordinary. And so concentrating on those where we now reach about one in six eligible kids with childcare, one in four with housing support, is crucial.

And finally, I just want to highlight that Ron made the proposal that what we should be thinking about is all American children. About a quarter of American children today have at least one immigrant parent. And within that group about a third, five million, live in homes with mixed status families, one or more citizen children and parents who are not. Those children are at risk from a whole set of policies right now that are endangering their access even to health and nutrition that they're completely legally entitled to. When we go to cash solutions like the child tax credit it becomes even more important to protect those children's access, so that their parents who want to be able to pay taxes are able to pay them and have the benefits go to citizen children, otherwise we won't achieve what we're trying to achieve in terms of the improvement of the circumstances of a very large chunk of low income families. Thanks.

MR. REEVES: Thank you. (Applause) Thank you, and thank you so much, everyone, for being so efficient in your use of time. No pressure, Ramesh. (Laughter)

MR. PONNURU: Well, thank you for having me here. I didn't realize it was the 50th anniversary of a previous conference on the same topic. I would like Ron and Kathryn that I am available on May 1, 2067 should we need to reconvene, which I have a kind of depressing premonition that we may well have the same conversation.

I wanted to make two main points, and one of them is admittedly not going to be even slightly helpful, and that is although we're going to hear some great proposals, have a lot to be said for

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them, there is a broader context about the importance of having a tight labor market that is just so vitally important because it's sort of harder to get your arms around it. Sometimes we let it slip out of our minds, but it really is crucial. Over the last few decades I believe we've had a full employment economy, something like a third or less of time. And we make much, much more rapid progress in periods when you've got those tight labor markets. So while it may not be directly on point I do think it's very important and it has implications for everything, from monetary policy to immigration. And we've got to keep that in mind. When we think about macroeconomic policy we're also thinking about anti poverty policy.

The other thing I've just been thinking about, especially since I'm a political journalist rather than an expert at any of these social science trends, is the political context right now and whether there's an opening for addressing some of these issues. And it does seem to me that there is a small such opening, and that is the conversation that is currently taking place about childcare. And particularly we've got a President who campaigned on the idea of expanding help for people who are trying to balance work and family. And I think that the proposals that the Trump campaign came out with were deeply flawed in the sense of not being thought through at all (laughter). But to look at that optimistically that means there is an opportunity to fill in and rewrite some details in a more productive way. I think that the starting point of the conversation has essentially been it's so hard to find good nannies in Manhattan and that it could be useful to broaden this conversation to include low income people and middle income people where you've got more serious needs.

And then the second thing that is notable about Trump's proposal is that he did talk about allowing stay at home mothers to have the same benefits as women who are working. And I think that that too pushes in the direction of something like a cash benefit program that just benefits all parents of children. Again, I think it's a very small opening. One never knows how seriously any particular Trump proposal is meant, but I think that if you're going to have any positive movement over the next couple of years what you do is try to talk about a pro child welfare proposal that addresses child poverty and can be fit into the idea of satisfying the President's campaign rhetoric.

MR. REEVES: Thank you very much. (Applause) Your collar is up. Your right collar has been pulled up. And as we are live, you know, we have a massive audience out there. I want you to look your best.

MR. PONNURU: Well, that's the important thing about any panel.

MR. REEVES: That's right. We have a little bit of time for me to interrogate or to bring some of these ideas together. I don't think it will be very hard. And then we'll pretty quickly move out to the audience.

Thank you all for your comments.

I see this session has been about what's the problem that the other sessions are then going to come on to. So we're going to try and stay in that space as much as possible. I will note, however, that the moment that Jared Bernstein walked in the room Ramesh started talking about the importance of tight labor markets and a full employment economy. (Laughter) I'd just like to say I wish I could have that kind of effect on policy debate. (Laughter) Just by walking in the room, he seemed to have that kind of magic effect.

So let's start actually almost where Kathy started and get the reactions of the panel, so the kind of problem, which is you set out very strongly this idea that basic TANFs collapsed and the block granting led to a slush fund, an opiate, and so on. And you said TANF is dead basically. And given it's basically dead, that's a great time for us to talk about something like the universal child allowance or cash subsidy. Given the collapse of cash welfare now is a great time to talk about it.

So the first question, is that a fair summary of your view? And, secondly, how much of that do you think was about the block granting to the states? So, in other words, if that hadn't been part of welfare reform from the beginning, and I know that many of those who are involved in welfare reform have worried about that -- and I'm looking a bit at Ron Haskins -- you know, subsequently, and therefore what does that mean in terms of how we think about the design of other programs more generally? And then I'll get the other panelists responses as well.

Can you start with that, Kathy?

MS. EDIN: Yes. So the latest figures Don sent me we have about 750,000 adults on the rolls. If you count people who are just being covered by (inaudible), I think we're about 3.8 million adults and children on the rolls. I don't mean this in a strict numerical sense, I mean it in a sense that welfare really has died in the imaginations of many of the poor when they hit hard times. It's not the go to program, it's not something that even occurs to many people. Many of the people we followed had never

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heard of the program, which seems inconceivable for those of us who have followed TANF for a long time. Was it because of the block grants? Well, I think if you had kept the entitlement you wouldn't have seen these trends because it would have had to be responsible to changes in the labor market, which it stopped being after 2000. What block grants do though is (a) they decrease in value over time, and (b) you know, if they're not monitored states often have to make tough tradeoffs. And they're an easy target.

MR. REEVES: Thank you. Olivia, let's come to you.

MS. GOLDEN: A couple of things. As the person who administered the TANF program 20 years ago when it was first passed, I did a long essay -- or not long -- a short essay on what I've learned and why for -- you can find it on our website for the Shriver Center's Journal as well as an op-ed in USA Today. And I would highlight a couple of things and then make one other point about what else has changed besides TANF. Because even when AFDC existed it didn't solve all these problems.

So the first thing I would say is that I think the block grant in retrospect -- I didn't think this at the time -- was a huge part of the problem because Congress has failed to increase it. So it's gone down by 30 percent of value. So I think it's completely appropriate to blame states. Texas reaches more like 5 percent of eligibles, California is one of the states that still has a program, reaches over 60 percent. That's about state choices. But I think it's also very important to blame the federal choice that for 20 years there was no additional investment. And from my perspective it's very important to see that in proposals to block grants as they come up right now. So I think that that is important.

And not to be fooled, because at the beginning what looked positive about TANF was that it looked as though there were "boatloads of money" to invest in childcare and work training because in fact the block grant was initially set at a higher level. So block grants inherently fool you.

Second thing I would say is that I think it's important to highlight the other big changes over those 20 years. And I highlighted the changes in the low wage labor market. It's much harder for parents to -- parents are working at hugely greater rates, but it's very difficult for them to support kids. The changes in who kids are, they're disproportionately children of color and therefore facing a wide array of additional barriers. And then on the positive side, as Kathy noted, many other supports for those families, which have contributed in important ways to wellbeing, but which have gotten stuck. So that important pieces like housing and childcare have gotten stuck and the huge improvements under the

healthcare legislation are at risk.

So I would put all those pieces out there.

MR. REEVES: Let me just press you, if you knew, if you could somehow guarantee that there wouldn't be this erosion of value because everyone said that it's almost inevitable that block grants means an erosion in value, if O could somehow guarantee that to you --

MS. GOLDEN: It is inevitable --

MR. REEVES: So you think it's inevitable?

MS. GOLDEN: -- when you look at the -- yes.

MR. REEVES: Right, so you think there's no -- for block grants --

MS. GOLDEN: Yes. Yes.

MR. REEVES: -- it's inevitable it will get --

MS. GOLDEN: Yes, there's not but.

MR. REEVES: Okay.

MS. GOLDEN: Yes.

MR. REEVES: So in --

MS. GOLDEN: That's how I've changed my mind since 20 years ago because I've seen it.

MR. REEVES: So you wouldn't --

MS. GOLDEN: Right.

MR. REEVES: Vonnie or Ramesh, any additional comments on block grants in these sort of spaces? No? Ramesh? The dangers of block grants perhaps.

MR. PONNURU: No, not specifically, just on the general question of sort of what we see as the dimensions of the problem, and particularly sort of what we think of as the state of TANF and so forth.

Look, I mean -- I think Scott Winship is going to be on the following panel. He's got a very different perspective on it. I found his view of poverty trends persuasive when I read it. My main concern about that would be that we not go from the possibility that some of these things are working better than we may think, to the conclusion therefore we don't need to do anything additional, because I

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do think there's a lot that we can still do on child poverty in some of these proposals that people are talking about even if you take the more optimistic view.

MR. REEVES: Okay, thank you. Vonnie, I wanted to come back to some of your comments and actually link them to some of Olivia's points. You were -- mostly in your comments you were focusing on children. I think Kathy was too, but you specifically were. So the outcomes, the key outcome measures were children. It was their test score results, it was their subsequent earnings, and so on and so forth. It was a very sort of child focused way of looking at the case for this kind of intervention.

And so I just wanted first of all to check that that was an appropriate summary of what you're talking about and then invite you to think about then the alternative ways you could spend the money. If you're interested in child outcomes and you've got a certain amount of money to spend, then it becomes an empirical question, doesn't it, whether it's better to just give cash to the family or whether, for example, you're interested in test scores, whether improved schooling or pre-K or a parenting program or more subsidized work. So I'm thinking about Kathy's point about the pride people have in work. And I think this speaks to Olivia's point about services and how housing, health, education, and so on.

So your talk was why money matters, but you could make another argument that the goal of policy should be to make money matter less in the sense of by reducing the connection between your low income and access to the all these other services. You may have -- and I say may, it's an empirical question -- a more powerful effect on the outcomes of the kids than transferring money dollar for dollar simply because, as you say, it takes a lot -- \$3000 to move the standard deviation of a test score by a fifth. I don't know whether that's a good return, but you might say you can spend that money, \$3000 on a child in a way that gets you a bigger return in terms of the outcomes of the child.

So I wanted to invite you first, Vonnie, to respond to that and then to see if there are other comments.

MS. McLOYD: Well, I can't point to any definitive resource that addresses that question. One point that has been made by people is that the advantage of cash over in kind benefits is that cash is fungible and therefore one can use it in ways that is responsive to the needs of the particular families. And so I think that I'm persuaded that the fungibility of cash has some advantage. And there is some evidence that earnings supplements and income are more effective than let's say -- one study I think was

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cited in one of the papers that I read -- is more effective in improving health than Medicaid, for example. So I think it would be useful to have a better sense about what the research says about that, but I think on the face of it there are advantages to cash benefits over in kind.

MR. REEVES: Not least that they can choose how to spend. Okay, Kathy? I know we've got you and then Ramesh and Olivia.

MS. EDIN: Yes. So what we found in our ethnographic work was that without a cash floor the in kind benefits become very inefficient. For example, Rae McCormick, who I mentioned earlier, has a host of illnesses. She's about to have a surgery to have an ovary removed. She has now gotten back on Medicaid, but cannot afford many of her medications and she only takes the medications that are covered. So imagine what this looks like for someone's health profile over time. So if Medicaid isn't delivering the bang for the buck for Rae it's in part because she just doesn't have this cash floor.

MR. REEVES: Okay. So the floor and then you can put other things on top of it would be your point?

MS. McLOYD: Yeah, so the other finding I think about that is that there is this overuse of in kind benefits and under use of things that will help advance various outcomes that are not being met. So when people have cash in kind benefits they may use those and other needs end up not being met.

MR. REEVES: Ramesh? And then I'll come to Olivia.

MR. PONNURU: Sure. I would just say the diversity of family of family needs, the fungibility of money, and the increased possibility of rent seeking with in kind benefits all in my mind combine to a very powerful presumption in favor of cash rather than in kind benefits. It's a rebuttable presumption, but it is I think the presumption that ought to be there.

MR. REEVES: I think that makes the politics of this very interesting by the way, because it doesn't split on left-right lines at all. So at one extreme you see Charles Murray being in favor of a universal basic income. And I think it is partly because where there are some people in the center who would say I want to do it in a way is that more paternalistic, if you like. It should be through wage subsidies, or that's for childcare, that's for housing, that's for whatever. Whereas both left and right of different kinds are happier just to say here's the money and then it's fungible so you can choose how to use it. So the politics of this are not straight forward as I think you just said. Olivia? Because you were

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talking a lot about service.

MS. GOLDEN: Yes.

MR. REEVES: It felt to me like you were.

MS. GOLDEN: I mean I think that in the end the answer is going to have to be a combination. Children and families will not benefit if they can't get healthcare or they get evicted because they have a little bit of cash but it doesn't solve those problems. So to me where you start is partly about the world at that moment. And right now the core healthcare benefit is threatened, so protecting that comes next in making it be effective. I actually feel very worried about the threats to housing, which I think -- it's hard for me when I think about the developmental research to think about a worse thing for a baby than being evicted. And so I do think that's central. If along the way there came a moment when you could get the refundable children's tax credit without facing at the same time a huge cut in public revenues from a damaging tax bill, of course I'd seize it. So I actually think it's about fitting the pieces together.

And two other quick things. One is that many of the proposals the way they spread dollars out that I think tradeoffs are important to talk about is initiatives that are universal or near universal are obviously spending a great deal of money on middle and higher income families. And because inequality among children is so important, that's a question for me. Again, it's not a question that's totally resolved, but if you're asking me where to trim back it would not be cut Medicaid but give somebody a child allowance. It would be consider whether you really need to focus on what's nearly half of children who are growing up below twice the poverty level. I mean we face a situation where we're not investing enough in total in our future because we haven't responded to how insecure half of families with kids are.

MR. REEVES: So you worry a little bit about the universal side of the child allowance --

MS. GOLDEN: Absolutely, I do.

MR. REEVES: -- in some ways not being the best use of resources because it's not going to the people who most need it. Is that a fair summary?

I'll try and ask one more very quick question of the panel and then we'll kind of open it up, which is about this early years point. I think it was you, Vonnie, that said a lot of you are -- it's 0-5 where a lot of the action is, both in terms of impact and homelessness. Kind of makes sense. So I just wanted

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to invite everyone on the panel to reflect on how far up the age range such an allowance might go, where we should be focusing our resources, and whether there's a case of a different level of allowance or a specific investment in those kinds of early years. Given everything I've heard there's quite a strong case for same. Those are the years you'd want to do it, maybe even universally, I don't know, because for various reasons, but the stretching it up to 16, 18 obviously a much more expensive proposition and that would make it thinner.

So, Kathy, why don't you go first?

MS. EDIN: So I'd like to go to housing. You know, we have about a quarter of all eligible families in the United States have a housing subsidy, but most of those families were on a list for years and years and years, or the list opened up briefly and they won a lottery. And so young children are vulnerable not only because they're young but because the housing burden on their parents is the most likely to be high.

MR. REEVES: Ramesh? Any thoughts on this, whether it should be focuses on the early years as opposed to all children?

MR. PONNURU: I think there is a strong case for having a larger subsidy or allowance for younger children. But I'm not going to throw out something else. I think that we need to start by improving what we've got.

MS. McLOYD: Yes, I certainly wouldn't propose that there not be a child allowance for children over six. I would say that I think there's support for having a larger child allowance from 0-6 or 5 partly because income for parents of children this age tends to be lower because they are younger, they have less work history, et cetera, et cetera. So taking that into account, that is the increased stress that parents with children this age are under, in addition to the fact that the economic conditions for children under age 5 seem to be more important to their long-term outcomes, for me that would suggest a child allowance that is graduated.

MR. REEVES: Like a stepped?

MS. McLOYD: Yes, yes.

MR. REESE: Okay. Olivia, and then we'll go.

MS. GOLDEN: I just want to invite everybody on Wednesday to the Georgetown Center

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for Poverty and Inequality and the University of Michigan and CLASP are doing a session precisely on what's the right set of solutions from cradle to kindergarten, and the title of a book. And I would say that across the whole portfolio of solutions we need to look a lot at the unique birth to five circumstances, the vulnerability of kids and of their parents, and the extraordinary difficulty of maintaining low wage work while also for caring for a baby or a toddler. To me that doesn't necessarily have an implication in the dollar amount of the child allowance, but it does mean it's a different portfolio of strategies. And we need to pay a lot of attention.

MR. REEVES: Very good. Right. We're going to open up for questions. I'll just make two quick comments. One is that in the UK it was very different to take a universal child benefit and then means test out the most affluent than to have it tested -- means testing in the poor. So it does have a very different political feel to it. It's not that it was uncontroversial or -- I'm not even saying it was the right or the wrong thing to do, but by having something that's universal and saying yes, but those at the top don't need it is rather different to just saying only poor people who can prove their poverty in some way get it.

And then the other thing, just in the spirit of this conversation, your questions is I think we're all well aware that this is not necessarily an imminent legislative achievement (laughter). The people who have been arguing for this are kind of used to it being a long game. And I say that partly in seriousness because there are lots of more pressing concerns, and I think Olivia has kind of mentioned a couple, but I think the spirit of our conversation here is that actually having good and broad ideas from all sides of the political spectrum is very important as we go forward. So I think that's the spirit certainly of this session.

And without (inaudible) comments there are microphones. Allegra, would you mind bringing it to this lady here. And anybody else, hands up so we can -- actually the gentleman next to you.

QUESTIONER: Good afternoon. Thank you very much. It is expensive to be poor and I wonder if the likes of you all perhaps need to do more to underscore that if you live in downtown Baltimore the freshest place to get milk may be a liquor store or a 7-11, but if you live north of Towson you get to go to Costco. So I want to suggest to you that people seem to think that poor people are poor because they don't manage things right. And in fact it's arguable that it is because in their environment,

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whether it's rent or food, things are more expensive. And that if you're upper middle class in an upper middle class area you actually spend less on food than they do. So I feel again -- you can tell me I'm wrong, tell all these people I'm wrong -- but it is expensive to be poor and maybe like the break basket thing that used to happen in the '70s with inflation, that someone, an intern goes out on the 3 bus line in Baltimore and buys formula, diapers, milk -- I don't know what -- and then goes and buys it somewhere else and compare.

Thank you.

MR. REEVES: Well, I'm going to tell you that you're right just in case everyone else says that you're wrong. To the extent that I think that when we think about income poverty we tend to focus on the income and the resource side and not on the cost side. But of course if everything was free no one would be poor. And so the cost, and the cost of credit, the cost of telecommunications, the cost to transport, and so on, is something we don't spend enough time on. And one of the reasons why I think it would be good to spend more time on that and these poverty debates is that you might be able to build a broader political coalition around it, because very often the reason why the poor economy because the markets aren't working very effectively for one reason or another, and so there's kind of space for a potential kind of market based solutions that will lower the cost of some of the kind of key items that therefore means you're less poor even if we haven't managed to increase your income.

So, anyway, with that I just wanted to say I think you're right.

Now, let's see if everybody else thinks you're right too. Let's start with you, Ramesh. Let's come all the way down -- just come down this way. Go on, Ramesh.

MR. PONNURU: I think that that is absolutely -- you know, when we've been talking about the poor pay more for decades. This idea of the possibility of left-right coalitions I do think the cost of housing, particularly in some regions of the country, is something that we have seen more attention to from both liberals and conservatives as something that could be tackled, but there are some very serious political economy problems that are standing in the way of our addressing those problems.

MR. REEVES: I agree. Kathryn?

MS. EDIN: I want to amplify this point. So I've spent my career hanging out with folks who are poor and talking to them about their budgets. And what is amazing to me is how skilled many

poor people are at economic survival. We did a study for the USDA looking at 90 food stamp households and the degree to -- the skill involved in managing on a food stamp budget is astonishing. That's kind of like a regular thing that happens to folks who do what I do, you're like oh, how can they -- they're so amazing at budgeting for food. But what I think what Sendhil Mullainathan and Eldar Shafir, two psychologists, have clued us into, is there's a huge tax on one's cognitive bandwidth for doing that. So the space that's taken up surviving is to the detriment of one's cognitive load and it's much harder than to focus on tasks that may lead to mobility from poverty.

MR. REEVES: Vonnie?

MS. McLOYD: I would just add that the cost of being poor is exacerbated if you're African American. And I don't know about Latino, but I know that the research certainly suggests that race exacerbates that problem because of racial segregation in part and community segregation.

MR. REEVES: And transport access.

MS. EDIN: And I would just add I also agree and I would say that another thing that exacerbates it is the disproportionate share of poor people and of black and Latino people raising kids while in low wage jobs with the rigidity in terms of time. So it's both that things cost money and that the ability to do anything, to get somewhere, to buy on the sale or whatever it is, is sharply constrained by the ways in which you'll lose your job or be docked pay.

MR. REEVES: The gentleman there. I think he already has the microphone.

QUESTIONER: Thanks. Two questions actually. The first is do you have any data or explanations for why, given how expensive it is to raise children, why so many poor people actually have kids, why they would add that stressor. And the second part is rather than providing some sort of universal credit, why not provide a dollar for dollar tax credit to taxpayers who actually just provide money for programs or services outright, so that they have a little bit of control over where the money is actually going.

MR. REEVES: It's very quiet. I don't know if the microphone is going. I got the first one. The second one is rather than?

QUESTIONER: Rather than -- essentially rather than having some sort of subsidized program where you're then providing money to people for whatever, why not allow tax payers to actually

just provide funds directly and then give them some sort of credit or tax deduction.

MR. REEVES: Okay. All right. Very good. Thank you. So we have just a couple of minutes left for the panel, so if -- please don't feel you all have to answer both of those questions, and please do if you want to. And then any final thoughts because this is probably our last round before we have to kind of close this panel.

I'm going to go this way and then along from here. So let's start with you. Did you all hear both questions?

MS. EDIN: On the first one there have been dramatic reductions in birth rate for everybody, including poor people, and particularly young teenagers and young adults. So there have been reductions in birth rate, there have been increases in workforce participation. The way I think of it is families are doing everything they can do, the problem is the labor market and the public framework isn't supporting them in raising kids.

I would say second -- and I'm going to leave the second question to others -- but I think the other thing I would say is that these kids are our future. If we didn't have them we would be an aging society like Japan. So the fact that half of children are in struggling households where there's a lot of work but they're below twice the poverty level is a very -- it would be better for us if those families were more economically secure, but it would not be better for us if we had only a highly aging well off population no longer in an age range to have kids and fewer kids. So from my perspective the kids are crucial to our future.

MR. REEVES: Right. Thank you. Vonnie, either, both, or neither, or a pass.

MS. McLOYD: Well, I think children bring great enjoyment to parents.

MR. PONNURU: Most of the time.

MS. McLOYD: Most of the time, most of the time. (Laughter)

MR. REEVES: That's the most controversial thing that anyone has said so far.

(Laughter)

MS. McLOYD: But parenting is a very emotional experience. You enjoy your children, but they also drive you crazy.

MR. REESE: It's not just a financial decision, in other words? People aren't doing the

cost benefit analysis.

MS. McLOYD: No, it's not, it's not. And that's probably a good thing.

QUESTIONER: That's kind of irresponsible.

MS. McLOYD: What?

QUESTIONER: I said that's kind of irresponsible.

MR. REEVES: What?

QUESTIONER: To not do the cost benefit analysis. I'm not wealthy. I understand the (inaudible). So I don't have (inaudible).

MS. EDIN: So I can see.

MR. REEVES: Yes, very interesting. I bet Kathy's got something to say on that.

MS. EDIN: I've written a book on this topic, asking people why they have children. And I wrote an essay with Christopher Jencks a couple of years ago called "Do Poor People Have the Right to Bear Children", so very much to your point. But we do see in our ethnographic work that children are a key source of meaning and identity and closely linked to all kind of pro social behaviors. We know that men who parent and men who actively parent see lower rates of testosterone, which is of course linked to more pro social behavior. But what we argue, what Sandy Jencks and I argue in our essay is that in a world where if you play by the rules you still can't afford a child, that is a world that is irresponsible to you. And that's what's happening with plenty of our families, they are playing by the rules to the best of their ability, but they still cannot afford to bear children. And we argue that they have the right to do so.

MR. REEVES: Okay. Ramesh, finish us off.

MR. PONNURU: So on that second question, which I'm going to sort of reformulate as why not tax reduction instead of spending programs, I'm all for it is my answer. And in particular I think that payroll tax relief is something that we ought to explore, but we have of course tax deduction for people who give to organizations that combat poverty and we should think about changing some of those. I think that makes a certain amount of sense to convert that into a credit, a flat credit that doesn't depend on your income for the value of that deduction. And I think that's a very important part actually of the American safety net, but it can't be of course the entirety of it.

MR. REEVES: We're now into how we would design such a policy and what the pros

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and cons of that design would be, so it's almost as if we planned it because that's a perfect segue to the next panel session.

We are tweeting at #ChildAllowance. We are going to have a five minute break as the next panel is set up. Just five minutes, but now is the perfect time to grab a drink, restroom, and please join me in thanking our panel, not least Kathy, who is running away. (Applause)

MR. HASKINS: So this is panel 2. Aparna Mathur from AEI is going to moderate the panel. So thank you so much for coming. Take it away.

MS. MATHUR: Thank you. Thank you, Ron, and thanks to all of you for being here. My name is Aparna Mathur. I'm a resident scholar in Economic Policy Studies at the American Enterprise Institute. I work on tax policy, labor markets, and one of the areas that I've recently been also focusing on is paid family leave. And as I'm listening to this conversation I think, you know, generally talking about paid leave and childcare and how we reform the existing system in the U.S. is very pertinent to the conversation that we're having here. Recently written about the system of childcare, the child tax credit, the system of tax credits that we have, and how much of it is skewed towards people at the top, how much of the benefits are really not going to the very low income. And so this is really a larger discussion about how do we reform childcare, how do we make it more accessible to people at the very bottom.

So we're going to start off -- I think the first panel was more about why we need these policies, why are we even talking about a universal child allowance. And we heard from Kathy about how we've seen a trend since welfare reform of people -- the non working poor sort of being left out of the system. And we've heard from other panelists in the first panel about how we can -- you know, why we care about the health of a child, why that matters for mobility and other reasons. And in this panel we are going to start off with a discussion of how do we do this. We have two presenters, we have two different proposals for a universal child allowance.

So Chris Wimer, who is the co-director of the Center on Poverty and Social Policy, will begin the discussion. He'll present for 15 minutes. We will then turn over to Samuel Hammond who is a poverty and welfare analyst at the Niskanen Center, who will also present his proposal for about 15 minutes. Then we'll have a discussion with Melissa Boteach, who is vice president, Poverty to Prosperity Program at the Center for American Progress, followed by Scott Winship, who is project director at the

Joint Economic Committee, and then Maria Cancian, who is a professor at the University of Wisconsin.

So let's begin with Chris.

Thank you.

MR. WIMER: So I would acknowledge my co-authors but I only have 15 minutes (laughter), so I'm not going to do that. But you would think sort of adding an additional author to a paper would decrease the total amount of effort that goes into the content, but it turns out that equation is not quite accurate. But I want to acknowledge a couple of people. One is Luke Schaefer, who is the lead author on this paper, and I shamelessly stole almost all of his slides that I'm going to present today. And then also Jane Waldfogel, who when you have 10 co-authors getting them all on the phone and getting them all to agree on something is a Herculean task and Jane was probably the best that anyone could ever be at that.

So anyway we're going to talk about our plan to provide a universal child allowance to reduce poverty and income instability among children in the U.S. And I want to acknowledge just briefly some of the funders that are involved, the Annie Casey Foundation, the Century Foundation supported a preliminary version of some of the analyses and I'm going to show you IRP, JPP, NICHD, Russell Sage, et cetera. But all the flaws are ours.

So child poverty in the U.S. sort of remains stubbornly high, right. So some of our work at Columbia and then elsewhere has shown some of the progress that we've made in fighting child poverty in the United States over time, but regardless of how you measure it we still have exceptionally high levels of child poverty in the United States. And some of the benefits, like the child tax credit and the child tax exemption, tend to go to families higher up in the income distribution rather than lower down. And that's become a big problem as sort of Kathy and Vonnie's work in the earlier panel has shown.

The work based social safety net has expanded a lot, so that's a big important accomplishment, but it obviously affects families who are able to maintain work and maintain full-time full year work especially. And that can supplement their incomes quite significantly, but it leaves out some of our most vulnerable families.

So we argue that a stable source of income could reduce material hardship and then improve long-term outcomes for children affected in terms of child health, educational outcomes, adult

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earnings, et cetera, in the sort of downstream. And we argue that providing universal monthly child allowance would give this sort of cash income for low income families and children.

So this is just a couple of slides to emphasize the point -- or just one slide, sorry -- to emphasize the point that we've made substantial progress in the fight against child poverty in this country. So this is work that I've done with Jane and Irv Garfinkel and other colleagues at Columbia where we look at historical trends as an improved measure of income poverty in the United States. And the only difference in the two lines is where you set the poverty line. Any poverty line is obviously inherently arbitrary, but you can set it in today's living standard, which is the blue line, which is 2012, or you can set it in 1967, which is the red line, which is the red line, which is the poverty line from 50 years ago. And you can see regardless of how we define the poverty line that we've made substantial progress. And if we decompose this by trends and earning versus trends and earnings plus taxes and transfers we would see that a lot of this declines, especially since the 1990s, has been driven by increases in taxes and transfers. So we have made substantial progress, but even if you look at the orange line -- I guess it's orange and not red -- we still have 10 percent of kids, 1 in 10 kids who are poor. And that is a problem in an affluent society like the United States, and that's partly what we're trying to get at with our proposal to target a universal child allowance.

I will skip this. Kathy's work and Luke's work, you know, basically covered this, but there's been this real shift in the safety net from cash to in kind and tax credit support. And Jane and Irv and I we have this sort of optimistic story about how much the safety net has really reduced child poverty over time. Kathy always gives us that corrective that allotted this form of material assistance has come at the expense of cash and has come in the form of food stamps, housing subsidies, et cetera. And we valued that dollar for dollar, but you can only buy a dollar worth of with a dollar worth of food stamps. And so when families are selling their plasma and when families are selling their food stamps at half the cost, then we're potentially over valuing some of the income that's coming in the form of our current safety net.

And similar with tax credits. So in all of our models we assume that people get their full tax refund, but we know that people go early to get their tax refund at the expense of a portion of the refund that they might be entitled to. And so we might be over valuing some of the assistance that we're crediting.

This is just to show the total expenses that are geared toward families with children in the United States. And we see that there is \$96 billion that are coming in the form of child tax exemption and the child tax credit, what's called the child tax credit and the additional tax credit. So that's a substantial portion of resources that are going to families with children. And with the child tax credit there's an income floor, an earning floor on that where it's \$3000 now. It used to be \$10-11,000 or something like that. So it's going up the income distribution right. So the families at the very bottom are getting less than they used to because with AFDC we had sort of a cash entitlement for those at the bottom. Now it's worked conditioned and people higher up the income distribution are garnering a larger share of resources. That's true with the earned income tax credit. We see that TANF, and (inaudible) smaller components, the SNAP is the food stamp program, but that's just a child portion. Obviously the budget for that is larger.

And so just to skip ahead, so the U.S., as I said before, is even with the progress that we've made over the past 50 years, continues to be sort of a laggard by international comparisons in terms of the level of child poverty that we tolerate. I did a book chapter with Tim Smeeding for UNICEF where we looked at the response in the great recession and it's actually kind of a success story in terms of the accomplishment that we made in buffering a rise that would have occurred given the damage that occurred in the labor market, especially when you compare it to other advanced democracies, but even so, we weren't reducing child poverty we were just buffering against the consequences of what would have been a lot worse.

Okay. So why a monthly child allowance? So we argue that the increased income would allow parents to invest in their children, which would have long-term improvements in their health and development. The increased income may reduce family and environmental stresses that Vonnie talked about and reduce this sort of cognitive bandwidth that parents have to spend in order to just to meet basic survival aspects.

So we as a group, we're 10 people I think, or 11, tried not to make expedient decisions that were based on politics or costs, et cetera. So we would sort of leave that to others to talk about. But what we wanted to come up with was a policy that's based on principles. And so the consensus among the group was that the child allowance should be universal, recognizing that all families incur substantial

costs when they are trying to raise children. So that question sort of came up at the end of the first panel, why would we subsidize higher income folks who may have plenty of resources to raise a child. I mean our -- well, I can't speak for the group -- but many families experience changes in income. When we see that 20 percent of the population is poor, 16 percent of children are poor, et cetera, or whatever the latest government numbers are, that masks the fact that there's a lot of movement in and out of poverty over time and over the life course. And so a universal child benefit ensures that there's an income floor for all children, regardless of your circumstances and regardless of life circumstances that you may meet.

We argued that it should be accessible and of sufficient frequency to meet short-term cash needs. So while the current safety net has been very successful in reducing poverty among families with children, tax benefits obviously come once a year, the in kind assistance comes often monthly but can only be used for targeted expenses. So we're arguing that people need a regular infusion of cash resources to meet their monthly expenses.

And then the last point is the adequacy of the amount. And I think this is where we could have a lot more discussion about whether we're coming at it at the right level, but we argue, based on some of the literature, on the effects of income and child development, that around a \$250 a month cash benefit, which would be \$3000 a year, is about the size that the literature suggests has meaningful impacts on kids' development.

We have other considerations that we talk about in the paper that we did not come to consensus on. One is the idea that younger children could have a larger benefit. So we model some of the effects of a larger benefit, what we call a tier benefit, for young kids. And then there's some argument about whether you should get the same benefit for each additional child. And so if you have a family with five, six, seven kids, whether you should still get \$3000 per child or whether that should sort of scale down. So we model some different scenarios there.

And this is what I just said, but so our main model is what I call a simple model, which is monthly payment of \$250 per child for all children under age 18. The tiered model would give \$300 per month for children under 6. And then we do a tiered and equalized where the families with larger family size or greater numbers of children would get a reduced benefit. And all the details from all the technical stuff is in the paper, which I guess you guys can't read because it's embargoed. (Laughter)

So this is our core finding, which I'm just going to stick to the poverty effects, but essentially what we do is we take the current population survey, which is the annual household survey that underlies all of our poverty statistics, and we use the supplemental poverty measure to model what would be the likeliest facts of this simulated new policy of a universal child allowance. And so we used 2016 survey, which corresponds to the 2015 calendar year income, and when we add the income from a universal \$250 child allowance we see a reduction for poverty from 16.7 percent to 9.6 percent. So not quite half, but it's pretty substantial. The red bars show the effect on deep poverty, which is half the poverty line. Again that falls over half, or 4.3 percent to 2.1 percent. And when we look at extreme poverty, which is the \$2 per day per person definition that Kathy and Luke have talked about in their work, that's almost by definition virtually eliminated with the universal child allowance.

And you can see that, you know, you get a little bit less anti poverty effect when you equalize it and make it smaller for larger families and you get a bigger effect when you give more to young kids. But these reductions are really meaningful.

I should say it's a universal child allowance but the way we've adopted it here is we would then take away the child exemption, we would take away the child tax credit and the additional child tax credit. And we would also tax back some of that income at higher income levels. So it would be treated like an additional income source for the higher income folks. And so that has the advantage of reducing some of the costs, but it also makes it a little bit more progressive in its effects.

This is just for young children, so it's the same story. It's a larger effect for children under six. And we were able to also look at the net gain in income and resources across the income distribution when we model a \$350 child allowance. So the X axis here just shows the total income to needs, which is total income divided by the poverty threshold, so the further along the rate you are the higher income you earn, and it shows the net difference in resources. And you can see if we did a \$250 a month child allowance there would actually be no losers across the income distribution, at least if you only did the elimination of the child tax credit and the child exemption, the child deduction. You obviously have to pay for that somehow. Well, I guess it depends on your philosophy. (Laughter) But, yeah, I mean obviously if we reduce the mortgage interest reduction or we took away the charitable contribution that might affect people in different portions of the income distribution not shown here. But with our simulation, which is

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just a child allowance minus child tax credit, minus child exemption, there would be a net gain for everybody across the population with kids.

Price tag. Big. So with our \$250 universal credit the total direct cost would be about \$192 billion. And the cost savings from the child tax credit and the child exemption would be about half that, leaving a net cost of about \$96-97 billion. We don't suggest in our paper that we should just directly spend that, but we don't come to consensus and agreement about what the appropriate mechanism is in order to finance that. But it could be a value added tax, it could be a proportional income tax, it could be reduced military spending. You know, there's lots of ways to pay for it.

Anyway, I will shut up because I'm being told to stop and say thank you. (Applause)

MR. HAMMOND: Everybody thank you. So my paper is a bit different. It has two authors, one of them is my intern, so whatever he did is exactly what I told him to do. (Laughter) You can also find our paper at the Niskanen Center's website that you see there. It is not embargoed.

So I want to start by just jumping back in time a little bit to this, which is from December 1992. And this is a private memo from Robert Greenstein, Jared's boss, to then president-elect Bill Clinton. And I think this is a kind of fascinating document which a sociologist named Josh McCloud dug up in the Presidential Archive. It says I understand your considering a child's tax credit. I would urge you that any such credit be refundable. If it's not the 25 percent of American children with the lowest incomes and about 45 percent of all Hispanic children, 50 percent of all black children will be shut out from the child's credit. I recognize that such a credit will necessarily be small for fiscal reasons, but the principle of refundability is crucial. Important new studies show the child poverty rate in the United States is double the rate in Canada, five times the average in Western Europe. The studies also show the principle reason for these stark differences is with public benefits, including tax credits, which left a much smaller proportion of families with children under poverty here than any other Western industrialized country. One of the key differences between the U.S. and the other countries, the studies indicate, is that other nations all have a child allowance or refundable child credit while we do not. If you establish refundable child's credit that would constitute a major policy breakthrough. If the economy prospers such a credit might be enlarged in future years and ultimately have a large effect in reducing child poverty in our country. But if a non refundable child's credit is established it will probably be impossible to come back.

So that was over 25 years ago. If there's any sort of short summary from my proposals to prove Bob Greenstein wrong, that refundability is possible and achievable and we shouldn't just resign ourselves, because all the points that he makes in this memo are as true today as they were in 1992.

I'm going to just sort of skim over this information because it's been covered already, but the bottom of this bar graph is the U.S., it's the child poverty rate. Compared to other countries it is enormously different and as has been said what mostly explains this, especially for the Anglo countries like Canada, the UK, and Australia, is child credits and refundable tax credits. You know, just looking across time it hasn't really changed. It's been more or less fluctuating with the business cycle. So again just confirming that everything that was said in that memo to Bill Clinton in '92 is as true today as it was when it was written.

So my modest proposal, let's just make the child tax credit fully refundable, and we should probably double it too for younger children. Now the just previous presenter said this would be expensive, but I don't think it's actually that expensive. When you look at the net cost of \$59 billion that is on the order of magnitude of Ivanka Trump's child deduction for rich nannies, it's about the same amount of money that she proposed. And it's paid for by eliminating the dependent exemption. And you could pick anything. Like was said, you could cut the military, whatever, but I chose to go with school nutrition programs, in part because I think it signals, if we did this, that we're serious about signaling parental responsibility and choice.

And a big part of my motivation comes from this photo, which I put together on the orders of my intern. What you see is public assistance divided by adults versus children. And on the left I think the most notable thing is how much assistance that goes to adults comes in the form of either cash or medical reimbursements, over half. Whereas when you look at spending on children it is like a rainbow. It's been divided up into literally almost 100 separate programs for every little tiny niche thing that you could imagine for kids. And part of what we argue in our paper is that children don't really have an advocate, they don't have sort of the AARP for kids. They have third parties, adults, who argue on their behalf and also third parties in the sense of businesses that defend their own interests while supporting kids' interests incidentally.

So within this second column the school nutrition programs, you'll see in brackets it says

5, that includes school lunch programs, that includes breakfast programs, it also includes programs called special milk. And what makes the program so special, well it's the millions of dollars that the dairy farmers of America spend lobbying to protect special milk programs, not on behalf of kinds, but on behalf of payments that go to the suppliers for these programs. So that's the first reason why cash matters. It is not as prone to special interest capture as these other programs are. The other reasons I'm just going to run through quickly because they were talked about earlier too. Number one is effective. So I think I'm just going to pull out two studies that I find sort of the most compelling for why cash is so effective. The first is from Chetty's major paper on the benefits of long-term tax credits in the U.S. What he remarkably finds is that \$1 of spending on a child tax credit leads to more than the \$1 of earnings increase in present value terms. So that is literally what in economics is supposed to be impossible, but it's a free lunch. You can spend \$1 and get more than \$1 in return. And the reason that happens and the reason that it's true in this case, which economics says it shouldn't be true, is because parents don't actually capture the full benefit of their investment in kids. If parents could go to a bank and say give me a loan or buy some equity in my child's future earnings, then you can spend \$1 and I can give you a fair market return. But obviously kids are their own autonomous people. So we can't do that. So maybe that's an alternative to this proposal, but in the meantime without a child tax credit being fully refundable we are literally under investing in children.

The second quote comes from a study that compared -- that tried to isolate the health impact of the earned income tax credit. And so it uses a measure called quality adjusted life years, which is just a standard way of measuring health impact across different kinds of intervention to try to make a standardized metric. And what it finds is that \$1 spent on the EITC is 8 times more effective as a health intervention than spending on Medicaid. And we consider that spending on Medicaid to be cost effective. So the fact that we're not massively spending more on EITC or child tax credits suggests that we're systematically under investing in cash based forms of assistance.

This was already mentioned, cash is fungible. My paper does a deep dive on the Canadian system, which I'm most familiar with. And the studies there looked at -- first of all they found that it was actually effective at reducing maternal depression, improving child health outcomes, and they wanted to understand why. And so they did this sort of expenditure survey and they found that parents

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were increasing their spending on things that they didn't expect. Not just direct inputs like educational resources and health resources, but also what are sometimes called home stability items, just general household items that increase the stability of the household and reduce stress, even leading to reductions in tobacco and alcohol consumption. That goes to some of the psychological research that shows that stress from a shortage of income is a big determinant for detrimental non cognitive developments in children down the road.

And the last point is it's fair. So we've had on the stage people that represent the left of center and the right of center. I come at this from sort of like a kind of libertarian perspective that says the social engineering that that the right does and social engineering that the left does, neither are correct, that we should leave paternalism to parents. And I think that's really my strongest motivation for supporting the expansion of the child tax credit is basically neutral to your way of life. We had this debate in Canada, where I hail, and one party was proposing that we have a universal daycare program. And it's very controversial, especially among conservative families that favored at home care, stay at home mothers, and so on. So the conservative party at the time introduced our child benefit because they tried to split the difference and say let's just give cash, and that opens up the choice to parents whether they want to use that to subsidize or compensate at home care versus external daycare. And it's actually worked out extremely well.

The alternative approach was taken in the Province of Quebec. They massively subsidize childcare. And over the last 20 years, where we've looked at this, number one it did not actually increase the amount of childcare that was taking place, it just displaced informal childcare by pulling kids into the formal sector. And number two, there's pretty disturbing evidence that has led to non cognitive decline, more aggressiveness in children. And so I think a big piece of why cash matters is when you lock yourself into any kind of service delivery you can end up sort of going down a wrong path, it's very difficult to get out of.

So this is where I kind of tick off people on the right. Well, what about work. We heard from Ramesh that we should focus on labor market participation and labor market strength. Well, I agree. And that's why I did a sort of deep dive on this topic too, and it's just not the case that a \$2000 unconditional tax credit is going to significantly reduce work.

What you see here is the before and after of the introduction of what's called the universal childcare credit, or childcare benefit in Canada, which was what it used to be called. And the cohort where it actually reduces work is the low education cohort. So before and after the child tax credit you can see it goes from 60 percent to 57 percent for the low education group with young children. And that's sort of what you would expect. The choice to use an external provider for care or to stay at home as a stay at home mom or dad depends on your education level in part because it depends on your opportunity costs. So if you can earn more outside of the house you will do that. And if you can go outside the house and make money but then you're spending your entire paycheck on at home nanny or daycare it doesn't quite make sense to do that. So the neutrality of money actually accommodates sort of the market price signals that you wouldn't be able to derive sort of just in the abstract from these different cohorts.

This really quickly is just looking at the different labor force participation between legally married and single mothers. I think the most notable thing is that single mothers have a harder time after a newborn reentering the labor force partly because they're on their own and once again cash is able to split this difference in a way that an in kind benefit can't, because one size fits all.

This is from an important paper called the "Differential Impact of Universal Child benefits and Labor Supply." It found that married parents use it subsidize a stay at home mother on the margin, whereas single mothers used the benefit to go and access external services. And so even though married mothers reduced their labor force by two percentage points, single mothers increased their labor force participation by 1.4 percentage points. Either way, this is just -- the sky is not falling in these scenarios and if you really value sort of choice and are opposed to social engineering, whatever form it takes, a point drop in labor force participation based on the choices of mothers is not something to be terrified about. This is just demonstrating that it is single mother families who have the highest poverty rates.

And I just want to finish on a note for like the direction of the conservative movement, and by extension the libertarian movement, which I'm a part of, even though TANF has sort of shrunk in size, in absolute terms it looms as large in the consciousness of D.C. policy debates as it ever has. And everything is sort of talked about in those terms. Even today's discussion was framed around welfare

reform, which at the time was a debate about work requirements, work incentives. Going forward, and I think there's a lot of sort of discussion about this right now, but where the republican party, the conservative movement should go, is to maybe look at -- you know, we've lost the battle on gay marriage or something like that, but what about single mothers, what about traditional families. And this is a policy that can bridge both the desires of progressives to care for the most needy and the desires of conservatives to be neutral with respect to traditional families.

So there's my information, and feel free to reach out. (Applause)

MS. MATHUR: Great. Now we will turn to Melissa for quick comments.

MS. BOTEACH: Wonderful. I want to thank both Chris and Sam for such interesting presentations. CAP put also a child allowance proposal in 2015, which is much closer to the Columbia University one. And I'll go through quickly why I think that's the right approach. I have both positive and negative feedback on Sam's and then just sort of some general thoughts about the political moment that we're in and why this idea is an idea whose time has come.

So in terms of the Columbia university proposal I think it's incredibly forward thinking and it hits all the right notes because you have something that's available monthly. Child expenses don't wait until tax time. Diapers don't wait until tax time, you know, formula doesn't wait until tax time. And so the idea of having a monthly allowance I think is really important. The research on economic mobility and the long-term outcomes is sort of striking the amount at the right age group. CAP's proposal similarly had a young child tax credit that was fully refundable. One difference is that we kept the base CTC as \$1000 fully refundable and eliminated the earnings threshold so everybody would get it. But we kept that at the end of tax time so that there was a pot of money for big purchases or to facilitate savings at tax time, and then added on a \$1500 young child tax credit that was available in monthly installments for those sort of day to day costs, diapers and car seats and cribs and all the things you need when your kids are young.

I think that the young child tax credit concept is also important because there's a big mismatch between parents' peak earning years and the age of first childbirth. In fact it's a quarter century mismatch. So at the exact time that you are in many cases needing to take time off of work, whether it's paid or unpaid leave, that you have a little bit less flexibility in your schedule because you're caring for young children, you're already relatively early in your career or job and so you're making less money, is

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the exact time when the highest costs of rearing a child smack you. Meanwhile, when you're in your early 50s you're in your peak earning years and your children are likely to be a little bit older. And there are other expenses then, but not necessarily the same kinds.

So very much in favor of the Columbia University proposal. It has a lot of similarities to some of the research and ideas that CAP has put out there in the summer of 2015.

On Sam's, I think similarly, yay for full refundability, yay for monthly payments, and yay for recognizing that a child allowance isn't going to have catastrophic labor force participation effects. I don't know anybody who would not work because they were getting, you know, \$2-3000 a year to help raise kids when kids cost so much more than that. So those are really helpful points and I think it's helpful to spur these kinds of bipartisan discussions.

The main area of concern I have with Sam's proposal is the pay-fors. So the idea of taking away school lunch to pay for a child credit seems a little bit ironic to me. It seems almost as though you're taking away lunch to pay for dinner, or you're taking away lunch to pay for housing or some other kind of basic human needs. Children are whole people with a whole host of needs. And if we're paying for this with other payments that are helping children it seems to me we're not making the kinds of progress that the Columbia University proposal shows is possible.

And so a couple of other thoughts, many people have noted how other countries spend much more on their families than we do. So in the U.S. we spend about 1.2 percent of GDP on families. That's less than half of what other OECD countries spend, about 2.6 percent of their economies on children and families. And so we should be actually spending a lot more and not looking to cut within that budget to pay for these kinds of proposals.

I also just want to note that the stepped up basis in capital gains for the adult children of the wealthy is about \$50 billion a year. So if we're looking for places to pay for things, I'm just throwing out a couple of suggestions or ideas. You know, that doesn't have to be it, but the idea is that there's such a concentration of growing income inequality and off kilter economy. Olivia mentioned the low wage labor market, the increase in productivity and education, the gains of which have not reached these low wage workers who would be helped by this. And so I think there's a lot of other ways that we could pay for a massive expansion.

The final point I'll make is sort of on the political moment. I think that we've talked a lot about the \$2 a day poor, the deeply poor for whom this would be an enormous step forward. I think we have to also see the fact of a child allowance. Ours wasn't universal, it phased out at the same rate as the child tax credit, but it went pretty high up the income scale. Middle class families are also really, really squeezed right now. And so we did an estimate showing that between 2000-2012 wages stayed flat, but that pillars of middle class income security went up by over \$10,000, 70 percent of which was child related, 70 percent of families are going to turn to this means tested program at some point during their working years. And so there's an alignment of interest between low and middle income families that I think makes the time ripe for these kind of proposals.

Thank you.

MS. MATHUR: Great. Scott?

MR. WINSHIP: Great. Thanks, Aparna. So if there's one thing that I want you to take away from my remarks today it's that I am not speaking for the Joint Economic Committee of Congress. (Laughter) These are my own personal remarks. Glad to be here. Chris and Sam, congratulations on the papers. I thought both of them were really interesting.

So I'm going to focus my remarks on a way in which I think my diagnosis of what's wrong with our anti poverty system differs from what we've heard. It's a fairly conventional conservative critique I think. And so reading these papers, to me it was useful to think about the current system as essentially being a two tiered child allowance system. We have a pretty low child allowance for the kids of parents who can't or won't work. It's in the form of a bunch of programs, not a single program. And we've got another more generous child allowance for the kids of parents who do work. That's an oversimplification in a bunch of ways, but I think it's a useful way to sort of think about this.

And it's a costly program. It's costly partly because it's paternalistic, and some of aspects of that I would defend. I think work requirements, for instance, have been fantastic for low income families, and we can come back to that. Other parts that I wouldn't defend, I think if folks would rather spend their money on something other than food then give them cash rather than food stamps and they probably know better how to spend it.

And so the other reason that it's expensive is that it's this crazy quilt of programs. And so

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I think my first reaction is I like aspects of Sam's program a lot because it involves consolidation, it doesn't involve spending a lot more, although I think you probably would end up spending more than I think current law for some of these families. Wasn't quite clear on that. The Columbia proposal would essentially make both of these tiers more generous. The sort of less generous tier for people who don't work and the more generous tier for people that do. And that makes conservatives a little uncomfortable because we worry about unintended consequences. We worry about people who were going to work but now will choose not to work, we worry about people who were going to delay their childbearing until they were married, and now we worry that maybe some of them won't. And so I think that's a real concern that I have with the proposal, that changes sort of the balance of what people are deciding on the margin. And then plus the Columbia proposal would just spend quite a bit of money on non poor families. I did kind of a back of the envelope calculation in the Uber on the way over here, and I would not die on these numbers, but it seems to me it's pretty likely that the policy spends something like \$30 or \$40 billion on the top half. And maybe folks are fine with that. I think a lot of people have a different view of how the middle class is doing than I do, which we can come back to. But to my mind, if you're going to propose something that's unpragmatically big, I would want to spend that money in a more targeted way I think.

Okay. Another problem that I have is that the proposals are sort of premised on a real overstatement of the problem that we face. I don't say this to be Pollyannaish about poverty, and I think if the number of poor people we have in America could fit in this room I would still want to help the poor people in this room. So you should not take this to mean that I don't think we have a poverty problem. That said, child poverty is at an all time low. I've written on this report called "Poverty After Welfare Reform". Chris' numbers actually showed it that he put up there. There's some economists, Bruce Myer and Jim Sullivan, there is an economist at the Congressional Research Service, Thomas Gabe, all have found essentially that child poverty is at historic low today. Deep child poverty, being under half the poverty line, probably also at an all time low if you include non cash benefits -- we don't have to talk about Medicaid, Kathy's not in the room, but you don't have to talk about Medicaid at all -- if you include things like food stamps and housing benefits and you count cohabiters' income when you determine who is under the poverty line, also probably at all time low. I think Chris' numbers would probably show that if they were updated today. I think the Center on Budget's numbers would actually show that if they were

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updated today. And \$2 a day poverty is frankly just so rare that it can't be reliably detected. And I think that the comments about \$2 a day poverty and that being caused by welfare reform I think are unfortunately are just really misleading. In the CPS, which was the numbers that you saw up there, my report also used the CPS. That increase in \$2 a day poverty, if you believe it's true, started in the mid 1970s. It's not welfare reform. \$2 a day poverty, if you believe it, increased among the elderly, it increased among married college graduates, it increased among the children of married couples. So if I had more time I would say you should not believe these numbers. There are good reasons to think that they are not right. If you do believe the numbers, it's not welfare reform.

So we've reduced poverty more than we tend to think. What we haven't done is increase upward mobility. And I think the reason we've not done that is we've tended to think that cash is the way to do that. That's the premise of these proposals I think, and I think that's just not true. We spend \$1 trillion today on anti poverty programs, upward mobility has been stalled for decades, and so I think we need to look at different ways to spend that money, especially if it's going to be \$100 billion a year.

MS. MATHUR: Thank you. And, Maria?

MS. CANCIAN: So it's interesting to be at the end of this panel. So let me try to step back a little bit and try to say what is the problem that we're trying to solve, because sometimes it's a little bit easier to think about whether this is the right solution if you think. And I kind of think that there are two pretty distinct problems we're trying to solve. One is that parents make big investments in kids and kids are a public good. We have a collective interest in making the appropriate investment in those children because we'll get something out of that investment. So if we're under investing that's a problem for all of us and the universal child allowance would kind of improve those investments.

A very different distinct issue is that we have a common kind of obligation, not a self interest, but an obligation to meet the needs of poor children who are poor through no fault of their own. And those are kind of two different reasons and I think we should be evaluating this proposal and its ability to do each of those things. So when I do that I come up with is this a good solution to those two problems. And I think in some ways the answer is yes and in other ways the answer is no. I think the answer is yes because a universal child benefit is -- by being universal it recognizes that common and collective responsibility that we all have that investment we should all be making in the next generation, it

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recognizes that parents are taking on a big task. One of my favorite comments that Marcia Meier used to make is that in the U.S. alone we think of children as pets. If you have a pet, you can have a pet, you clean up after your pet, don't bother me with your pet. But children really aren't pets. They will be our next generation and maybe we need to have some collective responsibility. So I think on that end it's a good opportunity. It also is a good opportunity because it provides those benefits in a way that doesn't have some of the inefficiencies that targeted benefits can have, it doesn't have some of the stigma that targeted benefits can have. So two pros.

There are two things that I think are less good about a universal child benefit, and one of those is that it's not targeted. And so because it's not targeted it doesn't give the benefits to the people who need it the most. And that makes it relatively more expensive, relatively to the affect it will have especially on that second question, which is meeting our obligation as a rich country to provide a basic floor for children in our country. I think the other way in which it doesn't target those who need it most perhaps is that -- and this goes to one of the issues that Sam brought up in terms of supporting parents at home -- when we think about parents I think we really need to reflect on all the resources that they have and if we're going to keep it simple let's at least think about time and money. And if you take a family say that has \$40,000 of income and they have that income because one parent is working and one parent is at home, that family is better off than another family that has only one parent resident and that family has \$40,000 of income, because there's not another parent to take care of that kid. And that family is also better off than a family that has two parents who are each earning \$20,000 and both in the labor market. So we need to take into account both of those kinds of resources and things that provide childcare, that support other expenses that families have that recognize that stay at home parents are a resource. They are valuable, I agree, but that means that families that have them are richer than they would look if we only counted their income. So I think that's another piece to take into account when we're thinking about targeting.

So in terms of supporting these proposals, having a child allowance seems like a great idea to me if it is replacing, if it's either extra money -- so if somebody found the extra money that would be great -- or if it's replacing something that is not as well targeted to meeting these needs. So if we're going to replace the dependent care deduction, which overwhelmingly provides more benefits to higher

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income people, if we're going to replace a child tax credit, which again doesn't provide benefits for those lowest, I think those are admirable opportunities. But I think if we're going to replace SNAP, if we're going to replace school lunch, I'd like to see the same chart that Chris put on there on the kind of net benefit. I think there's a real problem if we're taking benefits that overwhelmingly target low income families and redistributing them flat across the income distribution. I don't think that's what we need at this point.

The last thing that I'll say, just because I think it hasn't come up, is I think it's important to recognize that the political will, the potential for coming up for resources to provide to families isn't unrelated to the form of those benefits. So part of why we have political support for EITC is because it's tied to work. And part of why we have support for food stamps, food stamps might not be as -- or SNAP might not be as fungible, but it also has a different support basis. So we want to avoid magical thinking that we can just shift money from one place to another and the support for that level of funding will be the same. So I think it's another piece of the puzzle that we haven't talked about before.

MS. MATHUR: Great. Thank you so much to all of you for your discussion and our presentations.

Let me start first with just a few questions from me to all the panelists, and especially to Chris and Samuel. So one of the questions I have about the universal child allowance is we're essentially saying that we are let's say replacing the child tax credit or changing the child tax credit and transferring more money essentially to people who may or may not be working. Right, it's a benefit that's available to everybody, whether or not you're working. So we are taxing people. We're going to have to get the funding somehow. We're going to be taxing people to raise funds for the child allowance, and yet we're transferring that money to a lot of people who are not working.

So I mean what happens to the work incentives under the system of transfer that I just described? Do you still believe that those work incentives will still prevail? When you look at the EITC we're telling essentially childless adults that we will give you \$500 through the EITC and that's the incentive to work. And now we're telling a person who's not working we'll give you \$2000 because you have a child. You know, I think there are decision margins there that are going to distort that incentive to work.

And, again, Melissa, you mentioned that is it enough for somebody who is getting \$2000

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to actually stop working just because they're getting those \$2000. But if you look at the EITC, I mean we are promising people \$2000, \$3000, all the way up to \$6000 and saying yeah, that's a huge incentive to work. But if you sort of given them \$2000 why would we imagine that that's not a disincentive to work?

MS. BOTEACH: So I'm comfortable with this because we have the EITC. So we already have a very strong tax credit that, you know, as a big labor force incentive. The other piece is if you want to do this monthly, if you want to do this, make this available periodically as a CTC, if it's not fully refundable, if it's not the same for everybody, it's going to be a lot harder to administer if you don't know what your earnings are going to be until the end of the year and what your total amount is going to be. And then trying to divide that by 12 and administer it, whereas if everybody is getting the same amount of the child tax credit up to whatever income level you phase it out at, I think the average payday alone is \$375. There's all these expenses that cause families to have these downward spirals. So the idea of introducing some kind of monthly benefit and a periodic payment I think is an important part of this discussion, and it becomes much harder to do that from an implementation standpoint once you take away that universality. I'm very comfortable with the EITC being that work incentive.

MS. MATHUR: But don't you think it would affect the people claiming the EITC if you're saying well essentially this is the reservation wage. I'm giving you \$2000, irrespective of whether or not you -- you know, everybody is sort of chiming in.

MR. HAMMOND: People make choices on the margin. So the marginal dollar you earn from the EITC phase in stays the same. There could be an income effect where if you have a floor of income, if \$2000 is really the amount that causes you to drop out of the labor force, then I think you have much bigger problems. People don't make decisions in that scale with -- and there's actually deep literature on this. So whenever this debate comes up I kind of ask people, like what are your implied labor supply elasticity. Are they like so huge that a small increase in an income floor will just cause you to drop out. And that's what we find with the child allowances. Like in Canada where the effect is actually differentials. You can't generalize. So some families will use it just to compensate at home care and other families will use it to enter into the labor force. So I think that's a really important point, which is that we have all this heterogeneity and you can't -- it's one thing to create a targeted program for a particular problem, but to try to peer through all that heterogeneity and find a one size fits all solution isn't actually

possible.

MR. WIMER: It's also worth adding that this is the universal child benefit. So the work incentive or the work disincentive; I don't think we're incentivizing children to not to work. It's designed to provide a minimal income floor for children regardless of their parents' behavior. And so I think Melissa covered it well, that like we already have a work based safety net system that's going to encourage and enable people to work and supplement their wages, even when those wages are low. And this would be a different, you know, component to that safety net. That's regardless of what happens there is a universal floor on children's income.

MR. HAMMOND: This is how all debate in D.C. about these kind of things is in the shadow of welfare reform. So welfare reform was fixing a genuine problem. There were large work disincentives. And that was a problem that needed to be fixed. But we have to stop comparing every single thing to welfare reform because it's just become a stale metaphor.

MR. WINSHIP: But I do think Aparna has a really good point, which is that we have this earned income tax credit, the whole point of which is that you top off earnings by a relatively small amount and it's enough to convince people to go into the labor force. Some people don't believe that it does that, but I think the evidence -- Hilary Hoynes and others -- I think it's pretty clear it does. And so I do think you have to be open to the reverse argument on that as well.

Kathy brought up her piece with Sandy Jencks from '95 I think about do poor women have the right to bear children. And the whole point of that article is that there are women out there who if you demand of them that they not have a child until they can afford it will never be able to have a child. The premise there is that if you give some money to those folks some of them will be able to afford a child. You might think that's a good or a bad thing, but I think the implied incentive is fort of there.

MS. MATHUR: Maria?

MR. WINSHIP: People make choices on the margin. So it's the next dollar. The OTC does increase your next dollar. And if you have a flat benefit that is not the same kind of disincentive as say a benefit that phased out or was caught back.

MR. WIMER: We didn't talk at all about whether -- so there was a whole debate in our paper about whether this income would be countable in terms of eligibility for other benefits So that's

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another way to reduce the price tag. If you got \$2000 or \$3000 in a child benefit maybe that would reduce your eligibility for SNAP. I think there were some among us that were in favor of that kind of thing, some of us who thought maybe that's not the best idea, et cetera. But I mean that's the kind of debate that we should be having.

MS. CANCIAN: And again I think it's important to think about what you're trying to solve. I didn't hear any of the authors of these proposals suggesting that this was a work incentive and that it was designed to increase employment. It's designed to manage a child poverty problem that we have even when we have an EITC. And I think there's a logic for having such a program because there are collective benefits to that investment. And so again, I think it is useful to think about what problem we're trying to solve. And, you know, to agree with Sam, not have the argument only in the context of kind of TANF and whether this is another way to improve work incentives. This isn't. It's an income effect, not have an effect on wages. So it shouldn't have the same negative effect that the EITC has on the positive end because it's not tied to hours of work.

MR. WIMER: I was really glad Sam brought up the school milk program, because it's like -- we lump all these things together as anti poverty programs that total up to whatever trillion dollars, but the school milk program or whatever is --

MR. HAMMOND: Special milk.

MR. WIMER: Special milk -- thank you. (Laughter) It's very special. You know, it should be judged according to whether we think it's a rational program goal to provide milk to kids. And if that has nutrition benefits -- I'm not saying it does, I'm just saying if that's the goal, that benchmark on which it should be judged, not about whether it moves somebody above or below a poverty line. And that's true of SNAP, that's true of housing programs, et cetera. Like they do have anti poverty effects but they have their own goals. And so SNAP money we want to spend because we want to make sure that kids have a benefit and to make sure kids don't go hungry. Now if cash does a better job of that, fine. But these things each have their own legacy and their own sort of goals. And so it's not simple tit for tat, dollar for dollar.

MS. MATHUR: And just a quick question on sort of the design and the administrative issues that are likely to arise with claiming this benefit. You know we see with the EITC that a lot of the

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money is going to non custodial parents and I assume some of these issues could translate to the universal child allowance as well because you're saying well we're distinguishing between households with children and without and then -- so do you worry that the high error rate that we see in the EITC is something that could also be a design problem with the universal child allowance?

MR. WIMER: I mean I think it would be a lot less, right, because you have a child or not. Now there is the administrative burden of implementing it. We've talked some about that and sort of because we had a principles based approach we were less worried about whether it would come out of Treasury or whether it would come out -- but I think we would imagine that the SSA would administer it if we had our ideal world. That might not be their ideal world, but.

SPEAKER: Social Security (inaudible).

MR. WIMER: Exactly.

SPEAKER: Yeah, direct express.

MR. HAMMOND: So the fact that it's flat, a lot of the missed payments, improper payments in the EITC are because you exist on a --

SPEAKER: Trapezoid?

MR. HAMMOND: Yeah. Weird polygon. So that's a problem that doesn't apply here because it's a flat benefit. Who claims it may end up being the bigger problem and you see these fights actually in Canada and other places where parents who are going through custody battles will wrestle with who gets to claim the credit, but that will be true of any kind of benefit.

MS. MATHUR: Okay, great. We'll open up for questions now.

QUESTIONER: So I have a couple of comments on universality. First, it's important to recognize the system we have. So one argument for universality is we should be investing in all of our children. That's actually implemented in the income tax system. It's a flip side that we think children are a burden, so in terms of ability to pay we have either exemptions or deductions or tax credits. The way this system works, the current system, is that we have a very near universal child allowance. People at the bottom get nothing. That's one exception. And the people at the top get more. That's a little bizarre. That is a little bizarre.

A second, I want to go back to Olivia's point, half the population of children are poor or

near poor when you use the new definition of poverty, the supplemental measure of poverty. And it goes even higher if you're talking about insecurity. It's probably two-thirds to three-quarters. So universality had a great advantage. Most of the children are poor, near poor, or are insecure. If you try to make it income tested you would have disincentives to work and marriage in the middle of the income distribution and there are more serious incentives, as Sam pointed out, because that affects the return to work as opposed to just an income effect. So I understand the worry about negative effects on work, marriage, childbearing, but we have empirical evidence which suggests those effects are small.

MS. MATHUR: Anybody want to comment?

MR. WINSHIP: I think what I would say there is that one of the functions of work requirements is to address those sort of work disincentives that are there on the slope of folks who might otherwise choose to work less and go on public benefits. There are work requirements now, it's not an easy life to do that. And I think that's one of the reasons I would defend work requirements.

You know, about empirical evidence, I think it's true that conservative fears about unintended consequences are almost inherently not (inaudible) right, they're sort of -- if we all knew there were going to be negative effects and we did it anyway they would be intended bad consequences. So I think that's absolutely the case. I think what we tend to run into on these debates is that then on the left you sort of get this barrage of correlations which are usually not safety taken as causal relationships. And it's a problem for I think any number of debates, policy debates in town.

MS. BOTEACH: Can I just respond to Scott's point real quick? I mean I just don't see how taking away basic living standards like healthcare and disability support, et cetera, is going to get anybody back to work any faster.

MR. WINSHIP: Well, no one's talking about taking that away. I'm not talking about abolishing Medicaid.

MS. BOTEACH: If you're saying you need to work in order to get Medicaid and you have a chronic health issue that you need to address --

MR. WINSHIP: That's not what I said.

MS. BOTEACH: All I'm saying is I don't see how taking away basic living standards is going to get anybody to work any faster. If you're really interested in getting people to work faster you

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invest in job creation which both tightens labor markets, raises wages, and makes more jobs available. And that seems to be like one of the most important solutions that is going to address a lot of these issues, and then you still have the child benefit there. So if progressives and conservatives both agreed that for those who are able a good job is the best pathway out of poverty. Investments in job creation and raising wages should be a big part of that conversation and the child allowance shouldn't -- it doesn't provide distortions there. So I think that that's sort of an important point to underscore.

MR. WINSHIP: I think we can agree economic growth and job creation is super important and at the same time we can believe that what -- well, you won't believe this, but a lot of us can believe that what welfare reform did is actually to convince a lot of people to work who otherwise would not have and they were better off for it.

MS. BOTEACH: And I think the EITC and investments in childcare had a lot to do with that.

MR. WINSHIP: Agreed. Totally agree.

MS. MATHUR: Yes?

MR. HAMMOND: I just wanted to sort of bridge this because I fully agree with Scott that welfare reform was necessary and had a huge impact on bringing from the AFDC into the workforce.

But just to address the point about universality, we don't have a child allowance for young kids, even if you add up the cash value of existing programs. What we have is like Scott said, a two tiered system where we're happy to transfer cash to parents in the form of either direct credits or deductions in their taxes, which is just cash in hand versus for the truly poor having this bureaucratized system. So I don't want to give up the opportunity because if we did move forward and expand the child tax credit to make it fully refundable we're doing something that is unambiguously pro poor. And so we shouldn't pass up that opportunity to simplify and consolidate the existing system because we have 100 programs representing \$300 billion that go to kids and their fragmented and captured by industry interests. And the problem we face is whenever someone comes out and says well, you know, this lunch program, it's great but Tyson and Midland and these big companies are lobbying for them because they get to be the special producers. Maybe we should fix that. You get the kind of bootleggers and Baptists scenarios where you have child advocates that come out of the woodwork and say no, you're taking away

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lunch for kids, but if you're doing something that is unambiguously benefitting those families at the same time -- and I mean unambiguously, there's no comparison. The cash value of the school lunches will not overwhelm getting parents another \$1000. That's an opportunity to assuage a lot of the fears that this is austerity in disguise and not actually trying to fix a lot of the cronyism in the system.

MS. MATHUR: We have time for one more question.

QUESTIONER: Can I just make a comment about -- so just in terms of this welfare -- the discussion about the impact of welfare reform, I think I would like to back to -- I think it was Sam's point about -- I think it was the heterogeneity. I mean we now have a system that really does make it easier for people who can find work consistently to do better. And so it clearly made life better for many people, but it left a number of people behind and we can have debates about exactly how many and how far, but there are lots of people who are not able to work full-time, who are not able to work full year, cannot find that employment, and we just don't have a floor for them. We have completely abandoned that. And that insecurity and instability of income is particularly pernicious for young children. And so these proposals would address a problem. You can think welfare reform on net was positive or on net was negative, but I think there's no question that it left children vulnerable in a way that's just really inappropriate in this country.

MS. MATHUR: Had one question there.

QUESTIONER: It seems like you could make an argument kind of piggy backing off what you said, that providing a basic child's allowance is actually a work incentive in terms of reducing barriers to employment that are based in transportation and other things like that. Would you agree with that?

MS. BOTEACH: Yes. I mean if you look at the supplemental poverty rate it not only shows what transfers lift people out of poverty, it shows things that push them into poverty. And childcare and transportation and other work related expenses are one of the main factors besides medical out of pocket costs that push people into poverty. And so there's not a work clothing assistance program, there's not a national transportation voucher program. There are some things you just need cash for, and so the idea of having a child allowance as it could actually, again, facilitating people getting and sustaining work because whether it's maintaining an automobile and paying for your car payments, whether it is making sure we have work appropriate clothing. Some people have to buy their uniforms.

Or whether it's just making sure you can plug a childcare hole when you get scheduled with a day's notice, which is unfair unpredictable scheduling. Cash matters for keeping a job too.

MS. MATHUR: Okay, great. Thank you so much. Please join me in thanking our panelists. (Applause) And we're going to go right in to the keynotes.

MR. HASKINS: So, Robert Doar, where are you hiding?

MR. DOAR: I'm here.

MR. HASKINS: Here he is.

MR. BERNSTEIN: Before we get to our keynote speaker -- our second keynote speakers, we're going to have our first keynote speaker.

MR. HASKINS: Yeah, I learned to count. So our format is that each keynote speaker will be introduced and then they give a talk. Then they sit down, we quiz them a little bit.

I think my quizzing may be a little more aggressive than Jared's, but maybe not, and then we own up to the audience and you'll get a chance to ask questions.

So we have Robert Doar. I told people who are participating in the event, we invited approximately a hundred Republicans and none of them were willing to come, so we -- members of Congress and House and Senate, so we decided to go with a brilliant genius who is not a member of Congress, so I hope you'll forgive us for that and so Robert is here.

Robert is a Morgridge Fellow in poverty at American Enterprise Institute. I've known him for 25 years at least when -- starting when he was the head of the Child Support Enforcement Program in New York, which was an amazing program and did a lot for kids, I'll tell you, because they really collected a lot of money in New York. Then he went on to run virtually all welfare programs in New York City under Mayor Bloomberg and I think for both (inaudible) time as mayor or close to it?

MR. DOAR: Last seven years.

MR. HASKINS: So, Robert, let's hear what you have to say.

MR. DOAR: Thank you, Ron. I really appreciate being given this opportunity. It's nice to be here. As someone who spent almost 20 years working in New York City and state to make our programs work to reduce child poverty, I'm glad we're having this discussion.

But having said that, let me start out by saying that the universal child allowance seems to me to be another step to make the federal government the source of all things. It would as its authors contend, quote, establish the principal that all children are entitled to public support.

Sounds nice, I think. But to me, and I'm sure to over conservatives, there has been some damage done by this widespread belief that all things come from the government, especially the federal government. What about the principal that all children are entitled to the support of their parents, their neighbors, and their communities?

A universal child allowance paid through a monthly cash payment loaded on an ubiquitous federally issued electronic benefit card would establish at birth a financial relationship between the federal government and every citizen. In the process, we'll undermine the role of the individual, the parent, the extended family, and the neighbor.

Point two, there is very little in the two papers on the impact on work earnings and labor force participation in the United States despite the grudging, and I might say very grudging, recognition that our work and work support system has significantly reduced child poverty.

I got into the social services in New York in the mid-1990s when child poverty as measured by the supplemental measure produced by Chris was 28 percent. It's now 16.7 percent. That's a big drop. Why not focus on extending those gains through greater attention to increasing work and earnings.

Given that I believe that expansions of nonwork tested components of the safety net -- SNAP, Medicaid, and SSI -- have led to reductions in work and earnings, I'm pretty sure that adding this new benefit without a work test will increase the work disincentives in our Safety Net program.

It's important to remember that the way work disincentives work is not through one individual program, but through the combination of several programs.

Those of us who want to reduce child poverty should be concerned about that. For a household with a single parent and two children, a child allowance plus SNAP and Medicaid and without any earnings is still going to be poor.

In fact, their income is still going to be below 50 percent of the poverty measure,

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but they may be well enough off so as to not work even though work is available. So it is possible that we may get more poverty by providing a benefit and encouraging less work.

My point is that for low-skilled parents to escape poverty, you need both earnings and support. I think the balance has already tilted too much away from work and this will take it still further, which will make poverty reductions harder to achieve.

I guess here I should say that I'm not persuaded, and I think other fair experts are also not convinced, that the main argument for why we should consider this that deep poverty for children has grown because of the two rigorous implementation of TANF work requirements really holds up. In fact, I think a fair reading of the data shows that that thesis doesn't hold up at all.

Now, I want to be clear, deep poverty has not gotten worse because of TANF. Well, deep poverty has not gotten worse because of TANF. Deep poverty among children is still a problem.

I have said for some time that government caseworkers in programs such as SNAP and Medicaid when presented with parents who say they have no earnings but all they want is SNAP and Medicaid should not say, as they have been saying, well, that's okay, let me get you food stamps and Medicaid and see you in a year. Instead they should say, how can I help you get a job, because you and your children cannot escape poverty on food stamps and Medicaid alone.

Point three, the proposals being discussed here could be seen by some as another maybe final step in our federal government saying that fathers are unnecessary, not even worth engaging. I'm sorry to say that, but I checked and there was only one word about the absent parent in these papers and that was in the SCANA paper.

There is also two little recognition that poverty among children is most often related to single-parent households. I'm not going to go into all the arguments of why we should talk about that, except to say if you want conservatives to support greater efforts to help poor children, and I want them to do that as well, one place to start is to acknowledge forcefully and without having to be asked the role of the family, two parents, and marriage.

Think of it as a credibility check. You want them to believe your models predicting future poverty reductions if only they go along with one more transfer payment. Well, at least you

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could start out by showing that you will talk about this issue of family formation in a way that makes them believe you.

I don't have time to talk very much about Child Support Enforcement except to say the papers say nothing about this program. This once broadly bipartisan-supported program still brings more than a million children out of poverty every year and yet one reason we are considering a universal child allowance is because absent parents are not providing enough. Why not at least address ways to ensure, especially if you're going to provide a new cash benefit, that the absent parents at least provide something.

Finally cost. We are already overcommitted in our government. But I would say that more spending for children, if the pay for was a true facing up to our long-term fiscal problem, I would prefer to see reforms which reduce our expected spending for retirees or senior citizens in order to invest in programs for children.

This is a place where leadership from progressives would be especially helpful in striking a grand bargain for children. I know there may not be a lot of hope for a grand bargain for children, but I've had this hope for a long time, since I first heard Isabel Sawhill talk about it here at Brookings and I'm not going to stop hoping now.

Finally, if we are all going to do one thing, just one thing, is this it? What about training and education, subsidized jobs program, reentry assistance for people coming home from prison, and employment for disconnected men. We could do a lot more there with less money than what these proposals cost. Thank you.

(Applause)

MR. HASKINS: So let's begin with this, I think there's agreement here you thought some of it was a little bit hesitant, but there does seem to be enhanced for at least a decade now that we have done a lot to reduce poverty by encouraging people to work and subsidizing the work.

So we have the most successful antipoverty strategy the nation's ever had, is to encourage work and subsidize the work. It has worked very well, as several people have shown. I don't think anybody said anything negative about that.

That's a victory, that's good, it happened. It represents a huge change on the left,

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because the left was really seriously in opposition to this measure back in 1996. We argued about low-income women and whether they really could work. A lot of Democrats were worried about that. I think it was a legitimate concern. It turned out most of them could work and did work.

Now, because of the characteristics of some single women, some men as well, many men as well, it's much more difficult for a fairly substantial fraction of them to hold down a job than -- we had economic change as well. There's change in the job market.

So a big argument on behalf of this kind of benefit is that it would be the opposite of work plus work support. We wouldn't expect there would be a group of people that wouldn't work and we would give them a free and clear benefit, that's the idea.

It cost quite a bit we'll come back to that in a minute. What's your problem with that diagnosis of the problem?

MR. DOAR: Well, the basis of it is that we had this argument about whether AFDC moms could work and those who thought they could and they could be the true heroes of welfare reform, as President Clinton used to say, it turned out to be correct. Big jump in labor force participation by never-married mothers in a way that no one ever expected. They showed that once asked, they could do it.

But there is a group that right now appears to be on SNAP and Medicaid and is not working. We want to know what's going on with them. My view is that they are not -- they have stepped away from the work requirements of TANF and are not being engaged significantly.

The other thing I want to point out -- wait, I just want to say one more thing -- the single mothers, but I want to just say one thing. I think through most of the conversation today, we've not said anything about SSI or disability. The welfare programs I ran in New York City, one component of our approach was when people said they could not work due to a health or physical impairment, there was a path toward SSI that allowed them to have support.

I sometimes think in the rhetoric up here when people say there is no floor for people who can't work, there may be some misperception that that doesn't exist, but it does exist. I'm not -- that's where I am. I think that -- I would also say that if Scott Winship wasn't, in my opinion, correct, that the problem has not gotten worse, I'd would be more concerned about it, but I

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don't see it. I don't even see it in the very low food security numbers, which have come up a little bit in the wake of the recession but I'm not sure they had to do with --

MR. HASKINS: As a matter of principal, it really doesn't make any difference if they've increased. If it is the case that there's a group at the bottom that does not qualify for SSI or SSDI and they cannot work consistently because of where they live, because of their personal habits, whatever it ought to be, and we have a desire to protect their children, there is some rationale for a program like a universal benefit to this, not depending on work.

MR. DOAR: There is some rationale for an effort at some level -- community, state, town, village -- to assist those families. I don't know that the rationale is for a federal universal benefit that may have unintended consequences for the families that went to work.

Remember whenever you want to adjust what you're providing, you're going to have the adjustment that will benefit that person who you're trying to help, but it also will send a message or provide an assistance to a group that may not have needed that, and that's what I worry about.

If you have an entitlement system that allows more people to work -- not work, more people will not work. I don't think that's good.

MR. HASKINS: The issue is the size of that effect. We have a zillion literature reviews including by the person I think is most confident, which is Robert Moffitt, and the effects are almost inevitably small.

I don't think you can show that there's a huge impact on low income -- as far as you're concerned with mothers, that they are going to stop working in droves because they can get this \$250 month benefit.

MR. DOAR: So here I am informed by my experience in New York City. We had a strong work requirement. We had a modest recession in 2001. The Bush administration and others expanded access to SNAP and changed the rules there. President Obama continued that and increased access to public health insurance, reduced application processes. You can self-attest income for Medicaid in New York now. I think you can do it around the country. There is no asset test.

Our gains in reducing poverty stopped in that period between the small recession 2001 and the great recession 2007. I believe that happened because there was an ability for folks to knit together a variety of assistances that made them work less. I think that's unfortunate.

MR. HASKINS: Then why are more of them working now?

MR. DOAR: Well, we went through --

MR. HASKINS: The last three years the work rate among single mothers has started increasing again.

MR. DOAR: It has and I think that's partly because the economy has finally come back and partly because people have begun to wonder about that a little bit. Even the Obama administration began to send messages to the SNAP programs, hey, maybe we should talk about work a little bit. So I agree with you. It has come back. I think it's mostly due to the economy, not due to changes in the underlying programs.

MR. HASKINS: No, but if they have an incentive not to work and then jobs become more available and they go to work.

MR. DOAR: Well, that's true. I should also point out that -- and this is a long, long battle and really taken way too long, but some wages have risen a little bit too. I think the work -- the fact that the labor force participation is finally coming back is due to a variety of factors, and I like it that way. I want that to continue. I don't want to stop it by providing another benefit that has no work test.

MR. HASKINS: Responsive to your concerns about nonwork, what would you think of a compromise that could include some benefit at the bottom but would also greatly strengthen the work requirements in the Food Stamp Program and the Medicaid program? You might want to leave Medicaid out, because people are still very --

MR. DOAR: Yeah, yeah, yeah, that's a hard one. That's a hard one. That's a legitimate -- I mean, one of the problems that I have is that I relate to my experience in New York.

We had some protections for people at the very bottom. We didn't have a firm five-year time limit. We transitioned people to the state program and we didn't have a full family sanction, and we had this sort of effort on people with disabilities who said they couldn't work.

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So I could -- I would be interested in that. I don't want to be associated with people -- with anyone who wants me to say that the current TANF program now as it's administered in the states is perfect. It's not, and that may be contributing to the fact that some families are being left behind.

But, again, I keep coming back to where is it in the big data, if it was in the big data in a significant way. What is in the big data is that 1993 child poverty, as measured by Chris, was 28 percent. It really did feel like this was a problem that could not be solved, and now it's 16.7 percent. That's a pretty big drop that we need to be careful about going backwards on.

MR. HASKINS: You recall that at the beginning I said we were --

MR. DOAR: Yeah, I got that.

MR. HASKINS: -- we're agreed that that's because more people work and they get better benefits when they work. We can truly -- my vision was always a social worker can look a mother in the eye and say if you work even at \$9 an hour, you are going to be better off, because we're going to make sure you get the ITC, food stamps, yadda, yadda.

MR. DOAR: One more thing. Very little discussion in these papers about the implications of a federal -- of a federalization of this. I think Chris said the SSA Administration would run it.

In New York City in terms of sort of client relationships or dealings with people, it's not one of the great programs of all time. I'm not comfortable with that.

MR. HASKINS: Social Security?

MR. DOAR: I'm not comfortable with saying that we're going to address this program entirely from the federal government. There ought to be some recognition that we have this apparatus in the states that isn't perfect, but maybe a better way to address this issue.

MR. HASKINS: Well, I suggest you write more about that, because I'd like to see an alternative to SSA too. People at SSA are busy and they do make mistakes. Giving them another enormous job like this --

MR. DOAR: The point's a valid one.

MR. HASKINS: -- universal will be huge. So I'm not sure SSA is the greatest

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answer, although it may be the best.

Let's talk about fathers now. You want fathers to be play a role in this. Ironically in the same welfare reform bill where we increase work requirements for mothers, we put really tough requirements on fathers. They by and large have worked pretty well, especially if you look at the first eight to ten years, the child support payments did increase quite a bit.

What would you do now to increase child support payments? They seem to have been fairly flat now and there are a lot of fathers especially -- the probability that you have a father that will pay child support for this group that we're concerned about is very low, relative to other fathers.

MR. DOAR: Well, I think the progress was very solid in the late '90s early 2000s and then it -- in a reaction to a problem, which was that the program could be excessively harsh on particularly poor and struggling noncustodial parents, it adjusted. In addition single moms decided not to apply for TANF, where there was a clear requirement that they cooperate.

I actually think that we're not doing as much as we could to draw in these nonresident parents who could pay something, but in a study -- I talked to someone in one of the major child support program in a major city. They in an effort to be careful about getting overly harsh orders had almost 50 percent of their new orders were for zero dollars. That's not child support collections, that's not helping get money into households. That's just going through a bureaucratic process to meet some federal performance standard and it's not really helping.

So my view, what I have said, is that for single-parent households who are applying for SNAP, we ought to have a required referral to child support when she or he says, no, I have no -- no agreement and I'm getting no child support. We ought to ask them to go and work with the child support program to help get them something.

I associate myself with those who said earlier I think that when you pay child support, you're more likely to be positively engaged with your child and that emotional and parental attention is important too. I want that. I don't think you get that when you --

MR. HASKINS: To the extent we can use child support as another mechanism to fill that problem at the bottom, you're going to get fathers who have not been cooperative. I was

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hoping you would say that we could have a much stronger work program for fathers. We could work much harder on that.

We've got ten states or eight now. In fact, one of our sponsors, University of Wisconsin who's doing one of the big random assigned studies, to figure out if there's ways to get the fathers to work. The initial studies in Texas were very encouraging, maybe that's a way to do it.

MR. DOAR: A significant portion of income that comes into poor single-parent households does come through child support when they get it, and we should try to help that happen more often. One way we should have it more often is by doing a better job in establishing and collecting dollars at an appropriate amount, and another way is to allow the Child Support Enforcement Program to have work programs that engage noncustodial parents.

I absolutely agree with that. I also think we should have a targeted noncustodial parent EITC benefit. There are ways. I want to get more money into these households. I think running to the universal benefit as the first answer is premature.

MR. HASKINS: Now, if we were talking to Republicans on the Hill, I think a big issue would come up immediately, which is \$200 billion, are you kidding me, \$200 billion a year for this program. Who could possibly support that?

We're not going to support a \$200 billion a year program. Even with the offsets of a proposed year, you get it down to 96 billion, down to 96 -- I mean, really, what do you think the practical chances are that Republicans on the Hill would accept a program of this magnitude?

MR. DOAR: Well, I'm very bad at predicting what Republicans --

MR. HASKINS: We are, but we don't let that stop us.

MR. DOAR: I think it's not good at all. I think that it's crazy. The only way it might happen is if you traded in the panoply collection of programs, some of which work by the way pretty well and some which don't, and say we'll close all these and we'll create this money, but the Democrats are never going to allow that.

No, I don't think there's much of a chance of it at all, so I'd rather focus on other things.

MR. HASKINS: Let me ask you a more difficult question of the same type. What

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do you think our chances are that a Democratic Congress is going to figure out a way to get a hundred billion dollars for a program like this or \$200 billion?

MR. DOAR: I don't know. Yeah, I guess you're trying to get me to say that there's not much chance of it at all, and I could say that. I do want to say that I wish we could have an effort to find more money and investments for children by reorganizing our Safety Net programs and our entitlement programs that are overly generous toward the upper middle class, and I'm all for that, but I want to do it in a way that's successful. That really is -- anyway...

MR. HASKINS: Let me raise one more issue that has to do with the money, because I want people to really reflect on what we're asking for here, that is, even though Congress seems to deny it -- even four, five, six years ago we had a huge movement to try to do something about the nation's debt, and we had some very good proposals on the table and for one reason or another we could never reach any kind of compromise.

So we really have not done anything serious about the debt and it continues to grow. It will soon be bigger than the debt after World War II 15 or 20 years from now.

All the major institutions in Washington that are responsible for government CRS, OMB -- not OMB, I'm sorry, CRS, the Congressional Budget Office, and other organizations are really concerned about the debt.

So leaving alone how you spend the money, can you imagine asking for increasing the debt another hundred billion dollars or \$200 billion a year?

MR. DOAR: I should have amended my comment about Republicans. There is one way that Republicans would make a significant increase in transfer payments for poor families, and they've done it, and it is when the Democrats go in and tell them it's just a tax cut.

The EITC expansion is a tax cut and it's a way to make your big tax cut plan look a little more fair to lower-income families. They've done that several times and it works with Republicans.

So the one way that that could happen is if somehow we could make refundable universal allowance -- and Democrats will love this. They will be very happy to let Republicans call that a tax cut, but it's not.

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MR. HASKINS: It's hard to believe that you could pull -- I worked with Ways and Means Committee for 14 years and I saw very few Republicans who didn't realize an EITC is not a tax cut, it's refundable and you give them money. It's like a spending program.

MR. DOAR: Yeah, but I also saw those public documents that came out and tried to show the benefits of this tax reform that included an increase in EITC. When it looked at benefits for families at the bottom, it included the dollars and still called it tax reform.

MR. HASKINS: If you were going to make a recommendation to help this group at the bottom, because you -- now, Scott was the only person that made a, I think, an argument that the group -- there isn't a worse-off group at the bottom, but he did not argue there isn't a group at the bottom that has --

MR. DOAR: He said if they were in this room, he'd want to help them.

MR. HASKINS: Yeah.

MR. DOAR: So would I.

MR. HASKINS: I don't think he --

MR. DOAR: I got it.

MR. HASKINS: It's more than 20. So what is your solution? Tell me what you would do to help this group.

MR. DOAR: Well, so I've talked about bringing a little more work focus to SNAP and Medicaid, where all this group is by the way. Let's be very clear about that. Kathy, everyone agrees, they're on SNAP and they're on Medicaid, so we have an avenue to at least talk to them. We know where they are.

As a former administrator, I could walk into my SNAP director's office and I could say, I want the list in ZIP Code 11201 of every household with a single parent and kids that reports no earnings on SNAP and is not on TANF, and I get it by a day later. Then I give it to the SNAP administration and say, what are we doing about this? Isn't there something we could do? We're at full employment --

MR. HASKINS: So there are --

MR. DOAR: That's one thing.

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MR. HASKINS: -- what are you going to tell them?

MR. DOAR: What do you mean?

MR. HASKINS: What are you going to tell these guys that are running these programs?

MR. DOAR: I'm going to say pay more attention to employment. Track it, let us know, we want to know. I think there was an earlier chart that Kathy did put up which showed the number of SNAP recipients with no earnings. Well, that's a problem.

I think the wrong -- universal credit is the answer. When we have a program that talks to these families once a year at least and provides an important assistance is -- I don't get that.

MR. HASKINS: So shrinking work requirements is one --

MR. DOAR: That's one. The other thing is I would have an administration -- this is a little strong. This may not be totally fair, but I think that there are problems in TANF and I think we could do more to get TANF dollars directed and focused on families that are below the poverty line, and I think we could work on that without giving in the work requirement.

MR. HASKINS: Audience, questions of this young man. Right in the back. There's the first hand. Tell us your name and then ask a question, please.

MS. GOLAN: I'm Morgan Golan. I work for Feeding America. I just have a quick question about -- there's been some data that's recently come out saying that there's --

MR. HASKINS: Can you hold the mic a little closer? It's hard to hear you.

MS. GOLAN: Sorry, is that better?

MR. HASKINS: Yeah, that's better.

MS. GOLAN: -- saying that there's a racial disparity in wealth between minority families and families who are white.

So if there's a focus on work and things like that, training and education, but the rate of return of an increase in a dollar in income isn't necessarily equivalent to the increase in wealth, so -- for example, a minority family who has an income increase in a dollar, the wealth increase does not equate to a dollar, whereas for a white family it might be more similar.

So training families who are on SNAP and are on TANF who are majority minority families, how would that equate for you, because giving them a job might not necessarily pull them out of poverty the same way it would for a white family, for example?

MR. DOAR: Well, I'm not familiar with the studies that you're referring to. It may be true. I take it for granted that it's true, that that effect is not as strong for African-Americans or Hispanics than it is for white families.

I don't know what you would do to ensure that this balance was fixed by the welfare system. In New York City, we had welfare recipients and welfare applicants who were white, who were black, who were Latino, and who were Asian. It's very hard to run a welfare program that has a work focus or not that can make adjustments based on race.

MR. HASKINS: Other questions?

MR. DOAR: They've had enough of me.

MR. HASKINS: Either that or both of us.

MR. DOAR: It's me, Ron. I promise.

MR. HASKINS: There we go. Give that gentleman a microphone.

MR. JONES: First of all, thank you for your time. So my name is Deandre Jones and I'm a Emerson hunger fellow at the Food Research & Action Center.

My worry on work environments is that it inherently punishes children for the decisions of the parents who are -- and these children are the most vulnerable populations and the target population for this proposal.

So how do we as a society best support the children of the parents that are not working? Yeah, that's it.

MR. DOAR: So one thing about work requirements is that people want to say that the way work requirement exists is if you don't have a job, you don't get the benefit, and that's really not the right way to implement a work requirement.

Really the work requirement is on the agency to focus on employment as they serve the person that they're seeing, that they need to ask about earnings, they need to talk about a program or a place that someone can go to get prepared for work.

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They maybe have an obligation to find a job that they can offer, and then only when a person declines that opportunity does a sanction come into play. My general view is that the sanction should affect the benefits associated with the parent, not with the child, when we're talking about SNAP.

So my view is that we're actually more likely to help families when we address issues of employment and the absent parents' financial contribution than when we just ignore them.

MR. HASKINS: You recall that we organized a group AEI/Brookings Group on how to solve poverty and we had a long -- there's several people in this room who are on that group.

We had a long discussion about what happens if we have a work requirement and people don't work. After a lot of discussion, we got to the idea that there should be graduated reductions in benefit, but you could never end people's benefit -- this would solve a big problem in TANF if they had this provision -- unless you had offered them an actual job and they turned it down.

So this would put the government -- I can hear you talking right now -- in the business of finding jobs and offering the people, but that would be the only condition. I have a feeling that's going to be part of the debate if we want to strengthen work requirements in any other program.

Would you agree with doing that?

MR. DOAR: In the context of SNAP, I would. But I think the -- I know that there may be people here that are going to find this shocking, but it happened in New York. There are people who when you offer them a job that's within reasonable transportation and you say we want to provide you SNAP and SNAP will continue with you, because it's a work support, there are people who will say no, I'm not taking that.

So I viewed it and this -- I don't want to upset you, Jane, but I viewed this as a concession --

MR. HASKINS: This is referring to old conversations we had that last --

MR. DOAR: I viewed it as a concession from progressives acknowledging that the

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government had a responsibility to have a consequence when someone who was offered a job declined.

MR. HASKINS: That's essentially answer to the gentleman's question; right?

Question over here, Jared, was that you that raised your hand -- okay. Someone's dashing up here.

SPEAKER: I'm not upset. Bob, you're opening comment was about -- Robert, your opening comment was about the federal role versus state and local. So way back when I was a social worker in Massachusetts, there was something called general relief or general assistance, so these were state and local programs that provided cash to families or to individuals with no work requirement, that was some time ago that I was doing that work.

So what's happened to those programs and do those still exist in much of the country, some of the country, what's been the trajectory?

Because implicitly you're saying maybe we can have a program like this, but I think it would be better at a state or local level. So it made me think about these old state programs, whether you call them GR or GA, public assistance they were called in some places. I think New York -- the northeast used to have them.

MR. DOAR: We have a safety net program --

SPEAKER: Do these still exist and in how much of the country?

MR. DOAR: Well, I don't think they exist in very much of the country. I think that's definitely true. That's not to say that there aren't other vehicles in communities around the country to provide assistance to poor families outside of the federal benefit programs or the state programs.

The answer to that -- states are, I acknowledge, are not perfect, and blue states are often just as bad as red states. So I guess I -- I guess I would say that I do have some -- well, I like the federal government. Federal government's fine. I have a -- there's certain history of the federal government. In some areas, I like state responsibilities, because they're closer to the problem, but we have to be active in the states.

One of the criticisms of some of the speakers we've had earlier is that they -- they -- why didn't they take this argument to the states, to Illinois or to places where there was this

walking away from families in need?

MR. HASKINS: Maria in the back.

MS. CANCIAN: Robert, I'd like to dispute your characterization of TANF just a little bit, to say I think both the left and the right were wrong. So I would say the left, myself included, was wrong about how few moms would be able to get jobs. I think conservatives were wrong about the implications of those jobs.

So we had this vision about how many people would get jobs and then they would have employment and that would lead to the next thing and they would suddenly be middle class. I think what we found is that a substantial proportion of people can go to work and that that work isn't enough.

So two questions about pushing work in place of -- one is: What makes us think that we have a labor market that is structured in such a way that is going to provide the kind of consistent and sufficient income the families with children need? I would say that most of the ways to try to move in that direction coming from Wisconsin are very expensive.

I think the idea of very expensive, subsidized child care, get coaching, create the job, that makes sense if you have an argument that once somebody gets a job, they get launched. Then in year two, three, and four they're going to fine, but the evidence we have is a lot of these folks stay at the bottom so then how is this -- how are we going to this?

MR. DOAR: That's a really very good question and one that I struggle with a lot in New York. The way I came to it, resolved it, is various institutions in society have different roles. The antipoverty fighters can -- for which -- for who sometime failed, but could through this combination of work and work supports help people get over the poverty line. We acknowledge the poverty line is low.

Other institutions in American life are responsible for the next step. I just -- not because I don't want to help with that, but because I think if you make the poverty fighters responsible with for middle class wages, getting people middle class wages, they won't get the middle class wages and they won't get them above the poverty line. They'll fail at both.

So I absolutely agree and I want to be clear about the successes of welfare reform.

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We got people up a little bit above a fairly low starting line and they are still struggling, but it's not 28 percent. It's 16.7 percent.

MR. HASKINS: Herb, Herb Garving, come up here.

MR. GARVING: Robert, when I listen to you, it sounds like you give absolutely zero weight to evidence from other countries, and my question is why? I don't get that.

MR. DOAR: That --

MR. HASKINS: I'm going to give you time to think for a second. Will you give us one sentence or two sentences about why we should pay attention on the countries? What specific issues are you thinking he's ignoring?

MR. GARVING: Lessons are that in Canada and UK, which are like us, they're English speaking, but you can go to more foreign countries like Sweden, the poverty reduction comes from government benefits.

MR. DOAR: I have to say you're absolutely right, that I give that line of rhetoric very little credit and I've heard it -- Jane uses it very effectively and with great humor, but I --

(Indistinct chatter.)

MR. DOAR: Yeah, she is. But I have to say that so -- but I don't really know why. I need to study that a little closer. I acknowledge that and I want to and I will.

But I want to say one more thing, and that is, if you think that rhetoric will be helpful with Ron and my friends in the Republican Conference, if you think I don't like it much, they really don't like it. It is just -- I've seen it. It's not something they want to hear.

I guess I'd have one other question, and this is really unfair and I don't know the answer to this, where do low-skilled people from other countries go when they want to go someplace to have a better life?

I think a lot of them come to New York City and I don't know --

MR. HASKINS: That was when you were running the welfare reform. One last question, Samuel.

SPEAKER: I knew that was a bad comment, that was a bad one.

MR. HAMMOND: I just want to point out that the Republicans have no problem

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comparing other countries when they're talking about the corporate tax rate; right?

MR. HASKINS: Very good point. That's a very good point.

MR. HAMMOND: I come from Canada and right now if you get the child benefit for -- let's say you have two kids under six, you're going to be bringing home unconditionally \$12,800, and we have nonetheless a higher topline labor force participation rate in the United States.

So I get this feeling that there's a -- part of the parochialism both geographically but also temporally with welfare reform is that we have like this thin-skin view of the labor market where you prick it and it falls apart, but that's where Herb's point comes in.

If you look internationally -- and I think people respond to incentives. It's not like workers in the U.S. are dramatically different, because they have a different psyche or rationality when it comes to labor force incentives. When that evidence is excluded, I think it really narrows the aperture on the kind of debate we have.

MR. DOAR: I need to work a little harder on non-United States policies. I don't know the answer --

MR. HASKINS: You knew this session is about that and you want to get out of here, so join me in thanking Robert --

(Applause)

MR. BERNSTEIN: That was an arousing ending there. That's a good point about the international stuff and I appreciate what Robert said there about wanting to learn more about that. You don't see a lot of cabdrivers from Denmark, for example.

SPEAKER: Norway, they come from Norway.

MR. BERNSTEIN: I'm here to introduce Rosa DeLauro, my friend and a congresswoman representing Connecticut's Third District in the U.S. House for over two decades.

Rosa's devoted her career to fighting for working families. She's fought, and I know because I fought alongside her for part of that time, for raising the minimum wage, giving employees access to sick days and allowing workers to take family and medical leave. She's been passionate on issues of equal pay for equal work. She's been fighting recently tooth and nail to protect the ACA for fair trade -- I will tell you something you may not know about Rosa is that if she

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has your cell phone number, she will call you -- nutrition, and getting to the point of today's conversation, she's been working on this issue of child allowance or at least a fully refundable tax credit which is pretty equivalent for many years. She is not a newcomer to this debate.

In fact, people may not know this -- a great trivia point for those in the child allowance world is that thanks to Rosa, Congress actually voted on an amendment in 2003, I'm old enough to remember, on a fully refundable Child Tax Credit. The amendment failed, but that was the only time to my knowledge the our Congress ever voted on a child allowance.

She currently has legislation. I think it's H.R.4963, if I recall, that creates a fully refundable CTC, with a supplement of 1,500 per kids for all children under three with incomes up to the Child Tax Credit limits.

According to our analysis at the Center On Budget, that would lift nearly 8 million people, including over 2 million kids over age three above or closer to the poverty line. So this is not someone who talks the talk, she walks the walk.

Rosa, please talk to us.

(Applause)

REPRESENTATIVE DeLAURO: Thank you very much, Jared. What you didn't say is that when I do ring the number, you answer the phone and you're always there. So I'm much appreciative of that. I often had to say, Jared, I'm not stalking you, but please I need your help in this effort.

I think what I want to say is, and maybe I shouldn't say this to start out with, is I voted in 1996 on the welfare bill and I will just tell you that I voted against it and I'm -- it's one of proudest votes I've cast in the 26 years that I've served in the House of Representatives, so I think I need so set that record out there.

Jared, I thank you again for moderating this discussion and I want to thank you for the great work that you do. Really one of the foremost thought leaders on economic policies that, in fact, do improve the lives of working Americans. I also want to recognize Ron Haskins and Jane, ground breaking work on this topic and have paved the way for so many of the excellent conversations that were held today.

The policy solutions discussed today provide a constructive frame for members of Congress to approach the issue of a Universal Child Allowance or the expansion of Child Tax Credits. I am sure that it has been a productive and a thought-provoking day and I'm grateful to have the opportunity to speak with you.

I believe that Jane mentioned in her welcome this afternoon that today's conference is a fitting bookend to a similar conference that was held 50 years ago.

In 1967, the Columbia University School of Social Work held a children's allowances conference. It convened experts in social welfare and economics with policymakers to ensure that the issue of child allowances was given, and I quote, serious review at this time.

This should drive the point home that this is not a new or a novel idea, far from it. We have been having this conversation in some form or another for 50 years at least.

In 1991, Senator Jay Rockefeller chaired a comprehensive bipartisan Commission on Child and Family Policy, which explored a fully refundable tax credit. In fact, it was on May 1st in 1991, exactly 26 years ago, that the Commission unanimously approved a proposal which included a fully refundable Child Tax Credit of \$1,000 in 1991 dollars. We have folks who are in the audience here today, people who worked as staff on both sides of the aisle on that Commission.

So the goals of this conference are not new, but we do have the benefit today of drawing from new and compelling research from our presenters on both the economic and health sides of this question. Their work makes clear we need to invest in our youngest citizens. This is the key to reducing child poverty, which is a critical commitment to working families and to our values.

Our economy is more competitive when every child is empowered to meet his or her full potential. Yet, the United States spends just 1.2 percent of GDP on family benefits, less than half of the average of other advanced economies.

Other countries are doing far more to help working families and the results speak for themselves. Among the 35 industrialized nations, the U.S. ranks 34th in relative child poverty. This portrays our social priorities and our values.

Universal child allowances are a reality in nearly all other industrialized nations, but not in the United States. Around the world, these benefits are delivered monthly to families to help cover recurring costs. Countries, Austria, Canada, France, Germany, Norway, Sweden, and the United Kingdom have all implemented some form of the monthly child benefit. Whether they come through, quote, child allowances or through the tax code as Child Tax Credits, their impact cannot, in my view, be overstated.

Just last week VOX ran a thorough piece on child poverty in the United States and how a universal child allowance or a tax credit could combat it simply and effectively.

Let me digress for one second. In the piece last week, VOX wrote that a Murderer's Row of poverty experts, including many people in this room, have proposed a child allowance as an antipoverty measure. Murderer's Row of course, some of you baseball fans will know this, were the New York Yankees. Their starting lineup in the 1920s, particularly 1927, Babe Ruth, Lou Gehrig, Tony Lazary, and so on. So it is a fitting analogy for the scholars and the experts we have working on this issue. I apologize to you Red Sox fans for this effort, but seriously we have a moral obligation. We have a moral obligation to elevate this issue and to fight child poverty with every available resource.

This brings to mind a quote from Robert Kennedy, which I think is very fitting, I believe that as long as there is plenty, poverty is evil. Government belongs wherever evil needs adversary and there are people in distress who cannot help themselves.

According to research by the Center on Poverty and Social Policy at Columbia University's School of Social Work, 56 percent of children are, quote, low income, as compared to 43 percent of adults 18 through 64.

Families with young children bear the heaviest burden. Infants and toddlers are among the poorest members of American society with almost half living in low-income families. While families across the board have been facing a financial squeeze, child-related costs have skyrocketed in recent years, the cost of child care, the cost of education, the cost of housing, the cost of health care for nuanced reasons from lack of government funding to insufficient day care staffing.

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In fact, child-related costs represent nearly 70 percent of the rising costs associated with the pillars of middle class economic security since 2000. We have an obligation. We have an obligation to do what we can to help households cope with these rising costs, especially as wages fail to rise with them.

Economists have found that families with young children receive the smallest tax credits. Poor young children are nearly 50 percent more likely to be ineligible for the full Child Tax Credits than older children, because their families earn too little. This runs counter to what we know from child development experts and economists on the importance of cash in the earliest years.

There's a mountain of literature and research that supports the notion that these families are the ones who would reap the most benefits. The Council of Economic Advisers estimates that combined local, state, and federal annual expenditure in 2015 was 63 percent higher per child for children between the ages of six and 11 versus those who are ages three to five.

Our existing policies leave significant gaps during the first years of a child's life. We need to focus our efforts on supporting families and children in the first years of life. Study after study has shown the dire consequences that poverty can have on a child's future.

Children who grow up poor are more likely to drop out of school, experience health problems, become involved with the criminal justice system, and live their adulthood in poverty. Evidence suggests that when we invest in early childhood development, we can turn those trends around.

The Child Tax Credit was created in 1997 to help working families afford the expenses related to raising children. Together the Child Tax Credit and the Earned Income Tax Credit lift more children out of poverty than any other federal policies.

The Child Tax Credit alone is responsible for lifting approximately 2.8 million people out of poverty, including 1.6 million children according to the Center on Budget and Policy Priorities, their analysis of the U.S. Census Supplemental Poverty Measure.

We made great strides recently with the expansion of the EITC and the Child Tax Credit, but if we indexed the credit to inflation, we could support more families. We could support

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more children. We have managed at the federal level to index the estate tax for the wealthiest Americans in this countries, but we have left out our children.

Because the benefits of the Child Tax Credit are based on earnings, we leave behind many of our youngest children who are the most likely to be living in families that are too poor to receive the full credit.

We have the evidence. Now we need to align the science with the need and enact the appropriate public policy initiatives and have the will to do it, which is why I have proposed the Child Tax Credit Improvement Act. I don't know what the number is on the act.

The Child Tax Credit Improvement Act would increase the value of the Child Tax Credit for families with young children under the age of six to \$3,600. It would look to distribute the credit in regular monthly payments. It has no earnings requirement and no phase in and is fully refundable.

The bill would improve the Child Tax Credit for older children as well by allowing every dollar of earnings to count toward the credit, to triple the phase-in rate to allow low-income working families to be able to receive the full credit.

The bill would finally index the value of the Child Tax Credit with inflation, keeping the credit's value from continuing to erode over time. This is a universal credit, which is critical for the families with the most need. Where a parent may be staying home or may be out of work, there are proposals on the other side of the aisle as well. But with some of them, they only apply to working parents.

This credit would give more parents an economic boost during a child's critical development years, a time when parental incomes tend to be lower, cost of childbearing tend to be higher, and family income matters most for kids for their long-term outcome.

The Century Foundation's report, quote, doing more for our children found that giving families with younger children a larger credit would be more cost effective and lift a larger percentage of children out of poverty than simply expanding the Child Tax Credit.

Dr. T. Berry Brazelton, America's pedestrian, called the idea, I quote, a dose of economic protection for children and said that, quote, healthy economics may be one of the best

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remedies of all for children and babies across our country.

These changes would also have a profound effect on families who are living in deep poverty. In 2011, four percent of U.S. households were living on \$2 or less in cash income per day.

I know you've heard from Kathy this afternoon. Her book with Luke Shaffer, who was here today as well as one of the proposal's authors, \$2 a day living on almost nothing in America should be required reading for all policymakers. For these families living in deep poverty the current tax system does little to assist them because of income thresholds. The Child Tax Credit Improvement Act would benefit these families enormously. In fact, it would end \$2-a-day poverty among families with young children.

If we are serious about reducing poverty, giving every child the opportunity to succeed in this country, we need a child allowance or we need a tax credit that is fully refundable and larger than the existing tax credit.

That is why the Child Tax Credit Improvement Act focuses on the investment in families with the youngest children, children under age six, because they have the greatest need.

These benefits are particularly critical to rural families, according to the United States Department of Agriculture, their paper on federal tax policies and low-income rural households. This is because children in rural areas are poorer on average and they are further away from other services. The panel held today on Why Money Matters highlighted why cash has an outsize positive impact on these families.

The proposal that I've introduced would also help parents who stay at home, those with erratic work schedules, and parents who need flexibility most who are left out of some of the Republican plans that exclude the poorest families.

Our children's future is our collective responsibility, but providing children with the resources they need to succeed is not just a moral obligation, it is an economic imperative.

This is a rare moment where we have a real opportunity to translate scientific and economic evidence into policy that positively impacts the lives that people are actually living today.

There is bipartisan interest in this kind of policy in the Congress today. There are

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Republican proposals to expand the Child Tax Credit, Marco Rubio, Mike Lee, and there is a history of bipartisan support for these kinds of credits. The Child Tax Credit was introduced in the Republican Contract with America in 1994 and first became law under a Democratic president, Bill Clinton, and a GOP Congress in 1997.

If you look at the history of the Earned Income Tax Credit, it has had support from Democrats and Republicans. Now with many conversations taking place about taxes, surely, surely, there can be and should be room for our youngest and our most vulnerable children and families to be included.

Last week the Trump administration rolled out an outline of their tax proposal. While it is not fully fleshed out, it is clear that this proposal will not help families with the most need.

The biggest challenge that faces our country today is that people are in jobs that just don't pay them enough money. Families do not make enough money to live on.

All of our policies should share the goal of reducing the burden on working families and on investing in the future. Again, the policies have bipartisan interest. In the past when this country has faced serious issues, we have come together in a bipartisan fashion and we now have the evidence to make our case.

This fight is different than others. Because the biggest obstacle has not been lies or obstructionism, but it has been indifference to the condition of children and particularly poor children and it's enough.

The time has come for tax credits that help families with young children, because it is long overdue. We need to do it and your engagement, everyone in this room, and the policymaking and in the legislative process is imperative. Don't stop at the door of the policy. Understand that it goes nowhere unless there is a legislative process that makes it operational.

So I look forward to your participation. I look forward to our discussion, and thank you for allowing me to be with you. Thank you.

(Applause)

MR. BERNSTEIN: While you're getting mic'ed up -- by the way, I'm sorry I'm not appropriately dressed, because I had a car incident this morning and everything's okay, but -- I

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drive an American car, by the way.

I want to focus on politics for a while. We've talked a lot about policy. We've talked about elasticities and perimeters. I don't want us to be sitting here, and I know you don't either, 26 years from now and having a similar discussion.

What needs to happen for us to get this child allowance idea out of the think tanks, out of the conferences, and into legislation that has real legs?

Let me just say before you answer that it feels to me like the politics -- you live this every day, but I am a denizen of this town. It feels to me like if anything the politics have been going the wrong way in that regard.

REPRESENTATIVE DeLAURO: Well, it is. It is about the political will to turn this around. I go back to something that I said. Someone got up and talked about they were -- it was Feeding America and FRAC is represented here.

Take a look at some of the policies that we have today. When people like George McGovern and Bob Dole got together and Kennedy and Leahy and Schweiker and Javits, et cetera, these are folks who understood that we had a national problem, and this was related in this instance was to nutrition and hunger in the United States.

So they came together and they said what direction will this nation take as we move forward, because it is a singular critical issue for us to focus on. They came up with -- and today we do have school lunch programs, we do have WIC program, we have, I continue to call it, the Food Stamp Program.

Albeit, these are under a fault, but nevertheless there were people who believed that the problem was so grave that we had to do something. They understood the reason why they came to the Congress, which was to be able to put partisan politics aside, but to focus on the issue.

That being said, I mentioned in my remarks the Earned Income Tax Credit. If you take a look at the years in which the EITC when it began, I guess it was in '75, it was expanded over the years, if you look at that over what administrations they occurred, there were Democrats and there were Republicans who felt that this was a way to raise people out of poverty.

MR. BERNSTEIN: Let me interject right here, because you're on a roll and I don't

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want to stop you. Let me interject that the connection between the EITC and work is, of course, at the core of the political successes you're stressing. By taking that connection out on a child allowance, do we cut its political legs off in that --

REPRESENTATIVE DeLAURO: I don't think so. I think that -- someone said it earlier. Look, my focus is on the Child Tax Credit as well. I talked about it -- Newt Gingrich proposed it in the Contract with America and Bill Clinton signed it, but children should not have to be penalized for what their circumstances of their households.

The critical issue is child poverty in this country, which is a crisis. It is grinding and it is -- you can't walk away from it. Which as I said, there has been an indifference to it.

So that what are the ways -- and there's so much research out there. There is data that comes from overseas as well where the programs are working. They are lifting people out of poverty overseas. They could do that here and it doesn't have to have -- look we want to encourage people to work.

I take issue. I have to say this to you, Jared, I find it offensive when people tell me that folks do not want to work. We are defined by our jobs and people want to work, whether you're a single mom or a single dad or so forth, maybe a small percentage somewhere, but people want a job to take care of their families and they have fallen on difficult times and that's what the problem is.

MR. BERNSTEIN: I've worked with rich people and poor people, and I can say that the lazy people I've met have all been poor. Leave it at that.

This is a very cold kind of calculated political question. If we have a policy of the type we're talking about here and you have to get a majority in the house to vote for it, it would seem to me that disconnecting it from work would make that a heavier lift. Is that wrong?

REPRESENTATIVE DeLAURO: I think that's it's not wrong, no, but I think you can make -- you can have the discussion about it and what the value of it is. That could be a good discussion to have around the issue.

MR. BERNSTEIN: Your proposal, has it been costed out?

REPRESENTATIVE DeLAURO: No. These programs are all -- they're expensive.

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We know that. I'm looking at an increase of \$84 billion in a 2000 -- \$84 billion for a defense budget in the 2018 budget. I'm looking at the 2017 budget that has an additional 12-and-a-half billion dollars for defense in it.

I think we need to take a look at what the nature of the issue is, the nature of the problem, and what we want to do to get families back on track economically and do something about reducing child poverty.

MR. BERNSTEIN: So in terms of pay force, you just sort of ticked through some of them. Is that kind of where you're coming from?

REPRESENTATIVE DeLAURO: Yeah. We have to cost it out, we have to look at it, but it depends on what your priorities are. If we do not look at this issue and we don't look at what's happening with families today and look at ways in which we can assist the process, whether we're dealing with the social Safety Net issues -- by the way, there's a great article. I think it was Neal Irwin who just put it out who said -- talked about some of the social Safety Net programs of encouraging work. These are programs that help to encourage people to go to work, and it is in fact the case.

But we also, and I guess it was Robert who mentioned, I'll take a look at the budget and -- for 2018, or at least the skinny budget, look at it where -- what we have done is to -- they are going to cut job training, worker opportunities. We cut back drastically on apprentice programs. We were up into the billions of dollars.

Now there is \$92 million for the United States to engage in apprentice program. It's a large number, but in terms of our budget it is not a large number.

MR. BERNSTEIN: That is a program that's been shown to have really pretty impressive effects when it's done right, and I know the work of Harry Holzer and Bob Lehrman and I think there's probably some bipartisan energy behind that.

Let's talk a little bit about jobs and wages, because I do think that there is a problem in some of this debate where conservatives kind of assume that the reason poor people aren't working is because they don't want jobs and ignore the demand side of the equation, so let's talk a little bit about that.

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What do you think we need to do -- you argued very I think powerfully and to me it's persuasive, that most people want to work in no small part, because they can't get by on the numbers we're talking about today.

So what do we need to do to increase the availability and the opportunity of good remunerative gainful employment for the kinds of folks we're worried about here?

REPRESENTATIVE DeLAURO: I think you take a look at -- there are two sides of the equation. I believe this that the biggest economic challenges we have are people in jobs that just don't pay them enough money. How do we address the issue?

On longer term efforts, you're looking at education, job training, ways in which you help to look -- in Connecticut today I'm reading articles that in the aerospace industry there are jobs, but we don't have people who have the --

MR. BERNSTEIN: So the demand is solid, the supply --

REPRESENTATIVE DeLAURO: In this instance, that's the case. So what are we doing to address the supply side of that effort? Something I have worked on since 1997 is rebuilding our infrastructure in this country, and I was actually waiting to see what's happening with the new administration on infrastructure of where that will carry us.

I introduced a national infrastructure bank in 1997 and it's just not transportation. It's environmental infrastructure, energy, telecommunications. There are manner of jobs there to look at.

A few, along with the Markle Foundation just issued a report talking about jobs in the digital economy, about how we can help people gain the training that we need. There are any manner of ideas out there that can move us to creating jobs. As a matter of fact, as you know, we are going to have a panel in the House of Representatives. I cochair the Steering and Policy Committee and the Democrats are going to do a panel on jobs.

I mentioned infrastructure. You know I believe that our trade agreements have in many instances resulted in a loss of jobs and a loss of wages. So I think we need to look at those agreements in how we -- how we try to make -- create jobs and increase wages, good paying jobs.

MR. BERNSTEIN: Let me interject two ideas here and get your take on them.

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One is a subsidized job program, which again I'm getting some vibrations that conservatives are a little more open to this idea.

During the Recovery Act, I know you know this, because you were part -- part of the idea was we had a under TANF, TANF Emergency Fund, an allowable expenditure where subsidized -- in your job slots, which subsidized employment up to 80, 90 percent of the wage for a time-limited period. It might be three months, it might be six months. My impression, and that of some pretty rigorous evaluations, was that worked well.

So talk about what you think whether subsidized employment is part of the solution here in terms of labor demand at the low end and also minimum wages, increasing the minimum wage. There is a new proposal that we're about to hear about. I think Bobby Scott and Keith Ellison have -- and in the Senate, Patty Murray and Bernie Sanders have a new minimum wage proposal, \$15 an hour phased in by 2024. That's pretty bold I think.

Talk about those ideas and how they fit into this picture.

REPRESENTATIVE DeLAURO: I think both. I think the increase in the minimum wage. I'll add a couple of things to do this, which I think fit into the equation as well, is increasing the minimum wage. I'm signed on to this Scott Ellison legislation of I think we have to move in that direction.

I've always been a proponent of increasing the minimum wage. With regard to women, we're looking at two-thirds of minimum wage workers are women. Strong proponents, I believe that part of our equation is equal pay for equal work. Men and women in the same job deserve the same pay. I think that is an effort.

So I'm foursquare down that road. I think that program was successful that came out of recovery program. I'm not sure we used it to the fullest extent possible --

MR. BERNSTEIN: Sooner than many of us would have liked, including some Republicans.

REPRESENTATIVE DeLAURO: Look, I think that those are the kinds of efforts that we ought to -- that we ought to pursue. It shouldn't create a divide, but rather an opportunity, the way the conversations have been held in the past about trying to come to a conclusion about

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how you do this.

But there are also -- in terms of that economic -- I talk short-term education and infrastructure. On the other side of it, there are some short-term ways in which we can help to assist families, that is with minimum wage, it is with pay equity, it is with the cost of child care. It's paid sick days. It's paid family leave.

You know what the interesting time is -- there may be people in the audience who say, oh, my God, we're off in the fringes here, no, they were part -- they were part of the debate in the presidential election. I talked to -- and they're still part of the debate.

But the tax credit idea, Marco Rubio, Mike Lee, these are people who have -- are looking at these efforts as reality -- potential reality.

MR. BERNSTEIN: I did notice it looked like -- again Trump's outline is hardly a plan, but it did seem that the Yvanka care proposal kind of morphed a little bit into something that was maybe not quite so favorable to those at the top by extending a Child Care & Dependent Tax Credit, but that's not refundable so it lacks some of the saliency that we're talking about today.

I think we should move to the audience for some questions. Is that okay?

REPRESENTATIVE DeLAURO: Sure. I would just say on that program, and I'm waiting to see what the details are on the Ivanka Trump program, but it only now applies to mothers and not to -- so, I mean, there's some work that has to get...

MS. BOTEACH: My name is Melissa Boteach at the Center for American Progress. Thank you so much for your leadership and your work on these issues.

My question is sort of about building the political and public will. You've noted in your remarks that 70 percent of middle class squeeze is attributable to child-related costs. We've seen this sort of deep vein of populism, economic populism, in this country in the past couple of months and years.

I'm wondering given that your proposal goes -- phases out the regular Child Tax Credit, is there a way to in addition -- I think we are all in favor of cutting poverty components of the Young Child Tax Credit.

But given that there's so much income volatility and that the poor are not a

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stagnant class, people are moving in and out and in and out that may not identify as poor, per se, are there ways to help people including Trump's voters or people in rural areas who are not as familiar with this to educate them on the benefit of this kind of allowance, particularly since you noted it's going to disproportionately going to help people in rural counties as well?

REPRESENTATIVE DeLAURO: I think you've hit on something. I think people are really -- there is desperation out there. We talk about people who feel invisible, people who -- they don't look to Washington because they feel in a sense nothing is happening here that will affect their lives.

I will speak as a -- I'll speak as a Democrat. I think it's imperative for us to reconnect, to engage, to look at what is going on in the lives of working Americans and to talk about, because there are overwhelming numbers of support for paid sick days, for paid family leave, for child care.

In my state of Connecticut, it's 15 to \$18,000 a year for child care. People just cannot afford it, but it's tough to get through to people because they haven't heard us talking about it. There's no sense that we walk in their shoes in the lives that they are leading and what we need to do.

So I think there is great possibility for us to engage in that kind of a conversation all over the country with people who -- there may not be the diehard Trump supporters who are there, but there certainly is enough of those folks who voted because they were looking for change or because they heard an economic message.

It remains to be seen whether that will materialize, but I will speak from my point of view is I think we have to be out there talking to them about that, not here in Washington, D.C., talking to each other or fighting with one another.

MR. BERNSTEIN: Let me just hitchhike on that for a second. One could imagine, taking what you just said and Melissa's question, and building a platform for Democrats to run on with child allowance, I've heard Medicare for all, job guarantee, big ideas that really deliver on this populous promise in a way that certainly tax cuts for rich people and getting rid of the ACA doesn't.

Is that the way we ought to be thinking about this?

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REPRESENTATIVE DeLAURO: Yeah. We ought to be thinking big. We ought to make proposals that have very big impact on people's -- I mean, Child Tax Credit is, you know, a big --

MR. BERNSTEIN: Let me ask you a critical -- I think it's a critical question. Would moderate Democrats get on that --

REPRESENTATIVE DeLAURO: Yes, I believe they will. I believe they will. I do.

MR. BERNSTEIN: Other questions? What about any of the authors of the papers, Sam or Chris or Jane, any -- Sam did you -- anything you want to ask about?

SPEAKER: I'll just make a couple comments. It was mentioned earlier I think in Robert's remarks that Republicans might support something if you construe it as a form of tax relief and that historically is how the child tax care -- or the Child Tax Credit came about. Like even in Hillary's expansion when she proposed on the campaign was as a form of tax relief.

I want to know your opinions as congresswoman about that framing and if it's problematic in your eyes or the compromise it makes getting something passed worth it or if it means we sacrificed doing something that actually reaches the lowest of the distribution.

REPRESENTATIVE DeLAURO: Well, it really is not what you call it, but what it is. We can figure out how do define it so that you're looking at how you build that coalition to move it forward, but what is it and it is it going to reach the level of folks who need to be able to take advantage of it and whose lives can be changed by it.

For me, it is about the details of what it is that we're doing, how -- how penetrable it is to the problem we are looking at. If we can build a coalition around the goal of what the program is and then we can -- everybody can figure out a way in which they can define it for themselves or for their constituents or so forth, that's the way I view that.

MR. BERNSTEIN: Any further questions. If not, Ron, you want to -- thank you very much, Rosa.

(Applause)

MR. HASKINS: I get the last word. Goodbye.

* * * * *

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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