



AMERICAN ENTERPRISE INSTITUTE

**THIS WAY UP: NEW THINKING ABOUT POVERTY AND
ECONOMIC MOBILITY**

OPENING REMARKS:

ROBERT DOAR, AEI

DISCUSSION:

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**ADRIAN SMITH, CHAIRMAN OF THE HOUSE WAYS AND
MEANS HUMAN RESOURCES SUBCOMMITTEE (R-NE)**

**4:00–5:15 PM
THURSDAY, JANUARY 18, 2018**

EVENT PAGE: <http://www.aei.org/events/this-way-up-new-thinking-about-poverty-and-economic-mobility/>

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ROBERT DOAR: So good afternoon, everyone. Thank you all for being here. My name is Robert Doar, and I'm the Morgridge Fellow in Poverty Studies here at AEI, where I focus on how we can have our various American efforts to help low-income Americans move up economically. And nothing fits what we're about here at AEI and what our program is about more than today's presentation. And we're going to have a discussion of our new book "This Way Up," which features new thinking and also, frankly, some old thinking but still good thinking on how to help people who are struggling to move up economically.

And to start us off, we have a major player in the discussion of antipoverty programs, the chair of the Human Resources Subcommittee of the House Committee on Ways and Means, Congressman Adrian Smith from Nebraska.

Congressman Smith, we're honored to have you here.

REPRESENTATIVE ADRIAN SMITH (R-NE): I'm honored to be here. Thank you.

MR. DOAR: Thank you for being here. And, as I was mentioning to your earlier, you are in a position of great importance, and you are following in people who did some really great work. And one I'm thinking of is Congressman Clay Shaw from Florida, who helped to pass the historic welfare reform bill in 1996. So we're glad you're there.

A little bit about the congressman before I turn it over to you because we want to hear from you, not me — that's for sure. He is from the third district of Nebraska, which, if you look at it, it looks like it's the entire state of Nebraska. It's quite large. He has a lovely wife, who is well-known to our friends here at AEI as well, and his child is here as well.

So, Zeke, we're glad to have you.

REP. SMITH: He's three months old.

MR. DOAR: So, first of all, just give me a sort of general sense — you know, you're chair of the Human Resources Subcommittee. What's that about? How does that relate to poverty?

REP. SMITH: Well, I really see it as human capital. What separates America, I believe, is its ingenuity and its opportunity and how we can focus on matching up economic opportunity with those folks who want to have a better life. And we have some challenges right now in terms of the workforce. We have a lot of folks who have actually left the workforce. We want them to reengage. We need them. They will have a better life as a result as well. And so that's what I think especially following along tax reform — we have an economy that's been clipping along a little bit. It's small growth, but we're expecting even more growth. And we need the human capital to really make that — a positive impact across the country.

MR. DOAR: So just to follow up on that before we get a chart that I think describes how sometimes poverty programs look to the rest of us in America, there's a labor force participation problem. And when you're thinking about the programs that you oversee, is

it about both helping people get into work, but also helping prepare them to take advantage of the opportunities of work?

REP. SMITH: Right. And I see my role as — this is my opinion in terms of the role of Congress, certainly as a member of Congress, is to do all I can to ensure opportunity. I think Congress gets into trouble and government gets into trouble when they want to establish a certain outcome. If we focus on opportunity, I think that helps more people achieve their individual potential, and we will see better results.

MR. DOAR: So your staff and you are very proud of this chart, which they've put in various publications. I've seen it before. What is that about?

REP. SMITH: Well, it shows the complexity — and I think you would find other federal agencies in a similar situation. It's daunting. It's expensive. And when you look at trying to help lift people out of poverty, I think that research shows that some mentorship, some case workers can be very effective, and yet we tie up a lot of taxpayer resources in funding the bureaucracy, if you will. And we can do a lot better than this.

And I'm not saying we're going to be able to wipe away a huge portion of that. But we really need to take this very seriously and do what we can to simplify the situation. We simplified the tax code a great deal. And I think that individuals, especially those in the greatest need, will benefit more when we can streamline a lot of this bureaucracy.

MR. DOAR: I mean, you hear that from your constituents. Do they understand the differences between the different programs, who's doing what and why?

REP. SMITH: Well, it's understandable when someone feels trapped in this. And whether it's this or even other agencies, I hear a lot from constituents about how complex things are.

MR. DOAR: So now moving back to sort of history of welfare reform and bringing up Congressman Shaw. The 1996 law made significant changes in bringing work to individuals, often single parents, single mothers with children in the household, who had been outside of the labor force and were in poverty for long periods of time, generation after generation. And it's fair to say that it had some success at increasing labor force participation, reducing poverty, reducing welfare utilization for those individuals.

But now we have a problem with men who have not had the benefit of that effort. Do you have a sense of that? Nick Eberstadt's written about that. Larry Mead, who will be on the panel later today, has written about that. Are you thinking about men in relation to the programs that you oversee and what you can do to get those who are outside labor force into work?

REP. SMITH: Absolutely. In fact, we had a subcommittee hearing. My counterpart, Ranking Member Danny Davis, he hails from inner-city Chicago. I'm from rural Nebraska. We had a fantastic hearing — actually multiple hearings, but, for example, one on the geography

of poverty. And, I mean, there are similarities between rural America and urban America and how we need to address this. And then we had another hearing about men who have left the workforce. We're looking at about seven million men research has shown have left the workforce. And that has a ripple effect that is not positive. So when we can reengage — we had a fantastic hearing of a dad who came in who saw opportunity through various efforts and has helped lift his family out of poverty by reengaging in the workforce in such a positive way.

MR. DOAR: So the Trump administration made news this week by announcing that they wanted to let states experiment with work requirements and Medicaid. I don't think Medicaid is actually necessarily in your jurisdiction. But that idea that the providers of assistance should be able to have some ability to require or push people that are receiving assistance, do you have a problem with that as a philosophy?

REP. SMITH: Well, overall, I think we need to have that as a goal, and we also need to understand that there's some folks who cannot engage in the economy exactly that way. We need to understand that. We need to get a good grasp of what the needs are out there. But, by and large, when we look at the big picture, this — to me, it's about economic freedom, and economic freedom is about the opportunity to engage in the economy in a way where you feel like you're in a position of opportunity and seeing increasing opportunity and ultimately getting ahead.

And so I think — well, break down the unemployment rate today has about 6.6 million Americans on unemployment. There are about six million job openings as we speak, but obviously America's a big country. Not everything pairs up exactly the way we would want it to. But when you see a growing economy, I think that we can and should be prepared for doing all we can to pair up folks in need with an economic opportunity.

I get asked what we should do to increase wages. I said the best way to increase wages is for a job applicant to have more than one job offer. And to me, that beats a group of politicians trying to establish what number they think is best on the wage. But when you see economic opportunity as a result of someone having choices out in the workforce, that's a good scenario.

MR. DOAR: It does appear to be a good time now. I mean, the businesses are moving quickly, there seems to be much more economic activity, so there are opportunities in entry-level positions and throughout the economy. So sort of we're operating from a good spot right now because of the economy. But that leads me to another question. A number of our scholars, including on the right, but not all, are much more comfortable with assistance provided to working people, to supplement wages, to make those wages go further — so the earned income tax credit or public health insurance for working people or even food stamp benefits.

Do you see that way, that for able-bodied individuals, who do work, a form of assistance, even assistance funded from the federal government that makes those wages

go farther because of their household size or the cost of living in their community, are you comfortable with that?

REP. SMITH: I think we should be — consider it that kind of flexibility because we know, like I said, America's a big country, different regions of the country have — there are just different dynamics. And I've long said that, you know, one-size-fits-all approach, we can't expect to be really effective all across the country.

MR. DOAR: Two more questions about your overall perspective. This involves the states because the Ways and Means Committee in Congress, a lot of these programs come with a lot of federal money. And what are you — and some of what all of us talk about, just give them the money and let the states do what they want. But it is federal money, and are there some things that you are justified in holding states accountable for the spending of dollars that come from the federal taxpayer?

REP. SMITH: Absolutely. In fact, we've worked on the home visiting program for early childhood that has great bipartisan support because it's outcome focused. It's results oriented that entities, state or local entities, can only get this federal funding if they've got a good plan and that they show that the plan can work and that it delivers the results of helping folks in poverty achieve independence. And that's why I'm excited to have this opportunity right now. We extended the MIECHV program on the House side and that has — I think is in a good situation to help more states, more communities longer term. Now, there is a requirement for a state match. Now, it's a fairly flexible requirement for the state match. In fact, they can use other federal funds as well, where there isn't as much outcome orientation. And, actually, this program has been so popular and so effective that a lot of charitable groups, nonprofits, privates, foundations are putting a lot of their resources behind this, and that can be included in the match as well.

MR. DOAR: Thank you for that, Congressman, by the way, because those programs do have bipartisan support, and when they hold the recipients of funding accountable in that way, with evidence-based policy, that's a great thing. It also is directed at the problem that is often related to poverty, and that is households that don't have the benefit of two active and involved parents there for the long haul in marriage. So you're going right at — I think that you probably wish that there was stronger families, but at the same time, where there aren't stronger families, you're willing to find effective ways to help them get off to a better start.

REP. SMITH: And I've heard from beneficiaries of this program, single moms who tell me directly how important that work has been for them getting ahead. And it's pretty inspiring and very compelling to hear directly from them.

MR. DOAR: So three more quick questions sort of in the news. In the run-up to this current series of congressional gatherings or over the holidays, there was a lot of talk about we're going to do welfare reform or entitlement reform, something really big, or are we going to do, you know, targeted specific things that we can get done in a bipartisan fashion. Which is it?

REP. SMITH: I think there's great opportunity on a bipartisan way to focus on workforce development and really not look at things of just slashing as a means of shrinking but seeing — you know, helping folks lift themselves out of poverty and see less need ultimately — that's kind of what the MIECHV program is about — that those outcomes, those results deliver dividends in many forms. And so that's why I think we've got a great opportunity to work on a bipartisan basis to help lift people out of poverty.

MR. DOAR: OK. That sounds like something that could get done. Another question is, what about savings? Are you looking to find — what's that going to be like? How's that going to be? It's hard because we — you know, the government makes big commitments and there's deficit and debt and Republicans care about that. How's that going to play out?

REP. SMITH: I think when we have a growing economy that has more people with a job and they feel that they're in a place of lifting themselves out of poverty, a lot of the demands for public resources can go down. And I think that that's how we should operate because that's more of the result-oriented situation than just, you know, kind of government knows best at the upper levels. Because we know that it's empowering local folks, states to be innovative to engage with their citizens in a much more effective way.

MR. DOAR: So, Chairman, I always worry that the questions I chose are not the ones you wanted to answer or that you aren't given an opportunity to say what you came to say. Is there something more you would like to say about these issues and what they mean to your personally or your philosophy of these issues or what it's like to be the chairman of an important subcommittee?

REP. SMITH: Well, the good news is the vote is still scheduled to keep the government running tonight so I'm glad to know that the vote is still scheduled. (Laughs.) No, very seriously though, we have, I think, some challenges in front of us but also the opportunity though to really address the future. I get asked why I serve, and it's because I care about the future and how we as a country can help provide opportunity for our citizens. And I'm the great-grandson of German-Russian immigrants who settled in Western Nebraska as migrant farm laborers.

MR. DOAR: Six generations.

REP. SMITH: Right. And so I'm very proud of that, and that's taught me a lot as well. And so I think looking at that perspective — and I know the great thing about serving in the House is there are 435 different perspectives. That's healthy. And that's also very human. But let's capture that and channel that in a productive direction. And I think we can be a much stronger country as a result.

MR. DOAR: Will that budget vote pass tonight?

REP. SMITH: I have to say that if it's still scheduled, it's likely to pass.

MR. DOAR: OK. All right. So we have a minute or two for a couple of questions from the audience. Is that all right, Mr. Chairman?

REP. SMITH: Sure.

MR. DOAR: And then we — and he's got to run. So, yes, sir, right here. First hand up.

Q: Lou Gagliano. My question is on workforce development. Some of the best programs that have been effective from a model standpoint, including those in Washington, DC, believe it or not, target not just building skills for the people who need that skill base, but actually defining what those skills are from the employer base. So the employer says, I can't find enough of these people. I need these kind of skills taught. And then there is a third party generally or not-for-profit that intervenes to teach those skills.

MR. DOAR: We need a question.

Q: So the question is will the House bill have this targeted approach, which means focused on employable skills?

REP. SMITH: I think so. I mean, it's not drafted at this point, but that is something we need to consider. I look at the eagerness of employers to provide training for their employees. If a third party is interested in doing that as well — I mean, I come from a state where our community colleges are locally governed. They have a local board that really — I'm a fan of that because they very — with a great deal of agility, they are able to pair up with employers in the community to tailor the training to exactly what the employer needs. But I think that's an important topic, certainly.

MR. DOAR: Other questions? Yes, sir. And, again, we want a question. I'm sure that's what we'll get.

Q: Dan Lieberman. There are a lot of studies that seem to indicate that countries with severe income inequalities have a lot of health problems, psychological problems, and social problems, which will affect their attitudes in the workplace. So I wonder if this income equality, if you consider also that an approach to solving the poverty problem?

REP. SMITH: When you look at the wage gap, it grows when the economy slows. And so when we can get the economy going again, I really believe that that wage gap can close. And, again, I think it's very dangerous for Washington, DC, to think that they can just control all of this. It's really about fostering an environment at the local and state level that can create more innovation and that — you know, obviously, Nebraska is a different state than even some of our neighboring states. And we can capitalize on that. When you see a lot of the really good ideas, they've been coming from the state level, and we need to foster more of that.

MR. DOAR: OK. Chairman Adrian Smith, congressman from Nebraska, we're glad you came. Thank you for being here.

REP. SMITH: Thank you. Thank you.

MR. DOAR: And thank you for your service.

REP. SMITH: Thank you. Thank you. (Applause.) We'll be back with the panel in a moment.

TAMAR JACOBY: I'm the president of Opportunity America. We're the other institution up there. We're a small think tank here in town. We work on economic mobility issues. And my first order of the day is to thank AEI — thank you, thank you, thank you — for all the many colleagues here who have worked on the product that we're launching today and for this terrific event. I really can't say how grateful I am so thank you to everyone at AEI.

And we have a terrific panel here to continue this conversation about poverty and economic mobility. And it's an important topic as Congress turns its attention to what the congressman called workforce issues in a nice framing of it. And I just want to take a few minutes to frame the conversation before we turn to this terrific panel because the first question to my mind about any conversation really is, you know, why are we having it? Why are we here?

And the motivation for this project, for both the booklet and this event, really like — the truth is like many good things, it grew out of frustration. And it was frustration that I and some others around town, including many people in this building, felt about a stereotype. What stereotype? The stereotype that one political persuasion or one side of the political spectrum had all the answers on poverty and opportunity, that they care more, that they have better answers. And I'm sure you all heard some version of this stereotype, the mommy party and the daddy party, the party of compassion and the party that's focused on, let's say, other values and priorities. And — you know, that stereotype.

I know a lot of you in this room know that it's not that simple. Certainly if you've been listening over the years as conservatives talked about the importance of family as a bulwark against poverty or the value of school choice or the need to put people on government assistance back to work, conservatives have been talking about and acting on these ideas for decades. And yet the stereotypes persist. The stereotypes still have currency and power.

You know, I remember during the presidential campaign, reporters would call me, and they would say, "Do Republicans have any ideas about poverty?" And, you know, that frustration is really what drove this project. We want to puncture that myth because the truth is conservatives care deeply about poverty and opportunity. Many conservatives have really good ideas about how to reduce poverty and enhance opportunity. And many conservatives are, you know, putting their money where their mouths are. They're acting on those good conservative ideas.

I don't think I have to really — I should probably shouldn't have to say that at AEI, but it was with that motive and that — determined to make that point that a group of us first organized a conference that brought together people on the right who care about poverty and opportunity. Presenters included Paul Ryan and Arthur Brooks from AEI and the people on the panel and many others. And we then developed and refined the ideas presented at that conference to become the booklet that you're holding in your hands today.

So today we're here to talk about those ideas, to talk about what's in the booklet and essays, and to share them with you. And the only other thing that I think is worth saying kind of before we get going is that the basic values underlying the conservative approach to poverty and opportunity haven't changed. They were forged a long time ago.

I'm guessing most people in the room can recite them. Government alone isn't the answer. We need civil society and families and faith groups and employers. The best antidote to poverty is work, both as a paycheck and because of the dignity of work. And the third principle along with economics, we need to pay attention to people's choices, particularly their bad choices about school and work and marriage and parenting. These are classic ideas, classic conservative tenets on poverty and opportunity.

But, but, but — and here's the interesting part and you'll see it today, you'll hear it from the panel and you'll see it in the volume, there's a new determination on the right. There's a new — there are new ideas, refinements and elaborations and modernizations of these tenets. There's a new sense of responsibility for the problems of poverty and stalled mobility. And there's a new sense of responsibility for the solutions.

So with that, I'm going to turn to my terrific panel. And let's see. I can go down the row here. We have — you have elaborate biographies. I'm going to very brief. We have Oren Cass, senior fellow at the Manhattan Institute. We have Heather Reynolds, president and CEO of Catholic Charities of Fort Worth. We have Robert Doar, who you've already met, Morgridge Fellow in Poverty Studies at AEI.

MR. DOAR: Former commissioner.

MS. JACOBY: What?

MR. DOAR: Former commissioner.

MS. JACOBY: Excuse me. Former commissioner — say, you didn't send me an email. Former commissioner — former commissioner of —

MR. DOAR: Human Resources Administration in New York City.

MS. JACOBY: Human Resources Administration in New York City.

MR. DOAR: Which was the welfare —

OREN CASS: Your bio is getting very long.

MS. JACOBY: Thank you. Thank you. Thank you. You're the only one who gets a former job here because it's relevant. You're going to hear him talking about this through the day. And forgive me, Robert. And then last but hardly least, we have Larry Mead, professor of politics and public policy at NYU.

So, Robert, former commissioner. You're always commissioner. Once a commissioner, always a commissioner. Your wonderful essay in the book talks about the big picture about who should be making policy for low-income and working-class people, the feds or the states. So explain your vision to us and where it comes from.

MR. DOAR: So one of the — I don't often mention this, but one of the developing characteristics of mine is that I grew up in a household where my father was head of the civil rights division, and his role in the federal government was to enforce constitutionally protected rights across the country, particularly in the South. And that was a good thing, and it led to great changes. But, as I watched what happened in our country after that period and as we turned to poverty alleviation, I was troubled by the fact that the rhetoric and the language and the spheres about rights and courts and the law didn't fit the challenge of helping struggling people economically, that the challenge was harder and the message really wasn't right.

Whether we like it or not, a certain kind of economic level of sufficiency is not a right and is not viewed that way by Americans. And the real sphere is in jobs or in family issues or communities. And that changes the way the federal government should interact in these programs with the states. And so that's what I wanted to write about is what's the appropriate federal role and what's the appropriate local role. And as a former local administrator at the state and city level, I was very conscious of when I think the federal government is doing the right thing and when I think they are overreaching or really getting in the way of progress.

MS. JACOBY: So what are the roles? What should the Feds do? And what should the states do?

MR. DOAR: So I think that the country is so big that the real implementation, the real rubber meets the road at the local level — local officials see recipients of assistance, they talk to them, they give them guidance. And the federal role needs to be more of funding — that came up earlier and I — you know, I've got to defend the states' desire to get funding assistance, but it ought to be more about outcomes and not process, not about how you should do it, but what we want you to achieve.

And it shouldn't be about enrollment. It shouldn't be about how many people have you signed up. It should be how many people have you gotten a job, what's the labor force participation, what is the poverty rate properly measured, not how many people are enrolled in a particular program. And I think in the last 10 years, we've gotten a little bit away from

that proper setting up of the relationship between federal and state government, and I want us to get back to the better way.

MS. JACOBY: Outcomes, not process. I think I could make that my fourth principle. It's good. So, Larry — Larry Mead, you're a professor of politics on public policy at NYU. So you and Oren focus in — the book's actually divided into three parts. There are general principles about how conservatives should address poverty. There are focused policy proposals, and then there's some real-world examples in the third section. You and Oren are — you make specific focus recommendations for public policy. So what exactly is the problem that you address in your essay? And, you know, does existing poverty policy leave this out or get it wrong?

LAWRENCE MEAD: What I'm mostly interested in right now is low work levels among poor men. They work very low levels, only about a third of them work at all in a year and only 12 percent full-time and full-year. Indeed, low work levels are why they're poor in general.

And that in turn has major implications for their families. They usually can't remain in their families because they don't provide for their family. And after they leave, then they don't provide child support, and there are many other problems that follow from low work levels. So it seems to me this really is the thing we need to do more than anything else right now is raise work levels among poor men. They are in deep trouble. And the most important thing we can do is get them working.

MS. JACOBY: And so how do we do that? What exactly is your proposed solution?

DR. MEAD: What I would propose is a system parallel to what happened in welfare reform, where we combined what I call help and hassle. We provided some new benefits like the EITC, but we also had a very clear work requirement that became attached to welfare. In the men's case, I would use child support work programs and also prison reentry programs to require work of men who are supposed to be working, either because they owe child support or they're on parole from prison. Those groups are supposed to be employed. If they're not working, they should be required to work. And, at the same time, we should provide improved wage subsidies for them. So if they work, they get a bigger payoff. And I think that combination is emerging actually at the state and local level, and we can help it. We can move on in that way.

MS. JACOBY: You have good examples about where it's working at the local level.

DR. MEAD: Yeah. There are a couple of states — I'm thinking particularly of Texas child support program. There's a prison reentry program in New York City that's very successful. These are only beginnings, but it's possible to link work requirements for men with the benefits they get from the society. And in that way, we can say, your role is important; you have these things you have to do. And you have obligations, and if you discharge those, then you're a regular member of society.

MR. DOAR: And for a conservative, he also supports last-resort job creation by government as well.

MS. JACOBY: OK. OK.

DR. MEAD: Yes.

MS. JACOBY: Help and hassle. Let's remember help and hassle. Let's come to Oren. We can go into tangents later.

Oren, so you are also senior fellow at the Manhattan Institute. You also have the specific policy proposal in the book. What's the problem you're addressing, and does existing policy address it poorly and properly? Why did you address this?

MR. CASS: Yeah. So, you know, I agree dramatically with a lot of what everyone is probably saying, which is that work is critical. And if you look at the way our safety net functions today, and we spend probably about \$1 trillion a year on means-tested programs of which more than 90 percent goes to people, regardless of whether or not they're working — and, in fact, they lose it as they work. And less than 10 percent actually goes to reward work in any way.

So from the spending side, we're spending a tremendous amount, but it's actually in a way that discourages work. And then, on the flipside, from the market, I think we have to acknowledge that there's a real wage problem. You know, I think the congressman was speaking about this also.

Rising wages is critical. We have to acknowledge that wages have not risen for the folks that we're talking about, especially folks with a high school degree, especially men, 30, going on 40 years now. It's gone, you know, a little bit up during better economic times, a little bit down during worse economic times. But it is flat-to-down since before 1980. And that is obviously a huge problem. If you have a safety net that's two to four times, depending on how you want to measure it from one side, and wages that have gone nowhere to down from the other side, we're never going to get the work-based solutions we want, if those are the dynamics.

MS. JACOBY: OK. So what's your solution?

MR. CASS: The solution is to spend the money on people working. I think we need a pretty aggressive wage subsidy. We have what's called the earned income tax credit now. It's maybe \$60 billion out of the \$1 trillion we spend, but the way that it works is you work all year and if you're a low-income household, during tax time the following year, you get a big check, if you have kids. That's not when you need the money. That's not what's necessarily going to encourage you to take the job in the first place. And if you're a male who doesn't have any kids to claim, it doesn't really help you at all.

I would rather see that program and a very expanded version of it go directly into a paycheck subsidy. So almost the way payroll taxes work, but in reverse. Look at how much somebody is earning every hour, every pay period, and put additional money into their paycheck, so a \$9 an hour job becomes a \$13 an hour job. The employer can advertise it as a \$13 hour job, you get the money when you're working it. Obviously, it's expensive, but obviously we have an awful lot of money that we're spending and not getting a lot of results for.

MS. JACOBY: It's the same principle. It's just paying it in different allotments more or less, and that has lots of consequences. Is that a fair description?

MR. CASS: Yeah, that's right. It's in different allotments. It's targeted differently so it's going to go a lot more to younger single people potentially. And it's going to go too based on your wage. So if you go and get a second low-wage job, if your wife gets a low-wage job, you can keep on getting the subsidy for every hour your work. We don't start cutting it off because you manage to earn more money.

MS. JACOBY: OK. Heather. So you are president and CEO of Catholic Charities of Fort Worth. As I like to remind people that's Fort Worth in Texas. That's a real place in America, as opposed to the rest of us who, you know, live in the Acela Corridor. You are the practitioner on the panel. You actually run a nonprofit social service agency. We just talked about it. Tell us about your organization and what it does.

HEATHER REYNOLDS: Great. Well, thank you for having me, and welcome everyone. Our goal at Catholic Charities Fort Worth is really zoned in at ending poverty. And so we've been around almost 108 years. We've for all those years provided great service to those in need. But, at the same time, we've really have pivoted in recent years because what we saw as an organization, being that we're, you know, faith-based and really committed to families, we care about the dignity of every person who walks through our door. But then we started to see just that repeat customer and that cycle of somebody coming in, needing something, us band-aiding and fixing what they needed today, and sending them back out. We just started to question: Are we really raising people up? Are we really respecting the dignity of people that we serve?

And so we've really pivoted as an organization. We have a lot of programs. You name it, we probably do it, from financial literacy to English classes to community college training to dental clinic to transportation. But the core of what we do as an organization is intensive case management. That's not case work. That's not just getting people signed up for public benefits. What that is is somebody who will really do life with the families we serve often for a year or several years as they move on that plate out of poverty. Someone who could help them navigate that crazy chart you saw Robert flash up there earlier. Because if you're poor, it's already stressful. And then if you try to get help and try to deal with that, it's even worse.

And so our case managers really focus in on getting jobs for people, getting people the services and resources they need, but then also serve as a coach, an accountability partner,

a copilot, someone who continues to push them to achieve goals and help them make progress.

And how we as an organization really define success makes us different as well. So for us it's not just about, you know, numbers we serve. It's, frankly, not just about outcomes that we have. It's really about impact, and the impact we're trying to achieve with our clients is getting people out of poverty, which for us is families making a living wage, having three months of savings, having no inappropriate debt, and being off of government assistance. For us, that's what the bar for success looks like.

MS. JACOBY: Yeah. So I think you sort of — in my old profession, journalism, you buried the lead. I mean, you saved the best for last, but you buried the lead, which is this unlike government programs that mostly sustain people on poverty, your goal is to get them out of poverty. And you have a real definition that's out of poverty, and you do it — you've told me about examples. In a couple of years, you get people who are really in hard shape on their own feet.

MS. REYNOLDS: Absolutely.

MS. JACOBY: But tell me this. My second question for you is really — what can other social service agencies and, you know, those people up the street in those white buildings, what can they learn from you and how can we create more of what you're doing? What kind of incentives can the federal government create or even the state government, for that matter, so that to create more programs that are operating on your kinds of principles and outcomes, not process, and really making a difference?

MS. REYNOLDS: I can go on and on about this. I'll keep it brief. You know, a couple of things.

The first thing is, you know, while we appreciate welfare reform that happened in the '90s with the work requirements and TANF, they didn't extend far enough. More programs that the federal government is administering or pushing to people in need really need to have work requirements.

The second big thing we see is we have got to have more as a country a transformational model with those we serve rather than this transactional model that does nothing more than perpetuate this cycle of poverty.

MS. JACOBY: What does that mean? What does that mean?

MS. REYNOLDS: What that means is we've got to set our goal higher. We've got to set our bar higher. It can't just be more money in their pocket. It's really got to be to be able to be paid self-sufficient wages and get to a place as a family where they're able to take care of themselves, where they can be self-sufficient.

MS. JACOBY: And, you know, if I'm Chairman Smith, who we just saw, you know, what do I put in the legislation to make it more of a — you know, he can't write in there transformational model. What does he put?

MS. REYNOLDS: Case management in my belief is the critical intervention.

MS. JACOBY: Case management.

MS. REYNOLDS: And then I would also say strategic use of those financial resources. So it's great to get money, but typically, in our industry, what we've done is people walk through the door with a need, we give them money. What we need to do is instead use those financial assistance resources strategically to get them to move forward with achieving their goals.

MS. JACOBY: OK. Great. Great. OK. So now we've heard about what everybody's chapter is, and I still encourage you to read the essays. The essays are good. And the other essays. There are lots of other essays. But now let's have more — an open discussion. And we will eventually come to your questions, so be thinking of questions.

So let's — you know, my first really big question about — you know, how do we as a movement approach this, it's really how we — what kind of bite out of the apple are we taking? You know, should conservatives — how do we approach the 50 years or 70 years or whatever it is of a crude poverty policy since the — goodness, it goes back to the New Deal probably, but certainly since the War on Poverty. Should we tear that all down and start over and start from scratch with a blank piece of paper? Or should — would it be more prudent to lay out a vision, but then take small strategic incremental steps toward that vision? I think Oren and Robert, you differ a little on this, maybe not as much as I first thought. But, Oren, why don't you address it and then perhaps Robert.

MR. CASS: Yeah. Sure. Obviously, we're not going to tear down 50 years of antipoverty policy, nor would I think we'd want to. I don't think we could build something else from scratch overnight. But I do think it's really important for conservatives to have an alternative vision that they are moving toward. I think too often what happens is we take as given the existing model, and we say, here are the three or four tweaks we would like to make to it.

And in practice what those tweaks tend to look like and in fact be are “Here are a few places we want to cut back, here are a few groups we want to make it eligible, here are few new requirements we want to impose on something.” I'm not going to say those are wrong. In a lot of cases, those are good changes to make to those programs. But if that is the extent of your antipoverty policy, first of all, that is not effective messaging. And, second of all, that's not actually solving the problem.

And so I think we need to be doing tweaks in the context of a broader framework that says, OK, but how would we actually solve poverty? Is it — you don't have to take

my vision, but I would say we need to be taking a huge share of that money that we spend and putting it into the paychecks of people who do work.

And if that's your approach, that opens up all sorts of things. It says the next time we're going to add a waiver to a program, let's just not make it a do Medicaid your own way but it has to look exactly like Medicaid. Let's make it an actual waiver that says some of your Medicaid money, you can do something else with. If you want to reform your Medicaid program into less Medicaid and a wage subsidy, if you want to take your earned income tax credit money and try to do a local wage subsidy, if you want to do case management with all of your money, let's at least make that the little option that someone gets to try. And we're not going to start doing the little changes that build toward something unless we start by talking about what we're building toward.

MS. JACOBY: So I think that's where lifting up actually — we were talking about that earlier, and I didn't really kind of pick up on it. You're really saying, don't put waivers in every program. You're saying put waivers in — which programs you're not going to — not quite do, but certainly a more broad and flexible sense of waivers. Is that what you're arguing?

MR. CASS: Yeah. I think that's exactly right. Traditionally the way we've done waiver is either — I mean, as we see with Medicaid right now, please apply to us to be allowed to put a new rule into the Medicaid program that you're implementing or a broader waiver to achieve the outcome that the program is defined to deliver better than the program does it. And you get good innovations within programs that way, but you're never going to move away from the system we have of the \$1 trillion fed through 100-plus programs each with its own legislation requirements. You're certainly never going to get to a model where you have case managers talking to people about what they actually need to move out of poverty.

You have to create a different type of flexibility that actually says, the money that you were going to get anyway is now money to spend on the way you would fight poverty, not the way Congress has been fighting it for 50 years.

MS. JACOBY: But you have to spend a minimum on everything or something so that they don't just drop programs? I mean, that's the danger there, right? You can apply the waiver in whatever field you want, but what about all the others?

MR. CASS: You can — and this goes back Robert's federal versus state question so I'll let him answer this piece of it as well from his perspective. It seems to me that if a state said, we would actually like to try getting rid of Medicaid and putting all of the money into a wage subsidy, if that is actually — I would not recommend that particular policy. I would take the long-term care money, put it on one side. I would put the disabled money on the other side. If you took, for instance, the entire Obamacare expansion spending though and said, actually, that's not the right way to spend that massive increase in money. We would be much better off if we were in the world pre-Obamacare and had done a giant wage subsidy. That's a perfectly valid policy approach that I think some states might want to consider.

MS. JACOBY: OK, Robert. Please address this, but also address your bigger vision.

MR. DOAR: I think that Oren's right about the vision you want to get to, and I think he's also right that the problem we have now is that our combination of programs that are supposed to supplement work are incoherent often and conflicting and don't line up. And so they make it very hard for states to administer, for people to understand. So far so good.

The problem is is that we live in a political context, and someone's got to pay for the new thing. And when you pay for the new thing, it's this wage subsidy that's going to go to all these people, including a lot more people. Some of them aren't in the welfare system at all right now. You're going to have to take money from somewhere else. And when you open that discussion in Washington, people get very tense, and you can distract I think the entire political discussion to, oh, the Republicans want to create a new wage subsidy by ending the SNAP program, the food stamp program, or you know, allowing a state to not do Medicaid.

And I think that would at least right now be a big distraction from what we could do incrementally in each of the programs, and using the powers of the executive branch to get us — especially in this time when the economy is so strong — much further ahead than where we are right now. I mean, poverty and work and earnings are right now getting better in a way that they didn't for eight years in the Obama administration. And we can maximize that right now if we bring greater work focus to the programs that do exist, make the child support program be a little more focused on collections and less focused on some other things. And make the wage subsidies work to support and enhance work, not replace work. And so that's — it's really a strategic issue and difference.

And I just would be frustrated if we were going to spend the next six months talking about, you know, this huge transformational change that Speaker Ryan or President Trump were going to try to push through. I don't think that is the right time for that. And we could end wasting a lot of energy when we could make real progress.

MS. JACOBY: Larry, you have a view of the sweeping versus incremental, I think.

DR. MEAD: I think the key to progress is to develop local programs in which there is an inherent connection made between some benefit and working. And that can only be done through some administrative structure at the local level. We can talk about it abstractly sitting up here, but the real creativity that makes that possible occurs through institutional development at the local level, the sort of thing that Heather is talking about. That is just one possibility. There are a number of other ways in which those two things can be brought together. And if you succeed in doing that, and a number of localities have done that in the last 20, 30 years, then you create a model that can be implemented more broadly.

It can't be done abstractly. It can't be done by writing a law. It has to be done through administrators who set up the system in which everyone involved knows that there's an inherent tie between working and getting some support from the government. And you can't get that

support unless you're employed. And in so doing, we also say to people overtly or covertly that the key is taking responsibility for your future. You can't hand that off to somebody else. You have to take that on. You have to shoulder that. And then you go forward.

It's actually not freedom that makes you go forward. It's actually obligation. It's accepting responsibility, is actually essential to freedom.

MS. JACOBY: So Heather, I think you're the — I've said this before, but I think you're the most radical on the panel on this issue because in a way your transformation of the goal — we're not just keeping people afloat in poverty, we're getting them out of poverty. To me, that's the most radical change, you know, that anybody up here has been talking about in a way. Do you want to say more about your view of radical versus incremental?

MS. REYNOLDS: Yeah. I just — I like idea of painting the larger visions so we know where we're going. I get we can't just, you know, upheave everything, but I do feel like we need that larger visions that we're all focused toward.

MS. JACOBY: Great. Let's go on to — we're going to get out of time if we don't keep going. So some critics say, right, some critics of the conservative approach to poverty, they say we're not serious about ending poverty or enhancing opportunity — that basically we just want to cut programs and slash spending, that it's all about saving money. Is there anything to that? Is that what's driving you, Larry, for example?

DR. MEAD: Yeah. I don't think that's the main motivation. The heavy money in social policy is in the big entitlement programs, especially the health programs, Medicaid, Medicare, also Social Security. Those are not primarily antipoverty programs. The antipoverty programs like SNAP, like TANF, and so on are much, much smaller.

Money isn't their main issue. The main issue is how to use the money to promote this synthesis between work and support coming from the government. And I — just like very many conservatives and liberals that I've known in this game for decades, I can't think of a single one whose major motive was to save money. No. The major motive is to overcome poverty and especially get people to assume some responsibility for themselves and to go to work. That's the key. And if we do that, we won't have to worry about the money. We'll actually save money. But that's not upfront. The main thing is to get people functioning.

MS. JACOBY: And in some cases, it's going take investment upfront.

DR. MEAD: Yeah, but not a whole lot. Not a whole lot.

MS. JACOBY: Except for Oren's program. No, I like it.

MR. DOAR: The only thing is you've got to point out that the \$1 trillion or the big — Medicaid is viewed in some respects and is often when people talk about all that we spend, they throw Medicaid in.

DR. MEAD: I know. And it's improper.

MR. DOAR: And it may be improper, but the problem is that it sucks up every available dollar. And so one of the real unfortunate congressional missed opportunities was that — you know, the opportunity to do something in the financing of Medicaid so that we could free up dollars for programs that I think are much more successful and much more likely to work at the local level. And I don't think we made that argument right. I think Republicans made the argument on the block granting of Medicaid purely on savings or on freeing up the health care industry or something else or ending Obamacare. And they should have made it on, if we don't save money in Medicaid, we're going to have nothing to spend on child care or case management at the local level or employment services.

MS. JACOBY: Well, and I think what they should be — in the next phase, if we're going to have welfare reform in the next few months, whatever, we should be talking about putting people to work. It's not about cutting programs. It's getting people to work. And we know you like to spend money — no, I'm only kidding.

MR. CASS: Well, I'll pick up — for example, I think that Robert said — I mean, that last question is actually a very helpful construct for this, which is that if we want to take money away from some things to spend on others, that's very politically difficult. And I agree with that 100 percent. The problem is that we have the money we spend now so if we have something else we think would be more effective, our choices are either new spending or taking away spending from something we have now. That's it. If you ever want to make progress, those are your choices.

And so I think there's this odd construct to your question. There are really three positions here. There's let's cut spending on antipoverty programs, let's spend our money more effectively, and let's add new money. And, in theory, let's spend the money more effectively should be the centrist, reasonable position, but instead we've gotten ourselves into this position where spending new money is the reasonable position and spending money effectively is the hard-hearted conservative position.

So, on the one hand, I entirely take Robert's point that it is a hard position right now to argue, but I think until we make our stand there, we aren't going to make any progress.

MS. JACOBY: Good point. Good point. I like that. OK. So we've thought about what the liberal-side critics say, but we also — there's also charges from conservatives, right, that the best way to help people escape poverty and hardship is to get government out of the way entirely, right? We all know the people, and we don't have to name them, who say, you know, get the government out of the way entirely, let the market take over, the private sector, people will pull themselves up. Is that what any of us are arguing for?

Wait. Robert goes first anyway. Is there no role for policy? And if there is a role, you know, how do we talk about what that role is?

MR. DOAR: Well, you know, I'm the wrong person to start on answering that because I come from that world. I am a former bureaucrat as much as I am anything. And so I do believe —

MR. CASS: And you should see his car.

MR. DOAR: What? What did you say?

MR. CASS: I said, you should see his car.

MR. DOAR: Oh, yeah. Yeah. Thanks a lot, Oren. That's really nice. (Laughter.) So, you know, I think — personally, I think there's a little bit of, you know, of false canard. Republicans clearly understand that government has a role in these programs. There's a history of bipartisan support for the earned income tax credit, which is a government program, or SNAP or reform of TANF.

MS. JACOBY: But there used to be people who — there used to be people who wanted to shut departments.

MR. DOAR: Well, I know, but when you really get into this — we saw from the chairman. I mean, he didn't — I think that's a little bit of an unfair ruse, and so I don't even like having to try to defend it. The fact is is that even in welfare reform, while we save money in TANF, we increase spending in a lot of other ways to support and reward work. And many, many conservatives were very supportive of that.

MS. JACOBY: OK. OK. So I overstated the question. But what I'm looking for in a way is what's our sentence about what we think the role of government is?

MR. DOAR: So, yeah. The only thing I would say about that — and this goes to Oren's idea of the great wage subsidy. We are good at writing checks. We are good at transactional assistance. What we're not good at is transformational assistance.

MS. JACOBY: Much harder.

MR. DOAR: That's a lot harder. And, frankly, people like Heather are really good at it, but there aren't that many more. I mean, while I believe in civil society and I like civil society and I like all the, you know, platoons that the AEI people talk about all the time.

DR. MEAD: The little platoons.

MR. DOAR: The little platoons, even they aren't that strong right now. And, frankly, I think sometimes the messages from government about work are as powerful as anything in getting people to just step up and go get a job.

DR. MEAD: Yes, they are.

MS. JACOBY: So does anyone else want to take a crack at this, my sentence? So what I'm looking for is, you know, I mean, yes, we can say limited government or whatever. You say the federal policy sets the outcomes, but the states come up with the process. If we think there is a role for policy in ending poverty, how do we articulate kind of in a sentence what we think it is as opposed to what the left thinks it is?

MS. REYNOLDS: I mean, I would suggest we have something that our statement becomes successful policy and involvement of government would be getting people to a point of self-sufficiency. It would be the needed catalyst sometimes —

MS. JACOBY: Goes back to your buried lead.

MS. REYNOLDS: — that gets people there. That's right.

DR. MEAD: I would state it a little differently. I think government's mission is to get people working. And that's more important than making them totally self-sufficient in the sense of not needing government. We have a lot of programs in this country that go to working people, and we don't think of them as dependent. The biggest is Social Security. A whole lot of people, like 60 million people, get checks every month from the Social Security Administration. There's a strong welfare element in that system, and it isn't as if you really earned all the benefits you get.

But people don't think of themselves as dependent because they're employed. So employment is the magic ticket to belonging in the society. We ought to see that as our goal. Minimizing government — I think it will also minimize government. Minimizing government should not be the goal.

MS. JACOBY: That's a nice way to put it. Minimizing government is not the goal. The point is getting people to work. Yeah. That works for me.

OK. So let's talk about work. So this really is, you know, to me the most important part of the conversation in a way. You know, it's the central tenet of the conservative approach, best antidote to poverty is work, for the paycheck and for the dignity.

But doesn't history show that it's really hard to get people to work, put people to work? And harder than it sounds. And especially if the goal is not just any old job, but a job that takes some skill and where you learn some skills and where you actually move up on the job. You know, I'm not talking about — I'm not saying, as some say, that entry-level jobs are dead-end jobs. Jobs are jobs, and learning to work is good. But, in my view, our goal should be jobs where you learn skills and acquire skills and move up.

So hasn't history shown — hasn't history shown that it's harder than we think? And what have we learned from that past and from doing it — you, Heather — doing it on the ground? I'd like to start with you. Isn't it harder than we think, and how do we do it?

MS. REYNOLDS: Oh, it's so complicated to get people to work. I mean, it was just recently I sat down with one of — this woman who had come into our office, and she's in a situation where she is about to be evicted and she has an eviction hearing. She did finally get a job working in a hospital system, which in our growing industry, really great opportunity to be continually trained and promoted and moving up. Her car broke down. She didn't know how she was going to get to work, and she had a child care issue to deal with. And she was supposed to start in two days.

So it's like, OK, how do we troubleshoot all of this to get this person to work consistently until she begins earning and can stand up on her own two feet? So it's hard. Being poor is hard. And getting people that first job, but then continuing to move up, is difficult.

You know, one of the big things we're an advocate for at Catholic Charities is that's why we have to case manage folks. We have work — walk alongside folks to help bear that burden that exists for people in poverty while they're trying to move up. And included in that is needing skills, whether it's credentials, whether it's an associate's degree, but we've got to in local communities have a good understanding of what are the jobs that pay a living wage. What are jobs that the families we serve can't — they're growing in the industry, and how can we get them trained up in those jobs and get them in school completing degrees, completing stackable credentials over time? That's been critical to our mission at Catholic Charities because, you know, it's great to get somebody a job, you know, a minimum wage job so they start working, but they're going to — that's not going to work long term. And so we have got to — until your policy passes, we have got to invest in skill building.

MS. JACOBY: It's happening tomorrow.

MS. REYNOLDS: Tomorrow?

MS. JACOBY: No. Larry, you addressed this in a way in your opening remarks, when you talk about what these local institutions do, but, you know, help and hassle it's a phrase I love, a phrase I often use usually quoting you. But, in real life, you know, really in the crux of it, it's not easy, right?

DR. MEAD: Actually getting a job is probably easier today than ever before in history. We have zillions of available jobs. We know this because of immigration. Immigration is coming into this country, people with no skills are coming here in millions to take the jobs Americans are not doing. I don't mean that's enough of a job. We certainly aim at higher skills. But to get some job has become easier than in history.

The hardest thing to accept maybe from many on the left is to accept that the era of the dramatic business cycle slowdown, where there's a recession or a depression in which jobs are suddenly unavailable. Well, that happened briefly during the Great Recession. I don't mean it never happens, but the speed with which the economy recovered from that in terms of just job creation was amazing. And even during the recession, there were lots and lots of low-wage jobs available.

MS. JACOBY: Right. But the hard part is people — Robert, I mean, you should speak to this because you've done it. People who come, you know, from families who haven't worked in a long time and people who haven't worked in a long time.

DR. MEAD: The problem is not in the job market. The problem is in private life. I do agree with that, and that's why we need programs like what Heather's doing.

MR. DOAR: It's a lot easier when the economy is strong.

MS. JACOBY: OK.

MR. DOAR: So let's just be clear about that. And that's why I think smart antipoverty fighters on the right or the left should be supportive of policies that keep the economy and the labor market tight. And I think that's why we're in a particularly good time now.

MS. JACOBY: But —

MR. DOAR: Secondly, it is true that the story of welfare reform was that hundreds of thousands of people faced with the message that we really did want them to go to work and we're going to hold them accountable to that didn't wait around for some government program to show them how to get a job. They just went and got a job. And so we are capable of doing that.

What we are not so capable at is increasing skills so wages can rise. And that is — here's where I differ a little bit with some others. I don't think that challenge is really properly placed in the antipoverty sphere. I worked in the antipoverty sphere, and you know, there are things we can do. We can get people started; we can get them a job. We can get them a work support, but if you ask us to get that person safely in the middle class, we won't do the first or the second. And I think as a country we have to look at skill building by employers, by community colleges, by people that aren't necessarily in the antipoverty world, maybe not even on that chart, but that really could do a better job.

MS. JACOBY: They were on that chart. They were on the bottom half.

MR. DOAR: And the last thing I would —

MS. REYNOLDS: Except the only thing I would disagree just with that, Robert, is that, you know, if you look at the community college space, you know, their job is to educate. And one of the main reasons people drop out of community college, they have a completion crisis in our country, is because they're low income and they don't have that support. That's why I believe it does belong in the antipoverty space.

MS. JACOBY: And I'm not sure we want to draw a bright line between alleviating poverty and enhancing mobility, right? So, I mean, maybe — you know, I mean, that's part of the problem with that chart, all those different siloes, right? I'm not saying — you know,

I don't like what — I don't ask — (inaudible) — so it's true. You know, different departments maybe have to do different things, but I'm not sure I want to draw that kind of bright line.

MR. DOAR: And the place I think is the most greatest potential is in employers. And I think this — you know, the news stories about employers saying they're going to make a bigger commitment and a stronger effort for entry-level workers is great news for us.

MS. JACOBY: Absolutely. Absolutely.

MR. DOAR: And we should take advantage of it.

MS. JACOBY: Oren, do you want to jump into this? I mean, I know in a way you're addressing a different part of the problem because you're saying, well, when this doesn't work — well, go ahead.

MR. CASS: All right. Well, if we subsidize the wages, we don't have to worry about any of that. (Laughs.) Slightly more constructively or shorter term. You know, I do think the one thing that we haven't mentioned at all is backing all the way up to the high school level. And I mentioned that for two reasons: one, because for all of the case management type stuff we just talked about, we have a captive audience eight hours a day give or take in government institutions for which, frankly, for people who are headed on to college, we're using their time well. For people who are not headed on to college or are not going to complete college, we are using at least 11th and 12th grade very poorly. And that time — you know, if we asked our high schools to be — you hear the phrase college or career ready, and then you say that and then we go back to putting all of our money into community colleges. If we actually said, look, some people are going to be headed to college when they graduate from high school. At least half probably aren't, and that half had better be ready to get a job.

MS. JACOBY: No one expects them — anyone to get a job right from high school.

MR. CASS: Why not?

MS. JACOBY: Because most jobs now and in the future are going to require postsecondary training or education of some kind.

MR. CASS: The share of the population that does not have that is still I believe the majority of the country.

MS. JACOBY: Right. But what we want to do is maybe they don't go to four-year college, but we don't want to tell them, don't get any postsecondary credential. I mean, I'm all for making high schools better, but I don't think — I just want to — this is my, you know —

MR. CASS: I think if you want to draw — now, we're really on a grand 50-year vision. If you want to talk about the people who are going to graduate from high school in the next five years within the constraints of what our public policy can do, a large majority of them will never achieve an associate's degree, let alone a four-year degree.

MS. JACOBY: But certificate and employment certification.

MR. CASS: That's fine, but, first of all, why can't they get that by the end of the 12th grade if most of what we spend the 11th and 12th grade now is, frankly, college prep? I mean, the model where everyone comes up through the high school system, gets their diploma as if they're all on the same track, and then diverges the moment they walk off the stage is a bad model. It's designed for the people who are winning. And I think if we actually want to do what we're talking about, which is making sure everybody can work and be ready to work, we're really missing out if we saw, well, obviously, after high school there's going to be X, Y, and Z before the workforce.

MS. JACOBY: OK. So I'm going to throw a wild card in before we open to questions, just for fun because we had this so scripted. Let's be a little wild. So if you were going to help the president and Speaker Ryan do what they're going to do next, in the next few months in one way, give them one piece of advice, what would it be?

DR. MEAD: To allow entitlement funding for child support programs under Title 4D.

MS. JACOBY: Oh, my God, no.

MR. DOAR: That's a big one actually.

MS. JACOBY: OK. Explain. What does it mean? So explain.

MR. CASS: He was ready. I think you may have slipped that question.

MR. DOAR: That would be allowing child-support funding to states to be able to use for employment programs for child-support parents. It's men, it's poor men, it's poor families.

MS. JACOBY: So wait. Say it again. Explain it again.

DR. MEAD: Congress should allow states to spend child-support money under Title 4D on creating work programs for child-support men who are not paying and at risk of going to jail.

MS. JACOBY: What do they do with the money now?

MR. DOAR: They're not allowed to.

DR. MEAD: They're not allowed to spend it on this.

MR. DOAR: They're only allowed to collect but they don't help people get a job — (inaudible).

DR. MEAD: And this would be the beginning of welfare reform for men, that's what this would be.

MS. JACOBY: OK. OK. OK. So try to answer without using a section of a legislation, OK? We're asking for bigger picture. Robert. It was a good answer. I'm teasing.

MR. DOAR: Well, I definitely think that the administration can do more by pressuring the states who administer the big programs, especially food stamps, to look at their caseloads and see how many people are working age, nondisabled, and report no earnings. And why aren't they in this great economy having that number go down as people move into work or opportunities? And that's one thing I would do.

MS. JACOBY: So start with measurement-based —

MR. DOAR: Yeah. I really do think that messages from the leaders of these federal programs matter, and a little pressure on the states — you know, while I like states, I also like holding them accountable. And I think that they will respond if the federal government makes a stronger push on work.

MS. JACOBY: It goes back to your outcomes, not process.

MR. DOAR: Yes.

MS. JACOBY: OK. And is that doable in the political climate?

MR. DOAR: Yes, it's doable, but you have to have — you know, it takes people who know how to work government, and not everybody who gets a job in the Trump administration really believes in government. So that's a little bit of a problem.

MS. JACOBY: Let's not go there. Let's not go there. Is yours doable in the political climate?

DR. MEAD: I think so. It was almost done a couple of years ago in the context of new regulations for child support. So it is doable.

MS. JACOBY: OK. OK. That's all I want to know, yes or no. Heather?

MS. REYNOLDS: Invest in evidence-based programs that get people to self-sufficiency.

MS. JACOBY: Tell us just a little bit more because you didn't actually talk very much about this, about how you — because you do — you help people out of poverty, but you kind of run a little research institute too. So just take a minute or so — but take a minute there.

MS. REYNOLDS: We do. We don't do the research. We depend on our economist friends at Notre Dame, but, yeah. Our work focus is — we have several different examples

of randomized control trials going on at Catholic Charities Fort Worth so we can tell the difference between our intervention and the results we're getting compared to a control group who's getting the same benefits from the economic growth and all of that to see how folks are faring. And when we've done things that work, we invest, invest, invest more there, and when we found things that actually don't work, we've actually stopped doing them. And so if the government could do that, it would be great.

MS. JACOBY: That's really good. Oren.

MR. CASS: Create a new waiver program. Create — either put it — I'll mention a section. Put it in Section 1115 of the Social Security Act, Medicaid waivers or — you know, even if you don't want to get into the Medicaid fight, create a waiver that sweeps in SSI, food stamps, Pell grants, and the EITC money that goes to a state and open up maybe up to five applications where we're going to count exactly how much money you got in fiscal year 2017, and that's it. We are writing you a check for that much every year for the next five. And we would then have two more years at least with an administration that's going to take those seriously. Once they're granted, they'll run. And I think we would learn an awful lot both empowering organizations the type that Heather works for and with the programs that would be implemented if you had that kind of flexibility.

MS. JACOBY: You guys are really a bunch of policy wonks because I'm going to work on the messaging. I want them — instead of talking about it as welfare reform, I want them to talk about putting Americans to work. And I think that's the biggest thing. I think, you know, if we start — if the president gets up tomorrow and says, we're going to do welfare reform —

MR. DOAR: And you talk about apprenticeships. I remember — (inaudible) — which is important.

MS. JACOBY: Well, that too. That too. That too. That too, but — putting Americans to work, which is work and skills. OK. But now we're going to open it — yes, somebody has a question before I even said we're going to have questions. Please identify yourself, and please do ask a question.

Q: Yeah. Carl Posner. And I started a project called the Center on Capital and Social Equity that worked toward a more inclusive economy. So my question — and it takes a little bit of explaining — is — I think the EITC expansion is a good idea, but if you look at the chart and you see how it interacts with Social Security, it could cause, the example you gave of raising — subsidizing wages to the tune of \$4, it could cause a 30 percent loss in long-term savings through Social Security for a lifetime low-wage worker because right now, there's no contribution going to Social Security. And I've raised this with the left, and they — it's like at the Urban Institute was like applying torture instruments to these people because it would add to the score of an expansion. But then I contacted the chief actuary for Social Security, who I know, and he said, you're onto something and we may have to look at that. But that's the main way that half of the population accumulates savings. The question is should we be looking at that?

MS. JACOBY: Yeah. Good question. Oren?

MR. CASS: So two thoughts. I mean, one, at the end of the day, unless the wage subsidy pushes someone's wages down significantly, you're not going to be — Social Security isn't going to get any less money than it would otherwise. If you get people into jobs and get them moving up, I think you'll probably do better over time. But, secondly, I would tax the wage subsidy, put the wage subsidy in above the line and then treat it as regular income, which both is going to get more people into the income tax system. It's going to get more payroll taxes going in, and it has the great effect that if you have for some reason a high-income family with, you know, the teenager working a low-wage job, yeah, he gets the wage subsidy, but that also gets clawed back at this family's marginal tax rate.

MS. JACOBY: You know, what I love about this proposal, Oren, is you've thought it through so thoroughly. I've been listening to you defend it all day long to questions all over the map, and you have an answer for every one.

MR. DOAR: There is one point that Oren alluded to but — I think this — the refundable tax credit system we have now has reached a point of diminishing returns. I mean, they added another \$15 billion through the child tax credit that they threw in. And I don't really feel that's the best use of money for low-income families. And I think — because you started by saying everyone likes to increase the EITC. I'm not so sure about that, and I think we need to think — that's why Oren's idea is a little — is attractive.

MS. JACOBY: You've introduced a big idea. But you've introduced a big idea here. You're not just attacking the particular refundable tax credit of the child tax credit. You're attacking the whole —

MR. DOAR: I'm talking about — I think we need to look at it again because we are sending, you know, very large refunds to families, and I'm not sure it always is a work incentive in the way we want it to be. And I don't think people in Washington have really thought about that.

MS. JACOBY: OK. That's interesting actually.

MS. REYNOLDS: And the volatility of income like for those low-income on the ground is a significant concern. You know, we do the EITC refund sites for our organization, for people in need, and that spike is good but, oh, that spike effect could be divided out like he argues.

MS. JACOBY: Support. Support for your idea.

MS. REYNOLDS: No. I do support that.

MS. JACOBY: Sir, over there.

Q: Larry Chekov. I've heard the word earlier in this conversation — it was growth. But what I never hear is shared growth. And I think that's really the issue here. For the 40 years that we've had flat wages, the investment class has done pretty well, OK? There's no question about that. And executive salaries have done extraordinarily well. So we have all this — we have growth. We don't have shared growth.

And I think — and this is my question actually. I think we were done a disservice by this last tax reform bill. I think what should have been happening is the large percentage of the tax savings should have gone to the lower and middle classes rather than to rely upon the wealthy people to trickle it down as it's been, you know, tried before and failed for 40 years. But we keep trying to same thing over and over again and it fails.

MS. JACOBY: So we made a pact that we weren't going to talk about tax reform. We literally made a pact that we weren't going to talk about tax reform. But if you can answer it without answering it.

Q: I'm just saying that with —

MR. CASS: Do I just have to not use the words tax reform? (Laughter.)

Q: The shared growth went the wrong way. Shared growth went the wrong way, and that's all I'm saying. You can take it or not.

MS. JACOBY: Well, you can speak of shared growth.

MR. CASS: So let me address the broad point. I think that's absolutely right. I think you say — look, the wage subsidy I think helps address very low-income households. I think it gets more people into the workforce. It is neither a sufficient nor a long-term solution to a bigger picture problem of why were wages flat for 30 or 40 years. In a sense, I think that goes a little bit beyond — you know, that wasn't sort of the antipoverty reforms we're talking about.

I think there's a whole discussion to be had about why did that happen to wages. What is it about the type of economic growth that we've seen, either is it that people aren't as productive, the areas that investment is going isn't the places where less skilled workers can be most productive? There's a whole host of reforms to talk about there that I think are critical. But this goes a little bit to your car can't make coffee point. I think it's probably a little bit different than the question of how you get people from below the poverty line into the workforce at all.

MR. DOAR: I just have two comments on that. One, I would recommend you read the work for Bruce Meyer, who's here, and is at AEI now and the University of Chicago, on properly looking at the inequality issue. Because I think some of the statistics don't really take into account the enormous amount of assistance we do provide to low-income families.

And the second is as someone who works in this — used to work in this space, I really never found many people who were struggling to get ahead and to get a start who talked to me about inequality. They talked to me about a job, about raising their income. And to the people that I served and worked with, they didn't — just talking about sharing inequality, those awful rich people who are taking all your money, it didn't work with them. It wasn't what they thought was the real problem. But mainly I would recommend to look at the work of Professor Meyer.

Q: Yeah. Thank you. I think a lot of what's been talked about is —

MS. JACOBY: You have to ask a question.

Q: A lot of what's been talked about is about how you deal with people who are poor rather than how do you slow the flow into poverty, slow the problem that there are very few. And here I would support what Oren said about late high school. And, more broadly, work-based training programs of apprenticeship type because in those programs people are working three or four days a week. They are earning wages while they're taking a course or two.

One of the other things that wasn't said is the declining educational attainment of men relative to women. What we see now, for example, especially in the minority communities but even in the white communities, I think for blacks it's something like 1.9 woman B.A.s for every one male B.A. So, clearly, this notion of what I call academic only, which is keeping them in school all the time, is not engaging a lot of people. And I think that disengagement is where this whole process begins. And if you're disengaged for a while, you don't have experience. If you don't have experience, the firm's not interested in you. You don't develop the kind of work employability habits that you need. And you don't develop a kind of pride in mastering something. That's why I like apprenticeships so much because it does give people a sense of pride, a sense of belonging to this community of practice.

So I think if we — but we have to do it in a very systematic way. And we do have, for example, these career academies. If we attached apprenticeships to career academies, I think we'd be going in the right direction. Employers do engage a little bit with career academies, but there's not that much work-based learning. So slowing the flow into poverty is critical.

MS. JACOBY: Does anyone else want to address slowing the flow into poverty?

MS. REYNOLDS: Yeah. You know, there's been a lot of — at least in our local community but I know throughout the nation focus on early education, and we're going to put all of our resources — not all but — into, you know, everybody reading on level — age — you know, by grade three or really that, you know, K-12 system. And I think that is so critical that we need to focus on as a nation.

To me, the best thing we can do is both/and. So like one of the things we are piloting this year is doing our case management where we are working in the schools in more of a

two-generation model where we're working with families and children trying to lift — to prepare the kids but to lift the families out at the same time because so often poor parents have poor kids who grow up to be poor parents, and trying to break that generational cycle at the same time. I think there's something there.

MS. JACOBY: So I think we have time for a couple more questions. OK. I see about three at least. So, yes, sir. Go ahead. You.

Q: Which welfare programs reduce labor force participation the most?

MS. JACOBY: So who wants to take that on?

DR. MEAD: I think the quick answer: They have little effect as a matter of fact. The disincentives appear to be prohibitive, but I don't know of any serious evidence that they actually affect work behavior very much. I don't see much evidence for incentives or disincentives. The reasons why people don't work have largely to do with private life, inability to cope with work and its demands. It isn't really due to the setup — I mean, I think incentives and disincentives get vastly more analytic attention than is justified by their actual effects.

We should set that subject aside and instead study much more the administrative arrangements that make it possible to link work with benefits at the local level. That's the frontier. And that we know much less about than this absurd focus on these disincentives.

MS. JACOBY: That's a real interesting answer.

MR. DOAR: So there's a disagreement on that.

MS. REYNOLDS: Yeah. I agree.

MR. DOAR: First of all, my view is that the labor force participation negative effect of the safety-net programs often happens in combination. So it's not just one necessarily, but it could be SNAP plus public health insurance plus the phaseout range of EITC if you're talking about more work, plus other kinds of benefits like housing — that once you have them, you have less of an incentive to work. And since SNAP, Medicaid, and housing don't really have strong work requirements, which Larry wants, the incentive of the benefit absent the institutional structure, to me, keeps people out of the labor force. It doesn't necessarily happen by a program all by itself.

So the other one is disability insurance, disability assistance, which prohibits work. And I think there's been a growth in that that's been caused by a lowering of the standard, and you know, that program just doesn't like work. And so once you're on it, they're very rarely recertified or reevaluated, and you remain out of the labor market. And so I would say it's a combination of those others, and that one has a negative impact on labor force participation.

MS. JACOBY: I think the gentleman in the back had a question.

Q: Hi, my name is Chris. I've been sitting here for a while, and I'm disappointed that I haven't heard the term "family formation" in this conversation about poverty. And I just wanted to know how you — how the panelists think that one welfare program in particular, public housing and voucher programs, may affect that and what would any one of you think about perhaps sunseting the program for, let's say, you know, people born after 2020 or something and how that would affect family formation in the future as far as people who — as far as decreasing the poverty rate in the future as opposed to worrying about it now.

MS. JACOBY: So, touché, touché, because we have talked for an hour and we — I said the word "family" once, but not really, and then we didn't talk about it. So good point. Thank you. Somebody want to address this program he's talking about?

DR. MEAD: Let me just say that next only to lack of work, the breakup or non-formation of families is the major cause of poverty. And we don't have clear-cut policies that impact that, but we can do some things that would be constructive, like promoting more birth control among mothers so that they have children only when they want to. That's one thing. And we should also be more forward in opposing single parenthood —

MS. JACOBY: Controversial.

DR. MEAD: — at a rhetorical level on the part of public figures and notables of all sorts. I just wrote a paper on this, by the way. It's about the —

MS. JACOBY: What about the questioner's —

MR. DOAR: It's true, but this panel was set up about workforce development and about jobs, and we're sort of focused that way. AEI does a lot of work with Brad Wilcox on the issue of families and the importance of marriage. AEI-Brookings working group, both left and right, agreed that marriage was something that needed to be talked about and discussed because kids just do a lot better in intact families. And we shouldn't be afraid to say that. But that doesn't mean that we also don't — can't make some policy changes either reducing marriage disincentives in certain benefit programs or promoting early learning or interventions in families where they need a little help.

MS. JACOBY: And there is an essay in the book on that.

MR. DOAR: Now, housing is one of those programs that doesn't talk about this issue very much. It just provides a benefit in my judgment little else, and that's the problem.

MS. JACOBY: And what is the fix?

MR. DOAR: I'm not sure. I didn't hear it.

MS. JACOBY: Well, all right.

MS. REYNOLDS: I think you're onto something though because when the question was asked about a program that is worse for work, until you mentioned disability, mine immediately was housing. So I do think there's something to what you're asking.

MS. JACOBY: OK. Let's have one more question. The lady on the far end.

Q: If we're talking about working and low-wage men, nobody's talked about the high felony rate of people who aren't working or the issue of substance abuse. I come from West Virginia. A lot of people can't get jobs because of substance abuse issues, and I think that's a growing concern. And if we're going to get everybody to work, how are we going to deal with those two big barriers?

DR. MEAD: Yeah. West Virginia is —

MS. JACOBY: Larry, go first, and then Oren.

DR. MEAD: West Virginia is one of the few places in the country where it cannot be assumed that jobs are available. And as to the opioid epidemic, I totally agree that that's a major barrier, and we probably have to spend more on treatment. It's all there is to it.

MS. JACOBY: But you have some thoughts about getting ex-offenders back to work.

DR. MEAD: Yeah. Correct. And that's why we need to build up reentry programs so that guys who come out of prison are connected to work as quickly as possible and given the support to do that. And I would create jobs then if needed because this is the one group where we can't assume there are enough employer.

MS. JACOBY: Oren, you want to address this?

MR. CASS: Yeah. I mean, I think with both of these there's a little bit of a chicken-and-egg problem that if — given that there are a lot of ex-felons and a lot of drug addicts out there, we are going to need policies to address it. But given the trajectories of those lines and the question about sort of falling into poverty, the bigger question is why are those things happening, and especially with the drug epidemic, what has caused it and how do we actually start to get ahead of the addiction?

So I agree that we don't have any choice but to spend money on treatment. And back to my kind of three buckets for conservatives, sometimes you have to say, wow, this is a problem that didn't exist before and there is no substitute for government action to deal with it. And I think the opioid crisis falls into that bucket. But I also think we have to have a conversation about why did that happen and what happens when you take a whole bunch of communities and say, for instance, well, it doesn't matter that growth isn't reaching you. We have a lot of government programs for you.

That might seem sustainable for a little while, but if it puts you in a downward spiral, it's not going to fly in the long run. And so you have to actually start talking about — more back to the shared growth question: What is it going to take in terms of economic policies to not just make sure we get enough government benefits to communities across the country but make sure we've built an economy and a labor market that's going to work across the country?

MS. JACOBY: Great. So thank you, panelists, for a really thoughtful discussion. Thank you again to AEI for hosting this terrific event.

I want to say two things in closing. One is that we argued a little, and I think that's good. I think, you know, the point is this is not just a movement, sort of what I think of as the new conservative movement addressing poverty and opportunity. It's not just a bunch of canned old answers. We're actually arguing among ourselves about what the answer should be. And I think that's really a good sign.

And the other thing is I hope we inspired you. One is I hope we inspired you to go back to work tomorrow and get back to solving these problems. But, two, I hope we inspired you to pick up that book and take it home and read it. Thank you so much. Thanks again to the panelists.

(END)