

Production Transcript for Panel 7.mp4

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>> Raphael Bostic: We haven't formally acknowledged Robert Price and I think it is important to do that. Robert, thank you for your commitment to these issues and to being willing to help partner in this conference. This is something that I hope becomes a lasting and ongoing partnership so that we can keep advancing this policy issues because it is very important. So, thank you very much. We all appreciate it.

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[Applause] OK. So, next is the foundations-- I guess we call it the foundation panel actually we're not all foundations so we shouldn't do that. The leader's panel from national organizations, we have three leaders who are really on the frontlines of these issues grappling with what should we do, how do we talk about issues of poverty and how do we engage a broad range of stakeholders. And so, I want to make sure that we leave plenty of time for that so I'm not going to say very much other than we have Robert Greenstein who has just left the building [laughs]. He is the president of the Center on Budget and Policy Priorities and he's just returned, so.

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We have Terri Ludwig who is the president and CEO of enterprise community partners and we have Patrick McCarthy who is the president and CEO of the Annie E. Casey Foundation. You have their bios in the program. These are three real shining stars and leaders in the field. So, let's get to it.

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>> Robert Greenstein: Good morning everybody.

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>> There's-- next steps on poverty opportunities and threats. That's somewhat covered. Fortunately, Sheldon, I can't see where Sheldon is sitting right now. There he is. Sheldon covered important ground and I'm going to quickly jump over my first two slides since he really covered them. Just as Sheldon talked about the fact that when one as a context, when one measures poverty properly so you do count things like food stamps and the earned income credit and rental vouchers that the poverty rate really has fallen significantly since the 1960s or if you use this broader measure of poverty, the supplemental poverty measure we find that for the latest figures 2012 the safety net cuts poverty nearly in half. When we look at some of the areas program by program, we see particularly large effects in lifting people out of poverty from refundable tax credits but this slide is really a partial slide.

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So, I presume I can walk away from the mic. These bars show you that the refundable credits have the biggest effect in lifting people above the poverty line. But that's not the only measure we should care about. We should also care about reducing the depth of poverty. Lifting someone from 25 to 75 percent of the poverty line you don't get credit for lifting them out of poverty. You do if you just go from 95 percent to a 105 percent. So, when we ask the question which program has the largest effect in reducing the depth of poverty; it's food stamps. They both have big effects. I was thinking of this when Robert Price asked his question. To show them, Robert, you mentioned you're impression which I think

is exactly right, is that in many respects poverty is much less grinding than it was in the 1960s. One of the most riveting pieces I've ever read related to poverty was a report that came out in 1979. A foundation no longer in existence, the Field Foundation had sent a team of doctors to the deep south in Appalachia in the late 60s looking at hunger and malnutrition and they found really stunning results.

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It was the basis for the hungry USA documentaries of that period. The field foundation sent another medical team, a lot of the same doctors, back to the same areas in the late 70s. During the intervening decade, food stamps had been expanded and gone nationwide and other nutrition programs like the WHEAT program and others had been created. And I'm not going to remember the words precisely, but the reports said something like the following. They said 10 years ago, visitors could quickly see the dull eyes and slowly healing wounds of child malnutrition wherever we looked in these areas. Today, 10 years later, such children are rare. That's a pretty significant accomplishment. Now, until a few years ago, we tended to think of the safety net, these kinds of assistance programs, as when they were really effective they would reduce hardship.

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Critics argued that they became a dependency, creating a hammock, and did more harm than good. What wasn't part of the debate and what we really didn't have much evidence on till the last few years, is what we're now beginning to learn, due to the work of a number of researchers including very much, Greg Duncan who is sitting here, that various aspects of the safety net not only ease hardship but they actually serve an opportunity function. So, Greg talked in his presentation yesterday about a growing body of research that providing significant-- we're talking several thousand dollars or more, I think-- amounts of additional income to families with kids, especially younger kids, is now tied to improved school achievement. And some of the studies improved the employment and earnings as adults, probably relating to improved school achievement. Another really important study was one done by Hilary Hoynes and her colleagues.

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They were able to take advantage of something unique. In the late '60s and early '70s, the Food Stamp Program went nationwide, but it did so slowly, in many areas county by county. They were able to track, look back 30, 40 years later at children who grew up in counties that had food stamps and similarly children in neighboring counties that did not have food stamps. What they found was stunning. They found that poor children whose mothers had access to food stamps during pregnancy, which meant the children then had access when they were growing up; decades later, had lower rates of metabolic syndrome, stunted growth, heart disease, obesity and these are percentage point changes. As you can see, an 18 percentage point higher rate of high school completion. So, these are particularly important findings.

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So, while we've made a lot of progress, however, as I think has been a theme of this conference, we have a long way to go. Among the most disturbing, if the research I just mentioned is heartening, the most disturbing recent research demonstrates more and more about how many differences emerge just in children's first two years. Important work is being done by Jack Shonkoff at Harvard and his colleagues on the wall of toxic stress on very poor families with kids and the effects that this has on children. And when you put the two new emerging pieces of research together, it suggests that having more income and of particular importance having a stable place to live for families with children is again not just a safety net reduce hardship function. There are significant long term affects here.

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And here we have a negative development. The negative development being that the percentage of low income households, who do not have affordable housing due to changes in the housing market and other developments, has been increasing in recent decades. We also have another concern as the economy changes such that the returns to education become more important. We have growing gaps between tuition and income growth with particular consequences for low income households, and aggravating this has been state budget cuts. States have to balance their budgets every year unlike the federal government even in recessions. So, during the great recession and the aftermath, states faced deficits year after year and did cuts and cuts. One of the areas that's been cut the most is the state funding for higher education, which is one of the factors in these rising tuition rates.

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Now, today, state revenues are coming back; more in some states, less in others but in general they're coming back. What do the states do when the revenues are higher than the year before, even when the year before was at a depressed level? Do they ease cuts in higher education and K through 12 where the cuts have also been significant? Do they invest in new emerging poverty strategies coming out of conferences like this and other research when people find things that work? In too many states, the policy that's on the table this year is revenues are coming back, let's do more tax cuts and leave the budget cuts in place. There are a number of states today where governors are proposing to actually eliminate the entire state income tax, permanently shrinking the revenue base. I'm not going to spend more time on this other than to say, and I think Jack Knott was exactly right on this. There's a relationship here.

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Having enough resources doesn't mean you have effective policies to address poverty. But if you shrink the resources, we're going to cut programs that reduce poverty. It's often hardest to innovate and trying new things when the total pie is shrinking and everybody is protecting their existing piece of the pie, including service providers, program administrators and other groups. So, I would argue that the battle that's now going on in a number of states over whether to cut taxes and what to do should be viewed in part as poverty related battles because a necessary but not sufficient condition is that the public sector has sufficient resources. We have another big problem which is the change in the employment picture. In all of the recessions going back to 1950 before the present one, we never had more than 26 percent of the unemployed being long-term unemployed, out of work for more than six months and still looking.

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It got up into the mid '40s and it's still about 35, 36, and 37 percent today. This is really unusual. I'm sure you all know the research; the long term unemployed have a much harder time going back into the labor market and getting jobs. And this underscore is a larger theme which-- I wasn't here yesterday but from reading the notes, I'm not sure there was that much emphasis on this, but it is simply another necessary, not sufficient, but necessary ingredient is the state of the economy in terms of employment and wages. When we look at the late 1990s, an admittedly and particularly hard economy, but the unemployment rate fell to 4 percent. When the unemployment rate fell to 4 percent, a lot of people on the margins with limited education and skills, who were often thought of in conventional poverty discussions as being unemployable, got jobs because the labor market was so tight.

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And a second factor was that because the labor market was so tight, real wages rose at the bottom. Now, we're not going to get back to 4 percent unemployment most likely but the larger theme is that one of the most effective antipoverty policies is a full employment economy. Macroeconomic policies that take us closer to that, including maybe tolerating a little higher inflation to get lower unemployment, are important issues from a poverty standpoint.

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I'm going to move now to some of the programmatic type issues. And I've mentioned the importance of things like SNAP and other programs of that sort, a number of people have mentioned Medicaid. So, this suggests that one thing we want to do is to raise the possible percentage of eligible low income families and individuals who qualify for these programs and actually get them.

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Surprisingly large progress can be made here. In 2002, 54 percent of those eligible for food stamps receive them. Today, it's 79 percent and over 90 percent of the eligible children received them. There were a lot of changes made and rules, processes, procedures to really, really simplify this. And the advance of the information technology age is opening up major new possibilities. As some of you may know a number of foundations, the Urban Institute and our center are all involved in something called the Work Support Strategies project. The idea behind this is to get beyond the silos. For example, in many states imagine you're a working poor mother. You have a low paying job. You don't easily get time off. You're on food stamps and your employer doesn't offer health coverage, you're on Medicaid, every X months you have to go reapply, it sometimes takes multiple visits, multiple hours at the office.

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It could create problems for you with your employer. You're probably at a minimum not paid for those hours. You finally get it done and two months later, you may have to do the whole thing all over again for the other program, which also contributes to as is well known in the field as high rates of churning, where people who remain eligible fall off the program for periods of time. So, the idea in the Work Support Strategies project is to link the application processes, use information technology to share verification documents, so when you renew your eligibility for food stamps and it automatically renews you for Medicaid. This is a project with six states. I should've mentioned that the key really is these six states; there are three bright red states and three blue states and they are all equally enthusiastic. If you're a red state, you might say, "Gee, why do they want to increase participation in these programs?" Well, among other things, this increased efficiency means they need fewer state staff and they lower administrative costs and that can be very appealing.

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So, there's a potential for bipartisan progress here. And as we learn more how to do these things, it opens up other avenues. So, another example, about 18 months ago, we were looking at the fact that there were 47 million people on the SNAP food stamp program. So, millions of these people would have to be people who are uninsured today, but would be eligible for Medicaid if their states took the Medicaid expansion. When we began to discuss this with agencies in the federal government, we encountered a problem that a number of you discussed yesterday, siloing. So, we were told, "Nice idea guys, but nothing we can do about this because Medicaid and SNAP have different roles for what counts as income, and who's a member of the household filing it." So, we went over both programs, eligibility rules and details, and we were able to design a screen, a series a questions.

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You simply have your IT contractor convert it into an electronic thing, and you it run through your whole SNAP caseload. In a typical state, 80 percent of non-elderly households meet the screen. If you meet the screen, you are eligible for Medicaid under the expansion. If you're in the other 20 percent, you're probably still eligible but you need to go through the normal process and ask more questions, but for the other 80 percent, you can automatically enroll. So, the government adopted it as a state option. California is rolling it out right now. The first four states, California is the fifth that put it in place automatically enrolled over 300,000 people on January 1st. With California we're getting up close to 500,000 now. New Jersey is coming in. These kinds of things can be a wave of the future. It opens up a possibility to think about having organizations on the ground do civic engagement work and ask the governor and the legislative leaders in the state for example, to make a commitment to have a goal of trying to reach all or nearly all low income children let's say, or children and parents, who are eligible for certain basic federal programs to actually enroll in them.

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Once you get the commitment, you can then work on the specific information technology and other mechanisms in the state, but I think there are potentials for major advances here. Of course, part of this relates to whether a state accepts the Medicaid expansion. I think there's a strong case to be made that the decision on whether or not to take an expansion under which everybody below the poverty line, except of course certain immigrant populations, are eligible for Medicaid or not. This is really probably the most important state in anti-poverty decision and policy in a quarter century. In that prior to the Affordable Care Act in the typical state, a working poor parent has lost eligibility for Medicaid when their income reached 63 percent of the poverty line and a non-working parent 37 percent of the poverty line and childless adults are not eligible at all.

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So, these are really important issues. And when you get to the childless adults, here's another really important area for work, study, academic research, and practitioner work. Taking the Medicaid expansion opens up a new round of possibilities to make progress on criminal justice reform. How is that? The sheriff of Cook County in Illinois is now trying to develop a program whereby people who are brought in for various non-violent offenses instead of being tried and put in jail or imprisoned will be enrolled in Medicaid and given various kinds of mental health and substance abuse counseling. There is interest in several states including California, on the basis that we release something like 600,000 people from prison every year since we incarcerate so many.

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Generally in the past these people are released and not only do they not have jobs, they're uninsured; there's inadequate mental health treatment. The new notion is enroll them in Medicaid before they're released, so they walk out the door of the prison and they are eligible for preventive care, basic health, mental health services, and substance abuse. There is hope. We don't have any results yet, as nobody's done it, but there is hope that the improvement in health and a greater availability of mental health counseling and substance abuse counseling could help people in the employment market, could reduce rates of recidivism, etc. but we'll see. There are really new exciting possibilities here, but they can't be seized if the state doesn't take the Medicaid expansion to begin with because then most of these people remain ineligible for Medicaid. I mentioned the issue of jobs and wages which takes us to a discussion you've been having. There's the issue of the minimum wage, but there's also wage supplementation through the earned income tax credit.

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Greg talked yesterday about expanding the earned income credit for families with young kids. I put even a higher priority, although one can certainly debate this, on the workers who aren't raising minor children as you can see today they're eligible for a tiny EITC, the average benefit is 264 dollars. This understates the differences because it's also the case that the EITC for childless workers cuts off at about 14,000 dollars a year. It's really small. So, we know that the EITC for families with children brings more mothers into the labor market, we know we have a big problem with low labor force participation rates among young people, including young minority males. The current EITC not only is tiny but if you're under 25, you're flatly ineligible for it. The Obama proposal would make people eligible at age 21 and significantly increase the size of the earned income credit, and it would result in several million people additionally being made less poor and some lifted out of poverty.

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Among the group who would benefit are one and a half million non-custodial parents, which could be important for paying child support through the children, and substantial numbers of formerly incarcerated individuals. So, this again fits in with the problem that we're increasingly beginning to understand as critical to thinking about poverty, the large numbers of formerly incarcerated individuals. The hope is that a significantly larger EITC as a wage supplement here could bring more people into the above ground economy, improve employment, and possibly, Carl Schurz at the University of Wisconsin has written about this, reduced crime and subsequent incarceration rights.

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By the way, if we're talking about the earned income credit there's a future issue coming. If we get immigration reform, which I would agree is one of the most critical issues for poverty reduction, and millions of people are on a path to legalization, but are years away from being legal permanent residents: What are they eligible for? So, when the senate immigration bill was on the senate floor last year there was an agreement, without which the bill would have had little bipartisan support, that once you became legalized until years later you got the LPR status before citizenship status, that in that number of interim years you would not be eligible for food stamps, you would not be eligible for Medicaid. There would be hardly any Republican support and a lot of Democrats wouldn't have voted for it either without that. But you're working, you're paying taxes; are you eligible for the earned income credit? When the debate started on the senate floor the senate democratic leaders of the bill told us and others it would be great if people could get EITC during that period, but they couldn't sustain and pass it on the senate law.

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There's a lot of work done and we kept the EITC. So, under the senate bill, when you become legal even though you're not eligible for the other benefits, if you're working, you're paying taxes, you do get refundable tax credits. If and when the house ever takes up immigration reform sooner or later, probably not this year but it will eventually happen, I think we're going to have a big battle, a big debate over whether legalized immigrants should be allowed to get refundable credits. They're part of the tax code. They're part of what we've done as a country, instead of raising the minimum wage mark. It would be a very large problem for them to be denied. I just want to close with a couple of minutes on the federal budgetary context. My talk was entitled "Opportunities and Threats." There are threats. We've done 4 trillion dollars of deficit reduction in the last few years. Four-fifths of it had been in program cuts and 90 percent of that blue program cuts, 90 percent of that has been reductions in non-defense discretionary programs, that's the part of the budget that's everything that isn't defenses, that is entitlements and is in interest payments.

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It includes almost all the services we've been talking about here. It includes income housing, Head Start, all kinds of other things, and it is now on track, unless there is another budget deal to ease sequestration to by Fiscal 2016 be down 17 percent below the 2010 real level, and that understates it because veteran's healthcare is part of this part of the budget and it's going up faster than inflation. There are some Pell Grant financing problems that I won't take the time to go into them. The bottom line is that for everything else, if there's not a change, we're looking at a reduction of well over 20 percent in real terms by Fiscal 2016 and continuing to fall after that. In fact, we are now on track that by 2016 and 2017, total non-defense discretionary spending as a share of the gross domestic product will fall to its lowest level on record going back to 1962.

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It is going to be very difficult to do various things talked about in this conference if this plays out. Instead we'll be talking about what's the triage, which programs do we cut the most. Which gets me to my final point and this is the Jack Knott point. Jack said a few minutes ago, aren't revenues fundamental? Yes, they are. We're going to have to both reduce the deficit more for the long term and we need to finance new initiatives and investments. Part of it is going to have to come from other spending programs, but unless part of it can come from the tax side, this is going to be a very daunting task. We have in the tax code what are called tax expenditures. They are basically subsidies, deductions, tax credits, various kinds of write offs, exclusions. They're called tax expenditures because they really are the equivalent of spending through the tax code.

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Martin Feldstein, who was the chair of President Reagan's Council of Economic Advisers, has written repeatedly in the Wall Street Journal that conservatives should view these as government spending and recognize that they are on average perhaps the most inefficient area of government spending and they have major distributional and poverty consequences. Two examples; example one, childcare. If you are a low income family and you need childcare to go to work, you might be able to get a federal subsidy through a federal spending program, but the funding for the childcare programs is limited. Only one in six low income families that meets the income criteria for childcare subsidy, gets it. If you're a middle or an upper income family, you get a childcare subsidy from the federal government too. You get it through the childcare tax credit.

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That is the equivalent of an open ended entitlement. There is no limit. A 100 percent of those who qualify and take it on their tax return get it, and it goes all the way up the income scale. One is taxes and one is spending. As long we have fiscal debates where taxes and spending are treated as two totally separate things; it means that it's more acceptable to cut childcare for low income parents which prevent some of them from working than to reduce a subsidy for people with high income levels, which in the absence of, would still use childcare anyway. A similar example is student aid. Pell Grants are spending-- they're the blue bars. Tax-based student aid, 529s, and other kinds of things tends to be worth more as you go up the income scale. My two last slides. Here is the distribution of entitlement benefits. Bottom fifth gets about 32 percent, top fifth about 10 percent.

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Tax expenditure benefits, what Alan Greenspan has called tax entitlements. Top fifth gets two-thirds of them, three percent to the bottom fifth. So, unless we can broaden our discussion and treat tax

expenditures as government spending, just as the rest of the spending; and when we talk about redistributing resources as you've done yesterday, today, and what works put the money where we can have the best return. If the tax expenditure side of the budget is not part of that equation we are more likely to go backwards than forwards. And I would just close by saying that to me this underscores the wisdom, the prescience of the individual for whom this school is named, Sol Price. Sol as Robert could say better than I, but one of his passions was tax policy. He deeply believed that we should raise more revenue in a progressive way part of which could then go to making more progress on poverty as we find more and more what works.

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Thank you.

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[Applause]

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>> Terri Ludwig: What a great stage setting. That is terrific and so critical for us to reflect. I think I'm going to come full circle as I introduce myself and talk at the end of my presentation about that, the road ahead. There are a lot of risks out there but tax is absolutely front and center for all of us. So, it's great to be here. Thanks for the opportunity. I'm Terri Ludwig as Raphael said and I'm the CEO of Enterprise Community Partners. Many of you might be familiar with Enterprise but for those of you that are not, Enterprise is a national nonprofit, working to make sure that everyone has a safe and affordable home and is connected to opportunity and we work across the country to achieve this. So, it's great to be here today and I think I'm the practitioner here who is going to kind of ground us in some of the practice as Raphael said of what we see as some bright spots, what are some of the things that are working on the ground and then, getting back to what we just talked about some of the challenges we see on the road ahead. So, a context setting, I would say, we were founded 30 years ago by a private real estate developer Jim Rouse, and Jim was very confronted in his development of real estate, across the country.

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He was just really confronted by the deep poverty that he saw facing our country. So, he set up Enterprise really to take local solutions, figure out what was working, and set up partnership, and lift those up through public-private partnerships to really try to drive change. So, that is very much our mission. That's what we bring. We brought for 30 years, so we've been in-- Raphael said, yeah, we're one of the players that's probably achieved some scale. We've also been at this for a very long time. So, the things I talk about today are really building off those successes in many failures over the past 30 years and thinking about, what comes next. But I would say, , what remains very much the core of Enterprise during that time is a deep commitment to eradicating poverty, number one. Number two, a deep belief that it wasn't just the public sector that can do this alone, it has to be public-private sector. So working very closely with the public sector, philanthropic sector, the private sector to really achieve some solutions.

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And I would say, also just a really healthy respect for local solutions and thinking about how to lift those up. And so, our mission remains, to ensure that every American has a safe affordable home connected to a diverse and thriving community. So, that's really where I start the conversation today. And at the core, in terms of our core competencies Enterprise has been very much a housing organization, but our

vision as I just shared is much broader than housing. We do see housing as an absolutely critical intervention to ending poverty, as I think there was a lot-- I wasn't here yesterday, but I understand there was a lot of discussion on that. So, I hope we can all agree on that one and we certainly see housing as much more than just shelter, but we think that it's something that really does truly give families a fair shot at success, doing well in school, landing a good job, staying healthy, we know can easily fall out of reach when you don't have that kind of stable foundation that a home really provides and I think that's true for each of us in our own families.

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So, that's our basic philosophy, housing is the first rung on that ladder of opportunity and that a stable home, , is just essential and it's out of reach from millions of families today. As many of you know, our country is in the middle of a broad housing insecurity crisis, couple of speakers already today touched upon this but that, , in cities across the United States , with rent rising, wages stagnating, working families are having a harder and harder time finding a decent home. There's a lot of statistics out there, but one that really stands out for me is that, you are working family earning minimum wage and you simply cannot afford an apartment at fair market rent anywhere in the country. I don't know, that seems pretty simple, there's a pretty big crisis there. So, in any given night there's about 600,000 people that are homeless, they're on the streets, nearly a quarter of those folks are children and I'm based in New York City, and I have to say it's really confronting to me when I think about what does that mean in practical terms, try to picture that, right?

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Not only the faces but, what does that mean? And in New York City, imagine Madison Square Garden is filled with children that are homeless and there are still 4,000 seats that are needed, folks lining up out the door, right? So, that's the scope that we're talking about and then there is, , a much larger issue, , if we take all these numbers together you have about 19 million people that are either homeless or paying over 50 percent of their income in housing costs. So, those are the folks that are homeless, a pay check away, the next homeless because they're living so close to the edge. So those are the people that we're really focused on. Absolute if you're paying more that 30 percent of your income on housing costs, it's known to be a huge stressor and really hard to be affordable over the long term. But our focus is really taking us to say we have a huge population right here that's 50 percent. And I want to shift and I think we've seen this in the conversations over the last two days but that this is not just a housing problem but this is a much broader social crisis. We know that where you grow up and where your home is has a profound impact on the person you become, the health outcomes, your educational outcomes and just generally your well-being, your well-being as an individual.

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One of the people I like to quote is, you know, I've been really looking deeply at this intersection of health and housing, and there's a women Dr. Megan Sandal who is the head of Children's Health Watch and she calls housing a vaccine and she says, , that really it literally keeps kids healthy and it provides preventative action against a whole host of other ills. So, there is no doubt that we see in our work that if you have unstable housing, poor quality housing that you are really determined-- you are really, affected by outsize health risks. And certainly as we look at something like asthma, and I'll touch on this later, we see very dramatic changes and have the ability to influence that by the quality of housing that kids have. Also kids are more likely to suffer from a developmental disability or a mental health issue, they're less likely to graduate from high school or more likely to abuse substances or land in jail and we talked a minute ago about toxic stress. We're finding that toxic stress is so rampant in some of the

places that we were and so those stressors whether they're mild or more extreme have huge impacts over the long term.

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And certainly, we know that the tradeoffs we make. We see it every day, we talk with the folks dealing with food insecurity, housing insecurity, you're paying more of your house, you're trading off with basic necessities, terrible tradeoffs that you shouldn't have to make. If you're paying more for your house you can't buy as much food, we get that. So, each of these factors has big implication on our society, so the way we view it that, you know, we can invest now or pay for these costs later. So, a lot of the work that we're trying to do at Enterprise is really to think about what are those interventions that we can make today, how we bust down some of those silos and make some of those investments today that can have longer term payoffs. It's hard, it's not the way, we're wired today in terms of our incentives but we do think it's really important, and I have to say if we're-- if I'm the optimistic end of the world today, we're seeing definitely some bright spots. So, as we look at private sector participation and some of the investments that Enterprise is making, we certainly see folks that are incented to do so through the Community Reinvestment Act, all the banks that are coming in to invest in housing and communities, but there's a lot of people that don't have a natural or a federal or state incentive to do something, but they actually see a business incentive.

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So, we're seeing people like, you might have seen the news with United Health Care. United Health Care is investing 150 million dollars into housing. Actually going out and investing to make sure it gets built, why? Because they realize they're going to pay out higher premiums for the kids that they're insuring at the end of the day if they're not doing an intervention upfront. We see people like Berkshire Hathaway, we've seen Goggle come in and do investment and I think that's because, you know, you are starting to see folks that want to come in, they want to participate in their communities, but they also have, you know, in San Francisco certainly you're seeing a lot of pressure. There are folks that have a responsibility where their workers, , really cannot be housed. So, it's starting to become, a real economic issue and a real business driving issue. OK. So, that's the problem that we're facing. In terms of solutions, I guess I would want to say first of all, just our basic model, is we're looking very closely at affordability, availability, and homes that are healthy, well designed and sustainable and connected to jobs, health care, good schools and transit.

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So, how do we actually do this? I guess our three legs of the stool if you will; there's three things that we do at Enterprise that we think are essential for lifting up communities, not the only three things, but aggregating and leveraging capital and bringing that into communities, innovating solutions on the ground and transforming policy. And the way we like to think about it is that, , we're trying to drive public private partnerships that bring in resources into communities, we know that the communities we work in are starved for capital, , that we need to build affordable housing, primary health care centers, , charter schools, we work to aggregate capital and bring that in. And to do that in a way that really we're requires a lot of business discipline, so that we can go to people like United Health Care and others and ask them to come in and come in because we not-- we provide something that is typically double bottom line or even triple bottom line with an environmental bent. Secondly innovating solutions, you know, we work, we go deep in 10 markets across the country.

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We do this and we look at, including right here in LA, and those when we talk about innovation that is where innovation is happening. These are our idea labs, where we're trying to say what really works on the ground, because we know, it's the engagement with the various sectors that I mentioned that we have to really go deep in those markets, and so that's what we're doing and that's where we're partnering up to deal with local issues and then trying to lift those up on a national basis in terms of what works. Transforming policy, it's really one of the things that I think is just fundamental about Enterprise and many of our colleagues in the field is that, how do we-- our systemic lens has to take into account policy. We can do all the work we want on the ground but if we are not lifting it up into policy solutions our scale is never going to achieve the scale of the issues. What we have found really helps in our policy conversation is that we can point back to capital flows, what's working on the ground and have real evidence and data to support our work.

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So, that's what we're trying to do and we do this, all this work I should say is in partnership and collaboration every single day with folks that are local and many of you in the room, and really lifting that up into policy solutions and we'll talk a little bit about that in a minute. So, I'm not going to spend much time on this, but since Raphael said, , one of the reasons I'm up here is because the scale of which we operate, I want to give you just a quick snapshot of, over the past three decades, we've invested about 16 billion dollars into communities. And, if we look at how many homes that created, we've helped, directly touch about 300,000 homes and touched millions of lives. So, certainly, a very good scale, yet we certainly are very challenged by the need and so we're challenging ourselves to be at a place like this where we're thinking about innovation and what are some of those next opportunities. Last year, we brought about 2.5 billion into communities and we continue to try to grow that. So, we're looking at our impact, this is just a snapshot of one piece of our impact, we're also obviously, we're not only doing housing, we're doing child care facilities, charter schools, so there's a lot of impact delivery that's not up here and not to mention some of the systemic change that we bring, through policy work.

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So, let's dig a little deeper, I want to show you some examples. I'm going to go through a couple of examples that do a couple of things, one is what are some approaches that are working in local markets that we think have the opportunity that we, , can expand more broadly. One of the interesting programs that I have seen is a housing first model. So, we have a program in Cleveland and that Enterprise has been leading with some of our other partners. Working with local leaders to end homelessness, and this isn't just about fighting poverty but we're also framing this around the cost savings, so really important work that's happening here. We know that for each dollar that's invested in permanent supportive housing, this saves 2 dollars elsewhere in government spending. So, whether that's homeless shelters, emergency rooms, but it takes very strong leaders and partners to get that kind of work done. What's happening in Cleveland is pretty remarkable. The Cleveland Mayor Frank Jackson and local partners, really put a stake on the ground, and said we're going to end chronic homelessness by 2020.

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And so, they're putting data behind it, their--, a collaborative, kind of collective impact model with stake holder sitting around the table and, there's 1200 folks that are chronically homeless in Cleveland. And what's really unique about this is, I think when we talk about what are some of the barriers to housing, one of them is a self-imposed one: you have to get sober or you have to hit a certain clinical goal before you get into housing. It's very hard to achieve some of those goals if you don't have a safe and affordable home. So, what Housing First does is say get into a home and then let's bring in the mental

health and the physical health elements. That's proving to be quite successful and homelessness rates in Cleveland have dropped about 62 percent since this has come into play and I see that we're going to hit that goal. We're going to hit that goal definitely before 2020. Another area that I have been very inspired by and challenged by is the deep rooted poverty in public housing.

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Enterprise had not historically been-- oh wow, five minutes. Enterprise had not historically been rooted in public housing during our work there but as we look at where concentrated poverty is and where's that happening and where can we be high impact? There are a couple of places that we really want to-- that we're working in. Number one, HOPE SF, some of you may be familiar with this, 8 very distressed public housing sites in San Francisco, where they are the highest incidences of child welfare cases, the biggest system costs and so we're working with many partners, funders here in this room to try to catalyze solutions there. What this has looked like is, crime was rampant, we had two thirds of the population was in poverty. Kids, chronic absenteeism rate from school about 58 percent compared to an average strictly in San Francisco of about six percent. So, we have a collective impact model there, we have the San Francisco Unified School District, we have the experts at Centers for Youth Wellness who are dealing with ACEs, the Adverse Child Experiences, that's the toxic stress, having folks gathered around the table to say what can we do over the long term to really change the situation there and it's very different in a couple of-- in couple of regards.

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One is converting that housing to mixed income, so that we have a range of incomes. Number two; it's a collective impact model with those various sectors at the table. Number three, we have real data to inform our work, so that we can watch the trends and how this improves over time and the most important thing is that the residents stay in place. Many times as we're seeing public housing revitalized your seeing residents pushed off on unto other places, the problems disperse not solved. This is a place where we're keeping residents in place and we're doing very deep intervention. It is very hard, very challenging and will be long term, but we see some great potential in this and some great private sector partners coming in. Secondly, I would say, you know, disasters continue as we know to have outsized impacts on low income people. So, after in New Orleans, basically after the storm, we went down and we committed to do 10,000 homes in New Orleans. So, we're well on our way of achieving that, one of the most challenging projects that we took on, ambitious was in the historic Tremé neighborhood where we revitalizing 900 public housing apartments and adding other apartments to make it mixed income.

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Recently, Whole Foods went in and there's job training, a lot of folks are now employed at the Whole Foods. So, for the first time we have, you know, fresh food in the neighborhood, connecting to anchor institutions like Tulane, bringing in, schools and it's starting to change the whole vibe of the neighborhood and the impact and the outcomes for low income families. So, I raise these up as examples of things that I think are working. There's a lot of hope in these models and I think that they can be expanded. Quickly, something else right here and that we're doing in LA and we're doing it in other cities across the country is for every dollar that's been spent on a housing often 77 cents of that is given back in transportation costs, unacceptable. Super commuters going two to three hours, we can't push families far out and think we're doing any great service. So,, this is really to say, you have things happening like in LA, where you have huge amounts of dollars coming in where long term funding streams are being set today, infrastructure being built around transportation, how we think about

housing and making sure that low income families participate in the economic sort of conditions that are being set forward is absolutely critical.

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So, equitable transit oriented development, making sure that you have homes next to transit, thinking about the environmental impact, what's happening with the economy, the schools and how are those connected to transit systems. So, we started this work in Denver, we brought it to LA and we're expanding that out into eight different communities. So, again, taking something from a pilot and bringing it to scale and we think that this has real significance on a national footprint. And one quick last example since we're at an innovation conference, I want to say, Enterprise green communities is-- something that I think what we suffer from a lot in our industry too is incredible fragmentation and not getting, together with the same voice. Enterprise green community said, low income families have the most to gain from living in green homes. It affects asthma, we've seen in some of our buildings asthma rates decrease by 66 percent. What's the number one reason kids don't show up at school? Asthma, you're in emergency rooms, so if we can bring down asthma rates by greening affordable housing just starting there, pretty amazing.

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So, that's what we're doing through Enterprise green communities is proving out the notion that for low income families, the energy efficiency, the water efficiency, how do we innovate around that to make sure low income families are participating from the changes here. There are environmental benefits, economic benefits and real health benefits. So, we have actually a major seven year study that we're looking at data, were going out and greening housing and then we're saying, how does that change outcomes over a seven year period. Mount Sinai is the lead researcher in it, but it's looking at three cities and if we're successful and looking at that then we'll have real data that will inform our choices and then we can build that into policy mechanisms and set incentives, which is just what we've done through Enterprise green communities. And if I have more time to talk, I would talk about the innovation process that's behind that because that was very much about being open source. Let's don't be closed and proprietary, let's be open source, let's do some rapid innovation and prototyping and let's think about how do we get this into motion. We gave away little-- what do you call those, the thumb drives, right, with all of our information and said, here's how you brand this your own.

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This is not about Enterprise, put your name on this, pass this out and let's build that into policy mechanisms so that we can get to much broader scale. So, there's a lot of great stuff that's happening that we can lift up and get to bigger scale but it is not easy and it's long term. The path ahead, we want to end housing insecurity in United States, super tough, we got to expand the public programs that are working, talked about tax reform, low income housing tax credit. Chairman Camp came out with his opening salvo in tax reform. Low income housing tax credit was protected, but others weren't, we don't know how that's all going to play out, it's going to be very challenging. I would say, housing finance reform, we won't talk about that 'cause I'm out of time and maybe in Q and A, there are major opportunities in front of us right now as housing finance reform, as those programs get rewritten and low income families have been left out of that discussion. So, Enterprise has put, you know, has been doing a lot of work with our partners to get multi-family low income needs on that agenda and I'm happy to say that with the recent bill that just came out of senate banking that most of that language was included, it's not perfect but we're starting to make some good inroads. Private investments, that's one of the things where we're really trying to push the innovation where it's pay for success, social

impact bonds, new funds that attract retail investors. This is a way we are getting the private sector hooked, come and invest with us and then we expand the footprint of things that we can do with them.

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Build capacity in other parts of the country; the public sector and nonprofit sector, we work hard to build that capacity, so we have a consulting organization where we're working in partnership, bringing our advisory services to 20 other cities currently, but that's how we're trying to say, how can we scale this? We can't bring, our work everywhere but can we go in on selected engagements. And the next generation of public policies, you know, Ali Solis, you met her yesterday, she heads up our external affairs doing public policy efforts but we absolutely have to work together to think much more boldly and creatively about the public policy arena. And elevate housing in our issues on the national agenda, what's our master narrative, how we're talking about ourselves in a different way. In terms of some of the outcomes that we've talked about breaking down those silos to really get traction on a national stage. I think there's some real opportunity here and, you know, you all know how to help. Invest, sign up, advocate, let's do it together. So, thanks a lot.

[00:55:02]

[Applause]

[00:55:04]

>>Patrick McCarthy: I'll make the mandatory comment that I'm between you and lunch after what sounds like it's been a terrific day and a half of conversation. I'm sorry that I wasn't here yesterday, that's usually the polite thing you say when you have to miss the first day of something. But I've heard enough just this morning to make me really, sorry, that I wasn't here yesterday. I'm going to just talk about three observations that I took from the papers that I think relate to at least how Casey thinks about how we ought to move forward. And then, three lessons learned that I want to share with you from Casey's work. These are babies. There are 12,000 babies going to be born today, 360,000 babies this month. And we've talked a bit about this question of policy that alleviates hardship, ideas that basically will prevent individuals from going to poverty.

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If we think about these babies, not just as how do we protect them from hardship, but rather the answer to the question of what this country is going to do about its current economic situation, then I think we start to flip the narrative just a bit. And here's the three observations I want to share that I took from the papers and that relate to some of the ways that Casey is now thinking about our work moving forward. One is this increasing incorporation of an understanding about child development, about brain science, about the impact of toxic stress, adverse childhood experiences, trauma, et cetera, as relevant to the public policy not just relevant in some kind of clinical one off kind of way, but actually relevant to how we think about poverty. It starts to open up a conversation about how our various opportunity structures and the power imbalances that we have in this country, the impact of poverty and concentrated poverty how that actually plays out in the lives of these 12,000 babies that are going to be born today, to either contribute to a deepening of inequality and a widening of the spread of bad outcomes or can we think about it differently in a way that's going to give them better lives.

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Now, we've all known for a long time and certainly the Casey Foundation has focused for a long time on the importance of early childhood development. We've known about the impact of brain development, the Zero to Three Movement and I think Greg Duncan and his colleagues and Donna Pavetti's work in

this is a good example of taking this research and translating it into practice. So, we've known a lot about that we've known that these 12,000 babies that are going to be born today if they are growing up in households that are not stable, that don't provide a predictable kind of environment, don't provide a safe environment, that their prospects for developing their full potential is going to be effective. We certainly have known that. We're learning now in much more specific ways about the role of stress hormones in brain development, about a cognitive development impacted by toxic stress, et cetera. So, we've known that for a long time.

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We are increasingly becoming more sophisticated about brain development later in life, not later in life like my later in life but like in the 16 to 24 age group. Now, I was telling somebody this morning that there was this terrible period of my life where I had four teenagers at home at the same time. And I think the question was something, Terri, like was that a blended family or were you just crazy-- just crazy but we had four kids within a five year period, twins are in there. And so, we had these teenagers around us and it will come as no surprise to anybody who's raised a teenager that their brains aren't quite developed, right? And as you've watch this, I've watched my children move into young adulthood, it has not been a shock either to realize that their brains don't completely develop until their mid-20s although for males I'm told it's 68, so that's what--

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[Laughter] I'm shooting for that. I'm really, you know, hoping that those synapses are going to connect. But we actually now know more than we ever did that the game isn't over by age three, four, or five. That in fact these executive functioning skills that Donna Pavetti talks about in her paper are very much continuing to be developed in adolescence. What's really interesting to us at Casey is how these things are all linked together. That in fact if you think of that 16 to 24, 25 age group not just as their own executive functioning skills are developed-- executive functioning is developing. And they are becoming either more or less ready to be effective employees, but they are the parents or soon to be parents of the most vulnerable and the youngest children. And it turns out-- it's common sense, that what you need to be a good employee; impulse control, multitasking, judgment, all those things are also necessary if you would be a good parent.

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So, when we think about it that way then that opens up a whole different way of how we invest I believe in human development, thinking about a twofer. We certainly focus on young children as we have for a long time been investing in young children and we invest in that 16 to 24 age group from the perspective of preparing them to be successful employees contributing to the economy and to be successful parents. Now again, from the papers it's clear that it's not simply a matter of investing in individual folks, as Bob was saying earlier simply increasing income can have a huge impact on development, and the more we learn about brain development the more that makes sense. We actually know that when folks, if I were in a situation of scarcity and I had to juggle many, many things at the same that would start to eat up by bandwidth, right? And we're seeing in social experiments. We're seeing naturally occurring experiments.

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We're learning more and more from public policy research that simply adding income, simply adding resources of various types enables individuals to manage their bandwidth better. Their executive functioning increases which frees up their energy to invest in their children, which again has a virtuous kind of cycle going on. So, that's I think a very interesting part of what we heard. Next two observations

are much briefer, don't despair. Second observation is that as I read all of these papers and as I heard the debate today I thought the terrific examples of bringing a rigorous focus to bear on what works. Sort of looking at the data and the research to support the basic idea that in fact policy matters, that it makes a difference. And as importantly that government is a necessary and critical part of our solutions here in improving the lives for kids and families.

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It's an opportunity to change the narrative and move past on the one hand we often hear in research nothing works, right? Well, guess what, we got lots of evidence that lots of things don't work, but in fact lots of things do work and that government is the problem. In fact, I think we know from the papers that we saw, the conversation we're having, what we've learned over the last 20 years, to look back on the war in poverty that in fact government has to be part of the solution. Third observation is that as Terri was mentioning a moment ago, I think we're becoming more sophisticated and gradually moving pass the rhetoric about this, although the term is not great, collective impact, sort of sounds like it ought to be some kind of Unitarian Festival or something. But it-- no offense to any Unitarians out there, but the point here is that rather than just talk in broad rhetorical terms about "all the stakeholders have to be at the table," et cetera, we are gradually learning exactly what it takes.

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Let me give you an example, I was in-- the reason I wasn't here yesterday is there's an emerging effort in Baltimore to try to bring together a bunch of foundations, the universities, the mayor, the school system, business, et cetera, to focus in on the entire span of development around children and try to do a better job. A lot of cities sort of taking up this idea, the Strive Network is just one example. And the commissioner, the secretary for health with the state is at the table and he was bringing ten indicators that he wanted to track about the health of children. And he said a very important thing. He said we need to stay in our lane in the health department. We need to work on what we know. These ten indicators have the common characteristic that they're all relevant to success in school. Terri gave a great example, asthma. You know, kids who have asthma aren't going to get to school. Josh Sharfstein yesterday about whole bunch of other examples. The point is that he was bringing to the table from this collected impact standpoint.

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Here is our contribution and the university president, the Hopkins president, the president of the University of Maryland of Baltimore, were bringing to the table what they could contribute and it was a much more sophist-- in my experience, much more sophisticated kind of conversation than when folks just get around and they all talk about the problem, they leave and a few months go by and they come back. So, I think that these papers provide some lifting up of examples and opportunities where we can reinforce efforts across multiple sectors. We heard about income and health and education and immigration policy and community development, et cetera. So, some lessons learned if I can-- here it is. Sorry babies, you'll be back later. So, this is one bumper sticker, bad systems trump good programs. Imagine you're in the DMV, right, Department of Motor Vehicles and you got kind of a complicated problem and you're in line, and you're in line, and you're in line.

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And you're standing there and if you're like any other human being on the face of this earth you start to think I could do this better. I could figure out a better system that would move us through this process and then you notice there's like this sort of angry looking mean lady over here and everybody that goes up to her they walk away with a frown and she is just not having a good day and there's just another

women over here who's bright and cheery and everybody leaves with a smile and you're like oh, please Lord when it comes my turn don't let me go to the mean lady, let me go to the nice lady, right? We've had this experience, right? Now, imagine that that lady is not just working on your car registration and your driver's license but she's going to decide after a conversation with you whether or not your child is going to sleep with you that night. Then that notion of system that notion of whether the system works or not starts to become a lot more important or she's going to decide whether or not you're going to have the resources you need to feed your kids. So, this bumper sticker of bad systems trump good programs basically goes to the very fundamental ideas that the way our systems work.

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And I'm now not talking about the broad public policy. I'm talking about the way the systems work at the state level at the local level, the way they work can either open doors to opportunity or they can close doors to opportunity. So, when I read the papers one of the things I was struck by is how many of those papers talked about specific what I think of as gears in the system that if you change that gear in fact the entire system would work better. I thought Harry's work on the sectorial and career pathway based employment training, that's a good example of thinking about that gear and how that drives the rest of the workforce development system or the community college remediation, the best kind of approach is another kind of gear that we look at. I had Schwartz's work on you need to stick longer at school improvement, that the school improvement grants ought to be for a longer period of time because that's a gear that you can push, or that focusing on quality in early learning challenge grants and not just sort of broad measures of quality like counting the number of teachers in the building, but rather looking at what makes a difference in quality is an example of gears.

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The bottom line is: there are lots and lots of programs on the ground that work quite well. And I promise you that if they're connected to a system that is dysfunctional, the program either will not survive or they will have lots of folks coming to the program who are being referred by the system who don't belong in that program or have so many eligibility barriers that they're not going to use the program well. And I think I could give you lots of examples of that but instead we'll move on to the next bumper sticker. So, I have-- one of my sons who survived adolescence is a software engineer and he use to talk about-- still does talks about kludge, lots of you know what kludge is, but just in case there's anybody else who doesn't know what kludge is. When you're writing a software program, you usually start with something that's already there and you want to take on a new function so you add some code. But it never fits quite right, right? So, you add kind of complicated code and overtime as you add code and add code and add code and add code to something that wasn't meant to do that in first place you build up kludge and your program starts to crash.

[01:09:13]

And I don't know. There's whether it's Windows-- no, I shouldn't say Windows. Some programs crash, you know, and you can't figure out why they crash. Well, as you think about-- and I owe this to Steven Teles from Hopkins has this great article about kludgeocracy in America and National Affairs in the fall of 2013. So, this is kludge right. So, we have and we know we have as part of our political system the way we make policy and there's lots of good about this. We have this notion of disjointed incrementalism. So, we continually add to complicated policy frameworks as we move forward. The problem is that families at the core of this end up with exactly the problem that Bob was talking about, Terri was talking about, and talked about in a number of papers, which is the families have to negotiate their way through all this kludge. So, one of the lessons is that kludge eats innovation for lunch. You're not going to be able to sustain innovation if you don't deal with the kludge.

[01:10:20]

So, you know, it's one of the reasons why and there's a great statistic and Bob I think this is right. I think we might have even stolen this from you guys, but only five percent of families get all the benefits that they actually are technically entitled to get, part of the problem is kludge, this notion of going to multiple places in order to do it. You know, at Casey we tried to work on things like centers for working families, sort of one stop shops, you know, together with folks like the Center on Budget and Policy Priorities. We worked on trying to make EITC and CTC application easy to work with others around automatic benefits, processes, the work support strategies. All these are part of this. I think from the papers the work that Edgar did on really focused on project based housing subsidies which carry with a lot of kludge to more tenant based kinds of strategies. I'm not a housing expert but that sounds like smart idea to me to de-kludge some of that. Barbara Wolfe's work on expanding community health centers and putting them where the priority populations are located, so there's less kludge as you try to access those programs and Heather Schwartz's work on really providing coaching to parents, so they're making the right educational choices, et cetera.

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All these things I think are ways to deal with this kludge problem. Last lesson learned: Stick with it till you get to scale. So, obviously we're talking about a huge set of complicated problems in order for us to get to alleviating poverty. This particular slide, somebody else might do this differently, but this is a slide we use at Casey when we're trying to figure out whether or not we should invest at the next stage. And this makes things look a lot more linear obviously than real life is, but it gives us a sense. Alright so, where are we on our path to some kind of scale? What I really liked from the papers is that several of them recommended that instead of thinking about a program going to scale and I think this is really important in the nonprofit sector. We tend to think about programs in the nonprofit sector as if we're in the for profit sector.

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And I think that's a mistake. In the for profit sector when you think about scale, you think about how do you market the program, how do you get more and more market share, how do you get replication, you know, more is better. So, if you have 20 if you get to 2000, then you're scaling up, that's a good thing, right? In the not-for-profit sector I think that's a mistake. I think we have to think about results. In other words from the population's standpoint how many people are you reaching and how many of them are better off and it's not necessarily the best way to get there is replicating a particular program. It maybe replicating the principles behind programs, maybe replicating some of the techniques, some of the strategies, but it's a mistake to just think about replicating the program, not that program replication isn't critically important but it is also incredibly difficult to do. And we've got a lot more experience than failure here than we have in success. So, from my standpoint and what I've sort of pushed us at Casey to look at is it's a combination of evidence based programs married to really important implementation science so we know how to implement to this kind of broad system reforms so it's nested in a system that supports it and very importantly policy change especially around financing, because financing drives everything when it gets down to scaling up.

[01:14:00]

I'll leave you with one example. Sorry, babies not yet. One example, it relates to this conversation earlier when Sheldon, we have this sort of a pessimistic, optimistic or whatever. So, I'll tell you an optimist story. About 23 years ago, the Casey Foundation got involved in the juvenile justice space. And it was around the time of the so called super-predator debate, you remember this? That wasn't a

drone. This was the notion that because of the crack epidemic, because of an increase in the adolescent population, because of breakdowns in cities, et cetera, et cetera, et cetera, there was a whole generation of predator teens. Now, there were-- I can tell you four of them. They were probably my kids, right, but there was a whole generation of predator teens that were going to come in and just lay waste to our society and we by God had better start building prison cells. You know, we better start detaining more. We got to get tough. And you could not as a politician resist this way.

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You could not stand up and say anything except by God you're right, we're going to lock up more kids. And our incarceration rate, our detention rate started to go up like this. That was the exact moment that the Casey Foundation and in its full wisdom decided to take on juvenile justice and suggest we ought not to be locking so many kids up. So, I won't bore you with 22 years of work other than to say we started in five places, screwed two up pretty well. One so-so, and two we did OK, but we kept pushing at it, pushing at it, pushing at it. This is sticking with stuff till you get to scale. 22 years later the Juvenile Detention Alternatives Initiative which focuses on when you lock kids up before their hearing, like when you first pick them up when do something bad, but you haven't had a hearing yet. We are now in 256 jurisdictions in 39 states. We track the average daily population in the detention facilities in those jurisdictions and the average reduction is 43 percent in the places where we worked. So, there is 43 percent fewer kids locked up.

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The entire thinking about juvenile justice has changed not just because of us don't get me wrong. Of course there's a lot that's gone into it, but the notion that the best way to respond to juvenile delinquencies is to lock a kid up, seems like an antiquated idea and it's only been 20 years. Now, 20 years is a long time, but it's only been 20 years, the narrative can change. In fact you can make a difference. So, with that I think I will set you free. Thank you so much.

[01:16:30]

[Applause]

[01:16:32]

>> Raphael Bostic: Thank you to all of you for really thoughtful discussions and reflections on the issues that we're facing. The conference is structured as a conversation. I've been saying that repeatedly. So, I wanted to give you guys a chance to have a conversation. So, I want to start by just asking are there things that you heard in each other's presentations that got you thinking that you would want to speak to and maybe kick us onto a road of discussion.

[01:17:05]

>> Robert Greenstein: Well, I was struck by the pithiness of something that was put up and said bad systems trump good programs and particularly resonated for me 'cause-- and we have work here up to our eyeballs now with one problem after another, many of which have not been in the papers and we don't want to have them in the newspapers with implementation in the Affordable Care Act in terms of actual enrollment. And without getting into the details, one of the things it highlights is that when people whether they're federal or state legislators, particularly at the federal level, when people are designing big important things and I think often not enough attention is paid to how does the administrative apparatus actually work at the state and local level to deliver the goods and achieve the intentions that are being set forth.

[01:18:13]

You know, we have all kinds of issues now on the intersection between Medicaid and subsidies to get coverage in the exchanges. Low income people's incomes go up and down. You have to have a streamlined system or a lot of people are either not going to get it or get caught through the cracks. We just last week had a meeting with the White House and HHS and you'll find kind of amazing this hadn't been focused on. But, you know, the kind of thing you definitely think of and they did think of in designing is you have to have limited open enrollment periods. You can't let people wait till they're sick to come in. But in designing who gets a special enrollment period outside of open enrollment? What we found is there isn't right now, we just gave him a paper on this, so I'm hoping this will change. There isn't right now a special enrollment period in the case of divorce. But the income often drops a lot in divorce.

[01:19:15]

If you go below the poverty lines you can get Medicaid. But let's suppose you have a married family. There's-- there at an income level that they're not eligible for subsidies, whatever the set up. There's a divorce at the end of the year. The divorced spouse is going to file as a single or head of household. They'll look at her income for the year, and show very possibly she should have been eligible for a subsidy. This isn't like the earned income credit where you look back at the end of the year and you get a check, you can't get coverage retroactively. There has to be a system where your income falls, you get in. It's part of the larger thing in thinking about what happens when there are changes in circumstances 'cause the poverty population is do dynamic, it has so many changes in circumstances. This is just one little example, but too often there is this sense of-- I got the great policy idea.

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I finally have the political support. I don't have to worry about the details, the administering agency is the one that'll figured that out. But you have to design that with the framework that allows it to be thought out in a way that it actually works. And I just think this is, you know, the most important in many ways for social policy innovation in the long time is the Affordable Care Act, the potential recover 30 plus million people. And it's just an object lesson for all of us that we have to think as much about designing the systems as the policies when we're creating new policies.

[01:20:56]

>> Patrick McCarthy: Obviously, I agree with that, I'll take it to maybe the next step, there's the question of learning as it's implemented something as complicated as the ACA and therefore adjusting the policy leverage if you will in terms of what's permissible. If one controlled everything, it's a stroke of a pen kind of change if you will and then it's not but, but it's in addition to that, there is the on the ground how people interpret that and how they work with it. So, I'll give you one quick example. Most of our foster care systems in the country, the states are essentially similar in design, they operate under similar kinds of rules and regulations, and there are some differences. If you're in one state, I won't name states. If you're on one state and you're remove from your home, you odds of being in a foster home or in a home with your relative are about 90 to 95 percent in a particular state.

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If you're in another state, your odds are only about 70 percent. In other words, the rate of kids who are in an institution, in a residential care, in a sort of impersonal group home about 30 percent in one state and about 5 percent in another state, same rules, same policies. So, it's really I think probably both end and that makes it of course all that much more complicated but most foundations, most of us don't tend to focus on either the details of the policy implementation or the nuts and bolts, the blocking and

tackling, you know, we've gone in to many states and we've reduced their cognitive care rate significantly and it has not been by changing laws. It's really been by working with them on how their systems function. So, it's really about them.

[01:22:54]

>> Raphael Bostic: And I would just say, that you guys are in some sense channeling what I've been saying here for why I actually did the Bedrosian Center and not the Real Estate Group and in that too often, we think a lot about the designing programs. So, we're a bunch of economists, we think a lot about our incentives and know how to do that. The blocking and tackling, the nuts and bolts stuff, that actually is hard, it's non-sexy, it's tedious but is incredibly important and we don't have enough people who are actually trained to be experts in that, so that when you build your team and you think about who's going to be doing this stuff, you know, that's the person who can do this and who's going to make sure that we set this up in way that actually works. There are just far too few people to do this and it's one of the reasons why, you know, I think the more we talk about it, the better off we'll be.

[01:23:46]

>> Terri Ludwig: You know, I was just going to agree and I think that where we've seen that on the ground has been in, you know, I think there are a lot of examples about that, you know, but where it was most evident to me was the work around the foreclosure crisis where you had, , a lot of regulations, a lot of programs without regard for-- how does that really work and apply on the ground. And so, there was a lot of information and misinformation and, a continuing need to be channeled for what is really happening in low-income communities and making sure that we could get that back into the system and as, you know, something like Neighborhood Stabilization Program came out which was very massive resources going into low communities but if they weren't flowing in the right way or in a useable way, I'm looking at my colleague Jeff Schaffer right there who headed up the efforts here in Los Angeles using some of that money, that real system change and process changes had to be adapted and put in, so we got sequentially better over the first round, second round, third round but if some of that had been thought about upfront, it certainly would have been a much more effective use of resources.

[01:24:57]

>>Robert Greenstein: Right. I think a major challenge and I'm not sure what's the best way to make progress on this. If this is something that the Sol Price School should look in to, or foundations should look into. Again, the Affordable Care Act is one but only one example. We have a really serious problem. We're increasingly in an information age. Things are online, systems work through online but governments, federal and state do not have on staff people with the kind of, teams of people with the sophisticated IT technology to design these systems themselves. They contract them out. The contracting firms are not experts in the details, in the nuts and bolts. What do you do when someone's income changes? How does someone interface with that? And the people in the federal and state agencies who manage and oversee the contracts they kind of have these broad contract management skills, they are not experts on the details of the program.

[01:26:02]

We can see this is spades in the Affordable Care Act. But it's way beyond the Affordable Care Act. There was an important column I think, it was the New York times, I forgot the paper by David Super of Georgetown Law School about 6 or 8 weeks ago cataloging in a number of states around the country when various IT systems were changed, glitches that came up where hundreds of thousands of people suddenly were shut out or couldn't get renewed for SNAP or Medicaid or whatever. The example that we experienced that kind of stunned us at the center when we came across it, but it's a great example

of this. In the late '90s the federal government did something very important. And it put out tri agency guidance covering food stamps, Medicaid, other programs in which citizen children and immigrant families are eligible but the parents maybe undocumented and the question was-- what the guidance said to states is, "You cannot set up your applications in ways where the parents do not apply for the children because they feel they would endanger themselves."

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And we were in a largely paper application for program world and the paper applications were fixed. Today we're overwhelmingly in an online application world and about two or three years ago our staff at the center got the idea. We're going to take every states' SNAP application and every state's Medicaid application and we're going to try the online application-- We're going to try applying online as though we were an undocumented parent trying to enroll a citizen child. And we figured we might find a few states where something was wrong. Almost every state in the country it didn't work. Nobody had-- when the IT contractors and the IT firms that, you know, you'd go through and you go to hit "submit" and it would say, you miss this field. Well, the field would expose the undocumented parent. When we took it to agriculture and healthy human services, they were stunned. Nobody had looked at it, you know, the contract management people and the policy people were siloed.

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Now, they went back to every state and told them to fix it. It's largely fixed in SNAP, although they are not quite all the way there yet, in Medicaid but all this is kind of making me think. We have to solve this problem somehow. We have to get better government performance. These are the IT and IT contractors in the major public benefit programs or we're just going to keep having these problems. I'm not sure how we get from here to there but I think this is a pretty serious problem.

[01:29:00]

>> Raphael Bostic: So, it definitely is and I'll also say, I lived this problem for three recent years where, you know, HUD has, you know, we have programs that are still on COBOL, right. So, the notion of how you do upgrading and what you can do and what kind of expertise you have in-house versus what you have to contract out for and the concerns about corruption and procurement have led to separating these functions explicitly. And all that separation tremendously reduces the ability to have the coordination, make sure all the issues come up in real time, actually before real time. And then the other piece which is also important and this is true, not just in IT, but in contracting out generally is that it's a political winner to have things on contract as opposed to hire people on staff because the government looks smaller even when the functions need to be done.

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And so, a lot of the contracting happens for expedience reasons, so we can say we shrunk the government and stuff does not shows up just in another line item but that has functional implications that I don't think are fully understood and fully appreciated in many of these instances and you guys have just stumbled upon one of them. I'll actually go to a different issue, Patrick, you were talking about your meeting yesterday in Baltimore where all these folks came together. They all bring their various piece of expertise to the table. Who manages this? And with the massive resources that are now being made available, but how does this play out in a way that we're confident that something concrete emerges that actually is trying-- it stays on the point that we're trying to be on.

[01:30:58]

>>Patrick McCarthy: So, I don't have the answer for that. I'll share what I know about the field here, which is that just in the strive, people who described themselves as loosely affiliated, or doing a strive type initiative. I understand from Jeff Edmondson, it's in 80 some cities around the country, you know, 80 some cities are doing this and I think Jeff would say if he were here that maybe 20 of those 80 are actually taking it up in a way that he would consider to be consistent. And I think he would also say, we're still learning a whole lot about how it works. I think it starts with what we at Casey call results based leadership, that is, it's building on very much of a data driven clarity about the results you're trying to achieve, commitment to measurement, training not just the top leaders but the middle leaders and how you actually put that in place, so there is a rapid prototyping and learning from that and then continuous improvement knowing that this is a long term not a short term kind of approach.

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The management part of it, different folks have tried different things. Some have sort of turned to an existing entity and said, you know, foundations or others have stepped up 'cause they were going to pay you to basically manage the herding of cats as Jeff would say. To manage the process itself, others have started new organizations. In Baltimore where in the earlier stages, I think we're going to end up with some hybrid of that. And we got United Way at the table-- we got folks of the table who are used to this kind of broad things but it's a highly complex, high risk in the sense we can end up spending a lot of money in time and not get the results, but in today's world I'm not sure how else we start to turn around a city like Baltimore unless we have the folks who control the resources at the table agreed mutually to hold each other accountable for certain results. I don't know how else you get there and in a place like Baltimore where if you were to take out Hopkins and the University of Maryland and T. Row Price, you know, and Casey, if you took out some of these major actors--

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There's not a lot to work with there, so if we don't step up then nobody else is going to step up. So, I'll let you know in a few years but--

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>>Raphael Bostic: I was hoping you had a silver bullet for us like would just say, "Go do it in all these neighborhood that we're trying to change."

[01:33:26]

>> Patrick McCarthy: The reason why I say I think we getting to be more sophisticated is that I think we're paying much more attention to data, to results to, you know, getting beyond rhetoric to learning from others what they are doing and to this notion that it really is long term, it really is about changing systems, you got to have the Mayor there, you got to have the school superintendent, you got to have all these folks that control the resources and that's why I'm optimistic that we're learning more but it's a tough-- it's a tough nut.

[01:33:52]

>> Raphael Bostic: All right. So, go ahead.

[01:33:54]

>> Terri Ludwig: I would add to that that one of things that we see is I think the philanthropic and the resource piece is really important that those are such drivers because I think our own experience and, you know, Ann E. Casey thankfully is a terrific supporter of the HOPE SF that I framed up there. But one of the real challenges with a lot of these models also is as you move many of them need to be very long

term by nature and as you move past a political administration, you start to lose some of the will or completely different direction. So, I think one of our big lessons in HOPE SF I would add, I would build on everything that Patrick said, having a common goal, having the data informed system, the longer term time frame but I do think having that collection of folks that can help drive resources and create-- redundancy is not the right word but it's something that sort of steps aside and surrounds the political environment in a way to ensure the long term viability of a project and to create something like HOPE SF so, you know, that was Mayor Gavin Newsom that kicked it off, but now you have Mayor Lee and he's just a strong but if he hadn't had been, you know, how do you make sure that you're building that kind of resiliency of an effort over the long term and I think it's through that kind of philanthropic leadership.

[01:35:11]

I think it's by having, actually being able to hopefully staff, you know, also build up a real-- not extensive staff but to actually have some people that are very dedicated to this and have the various sectors behind them, so.

[01:35:26]

>> Raphael Bostic: All right. So, at this point we should open it up to the folks and have you join the conversation and we have people who been available with mics and please remember to say your name when you speak. So, we'll start with Roy.

[01:35:42]

>> Roy Nash: This question is for Terri. Terri, actually I have actually a two part question. We really haven't talked a whole lot about banking policy at this conference and the CRA Credit Community Reinvestment Act, how important is that in encouraging banks to loan money into for low-income development, housing development specifically? And also are there some-- is there some legislation such as the Dodd-Frank clause that maybe have restricted banks' ability to partner with local non-profit organizations to lend money for mortgage loans to particularly low-income families?

[01:36:24]

>> Terri Ludwig: Sure. I'm assuming most of you know the Community Reinvestment Act or the CRA is a federal law which, you know, says banks basically if you take deposits that you need to reinvest in your communities. I would say that's been absolutely essential for a lot of work that's been done in our community. Those are the major capital flows that are coming in. I'm talking about the billions that we've done in business, you know, we're aggregating and leveraging capital primarily from the banks. As I said that's expanded from people that aren't under that kind of, you know, incentive system but it's absolutely essential and we've done a lot of work group over the last number of years to work with all the regulators to try to think about, you know, is there a better way to modernize the Community Reinvestment Act to recognize some of the inadequacies that has, for example it tends to fair, you know, high cost markets quite well, you know, it tends to incentivize capital flows on the coast but not in the middle of the country. And there are all sort of reasons which I'd be happy to expand upon but short version is there's lots of improvements could be made on that regulation but I think absolutely it's a driving force between, you know, to really incent banks to come in. I think the question has been raised in a lot of circles, you know, why only banks, you know, should there be a broader sort of incentive system to encourage, you know, other players whether those are insurance companies or other corporates to come in and participate in this similar way, what would be the viability and the challenges with that. That's been debated so I throw that out there as well.

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In terms of Dodd-Frank, you know, I guess I would say I don't know. I really don't know the answer to that question. I will say my experience with Dodd-Frank is that, it is, just in terms of the people we deal with at the banks are very-- there are some restrictions in terms of just their ability to be a little bit more creative, take some risks. Certainly where they put, you know, equity investments in terms of their risk capitalization looks different particularly under Dodd-Frank. So, there are certainly some implications that we have to think about it over the long term.

[01:38:17]

>> Greg Duncan: Greg Duncan UC Irvine. I have a question about how we frame our arguments. You all make connections at very high levels with not only advocates but also the business community, but not only with liberals but also independents and conservatives, you know, I think those of us who went through welfare reform, it was a very contentious debate that led to a consensus that, you know, no one was absolutely delighted with, but it did support work in a pretty serious way with time limits. It led to a large increase in the employment of single women and I guess some of us kind of thought that debates about dependence would have faded into the past. I think arguments like return on investment, you know, in the case of certainly Early Childhood Programs gained a lot of traction in the last maybe-- well, over the last 15 years, but you don't hear those arguments as much as you used to.

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Are we just reverting back, you know, with this latest round of arguments about hammocks to the way people were thinking back 20 years ago is it a fundamentally different way of thinking about things and how can we frame our arguments in light of how people are thinking about things now that will advance them?

[01:39:49]

>>Robert Greenstein: I think Greg is absolutely right. It's kind of striking to a number of us where we have witnessed or in various ways have been involved with the transformation isn't too strong a word of the safety net over say the past 30 years into what analysts regularly and accurately now call a work based safety net, you know, if you go back to the mid 80's, most states had general assistance, cash assistance programs for single individuals without children, they were not limited to people who were severely disabled. The majority of states and localities in the country, that's pretty much gone today. In 1995, for every hundred families with children below the poverty lines, 68 received cash welfare assistance. Through the old AFDC program we're down to-- went down about 28 out of hundred now, get any cash assistance at all. We really moved to much more of a work base safety net. And so, on the one hand there are echoes or more than echoes of the old arguments.

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But I don't think they're as effective as they used to be and in part because one really can bring to bear the data of the figures for example-- that show the transformation that's agreed which people are working. So, we saw this in the big debate that we had in the second half of 2013 over food stamps. We had a bill that went through the house that had 40 billion dollars over 10 years in cuts of SNAP benefits. And really onerous work related provision that was billed as a work requirement, but would have taken a lot of people off the program and left them with nothing, if they couldn't find jobs on their own. And the hammock arguments were widely used. But at the end of the day, all of those provisions disappeared from the bill. And it did get by partisan support as part of the farm bill to pass at the end.

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And there were many factors related to that. But the fact that one could very heavily push back that you could show that the share of people on SNAP who aren't working and getting welfare assistances now was low and the percentage of people for whom it supplements low wages is much more substantial, I mean all those arguments really helped. I think there's another factor here, and it gets back to my budgetary discussion. So, the person who probably is most effective and in part because he is very effective communicator in making these arguments is Paul Ryan. Now, Paul Ryan's-- he has new budget, it will come out on Monday or Tuesday. He's last several budgets have gotten three-fifths to two-thirds of their budget cuts from programs targeted on low income people. And in order to help defend that, you need to make the dependency argument. But it's not really rooted.

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The context isn't just one of the welfare debate. The larger issue is the following, Paul Ryan actually if you talk to him personally is not some vicious guy who wants more poverty. Ryan, to pass a budget in the house, it has to balance the budget in 10 years. To balance the budget in 10 years, you need trillions of dollars in deficit reduction. He starts with a following framework, no revenue increase to deficit reduction, no cuts into defense. For political reasons, no changes in Social Security, and contrary to what many people think about the Ryan budgets, hardly any changes in Medicare for current beneficiaries, his controversial Medicare provisions start with people who newly retired 10 years down the road. If you want to get trillions in deficit reduction and all those things are off the table, you have two places mainly to go, you go to Non-Defense Discretionary Programs, which I talked about, and you go to Means-Tested, low-income entitlement programs. And then your budget cuts are so big, there you need a narrative.

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So, part of the pushback I think is explaining in clear simple terms the degree to which the safety net increasingly is a work base safety net. But it's also imbedded in these larger budgetary discussions. And we have to have more things on, not only on the tax expenditure side, but on the spending side, on the table. And if we can do that, I think that helps with the debate on resources for poverty programs.

[01:44:36]

>> Nancy Gannon Hornberger: Hi, I'm Nancy Gannon Hornberger from SAY San Diego and I appreciate all your comments. I would like to ask a little bit about social impact bonds or paid for success strategies have been touched on last couple of days. You know, novel idea, there's lot of traction to the novelty. I don't know that there's been a whole lot of analysis. So, be interested to hear from all of you in your analysis on those strategies what you seen in terms of pros and cons in particular with poverty solutions. Thank you.

[01:45:10]

>>Patrick McCarthy: Sure. So, I don't know that we've seen good examples that are specifically focused on poverty. Some are not in this country. You know, I'm a skeptic about social impact bonds in the way that they are usually structured which is not to say that I'm against the notion of let's do a lot of experimenting because it could really be-- I think some version of pay for success could be a way to open up lots of opportunity and actually might even get a little bit to Greg's question because one of the things you have to get over is a sense that well nothing works, et cetera, so if you have a pay for success model, it helps you do it. My problem with social impact bonds as they currently been structured is they tend to be focused on a programmatic solution so it doesn't get to the systems change. So, you take the Rikers Island, example, we're locking up a bunch of young folks, you know, they don't need to be locked

up. Data pretty clear on that, so we got a programmatic intervention that says, after we lock them up, we're going to provide a program.

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Oh, but it didn't really work when they first put it in place, because Rikers Island is itself a system. So, they had to sort of add it in to Rikers Island. And they haven't really changed the systemic part. It doesn't mean it's a bad thing to do, it's actually they're getting good results, it's a good thing to do. But in terms of distracting from the fundamental problem that they're alternatives of locking them folks up in the first place, these are young offenders. Second problem that I have that I'm not an expert on but I have questions about, not a problem, but questions about is the way it's structured, you know, Goldman Sachs ends up making their money back at a certain cutoff point. And then on top of that a lot more of money back, and yet they're back staffed by Philanthropic Resources. So, when a risk adjusted basis, their actual return is pretty darn-gone amazing. Now, having said that, somebody had to step up and now I think Goldman Sachs is getting smarter and smarter, and the folks on the other side of the deal are getting smarter. And this is probably part of the natural process by which these things evolve. And I think that's fine and important.

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I don't know that we've figured out how you build in that kind of virtuous cycle we need to get to, where the money that you save from not doing stupid things with that money, it's reinvested in a permanent kind of way in prevention and early intervention. So, you start to actually change the pipeline at the same time that you avoid sort of the bad things. I think that there are ways to get there and I think philanthropy has a role. We're looking for an opportunity right now. So, it's a long about way of saying really interesting stuff. I think the jury is still out on whether the particular social impact bond approach works as opposed to the three or four other approaches to pay for success that I think might be more interesting overtime. I'll be interested to see how the Department of Laborer is working this ends, that's probably more relevant to the poverty piece, but it's too early, I think to tell. That's my take at least.

[01:48:02]

>> Terri Ludwig: Yeah, I'll add to that. You know, and at Enterprise we're doing a lot of work for pay and pay for a success and have had some very interesting mandates. And we're really excited about the field. I said one is sort of about theoretical and why I am particularly excited is because I think it captures the imagination of people that otherwise would not be interested. And we're starting to see some folks, private investors, come in and it is this notion in terms of framing, its paper performance and return on investments and really wanting to see something that is data, you know, analytical and performance based. I would say we've, you know, we're applying our expertise in a couple areas we're, you know, we have a mandate that I think Patrick and I when we were talking about this recently, you know, on a program to prevent homelessness in New York City. So, by-- you know, a relatively small investment, you can prevent folks that are right at the cusp falling into homelessness, you know, not fall into homelessness. And there's programs that, you know, you can see over a long period of time. You can verify, you can look at the results. So, it's prime for a pay for performance type of investment, and we've seen that come into play.

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We think those are the types of things. It's interesting because we have that mandate and actually, you know, it's not going to be a pay-- it's not going to be a social impact bond as it turns out, but we've convinced New York City that they should be doing this and they actually should be spending their money to do it, so we count that as a win. But as I think Patrick and I might have talked about is that the

win is then also making sure that those savings that do come through the system, get channeled back in. So, we do have to think about the whole systems interplay. We're also doing social impact bonds, thinking about talked a little bit about the green agenda. That's where-- there's some really readily available data on some of those outcomes. And we can look at doing pretty broad scale greening by doing paper performance type of instruments. And so, we're working hard in that area. But there's a lot of different areas that we're touching upon. And I'd love to have a more fulsome conversation, because I think it's a ripe area for financial innovation. I would also say that I wrote an article in the Federal Reserve, a paper on social impact bonds and my primary point on that is let's don't also just go from scratch.

[01:50:09]

We have things we can learn from so something like low income housing tax credit. The reason it's enjoyed by partisan support is because it is largely a pay for performance type of instrument. So, what's learned from something that has been, you know, a multibillion dollar industry and how did it get there. And the reason I say low income housing tax credit is that the social impact bond is because what happens is you have government sets to tax incentive, private investors come in and essentially build housing, right? And then, once that housing is built then those tax credits start, you know, a private investor actually helps, you know, pay for that and then those private investors get those tax credits and those tax credits don't flow until that housing is built. It's occupied by who is supposed to be occupied and then there's tax credit start to flow but that's all based off of data and then also it has a compliance period. So, if you do not perform relative to the agreement on low income housing tax credit there's a call back. So, you don't get your return, just like a social impact bond, right, and there's different actors and different positions, and places we can learn from that and do some shortcuts.

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So, I think there is a lot of valuable lessons to build on.

[01:51:19]

>>Robert Greenstein: I would describe myself as an intrigued skeptic probably similar to where Patrick is. I worry a little bit about the potential for social impact bonds to become a buzz word before we have enough evidence on how much we can use them and what we can use them for. I worry about them charging into fields where it's very hard to measure results and/or very hard to actually show the positive results. So, in the case of low income housing tax credit you can build the housing and you can rent it. You can put people in it. But when we're talking about things involving social behaviors and other kinds of things it could turn out to be significantly more difficult. So, I'm very much where Patrick is. We should pursue some demonstration projects and test this carefully with some caution. The one caveat is we-- unless until we find that this can be used successfully on a significant scale...

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we need to be careful not to have it sort of become a partial justification for having the government invest less in certain basic functions we need-- oh, the private sector will just take care of it through social impact bond. So, again I think it's really an intriguing thing to look at and to test and pilot but it's not yet ready for us to jump on and say this is the answer.

[01:52:54]

>> Terri Ludwig: Well, I completely agree on that. I think even the language we use at social impact bond, those that are familiar with the bond. Most of them it's not a bond, right? And so, I'd rather it be called an equity or something so that it implies the risk because I think that, you know, some of this

things happen and they don't work. I think there's a lot of room for some of the adverse consequences that were just talked about.

[01:53:15]

>> Raphael Bostic: So, we have time for one more. But Bobby, you had a question.

[01:53:19]

>> Barbara Wolfe: I do have a question. When I listen today I think all of the speakers are convinced that we have to use evidence. So, whether is Terri talking about the green initiative or Patrick talking being evidence driven, Bob is always evidence driven, and Sheldon. We all have this flavor and yet yesterday there were a lot of people who are involved in doing really innovative things and part of the whole focus here is being innovative. How do we evaluate or get people to agree to those evaluations so that we can in fact use them. I know Harry said well we have to wait ten years. Well, young children really don't have ten years to wait. So, I don't buy that. We have to wait ten years. It doesn't mean we have to do it instantaneous. I guess I'd really appreciate some discussion about how we really take some of these innovative ideas. Get people to be willing and open to having those evaluated. They don't have to work for everyone. If we look at one that we have focus a good deal about it, the one that Kabira talked about she suggested she thought from these small numbers that it was working for people 25 and over and not for younger individuals.

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Programs, you know, maybe effective for particular group but how do we learn this? And if we're going to use these resources and be successful and in fact try to change the dialogue we have to have programs that work. Spending dollars on things that are ineffective doesn't improve anything for the poor. So, just throw out the question to all of you.

[01:54:52]

>>Robert Greenstein: I think it's a great question. I do think sometimes this is an error. Since you need-- you may need public resources both for the initiative itself and for part of the evaluation cost. I think and others can speak to this that there are places where an evaluation and a whole demonstration project probably would not have happened, had it not been for the presence of some major foundation partners helping to cover part of the cost of the evaluation. We've talked about the Work Support Strategies Project, all of the evaluation money is foundation money there. But one that-- I mean there are many this is just based on what I know and the one Sheldon and I were talking about last night over a glass of wine. I would love to see a demonstration project 'cause we already have some important data. It was in the fact that in the Recovery Act in the 2009 Recovery Act Donna may have talked about this yesterday.

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There was this Temporary Assistance for Needy Families emergency funds, one of the possible uses was subsidize employment from primarily in the private sector. Within 15 months, there were 250,000 subsidize jobs, low-income parents and youth, people who otherwise often wouldn't have been hired even in a good economy got 6, 9, 12 months job slots. It worked from an implementation and administration standpoint, and wasn't set up with a longitudinal evaluation. Mark Elliot's group, I'm blanking on the name in Philadelphia.

[01:56:31]

>> Unknown: Mobility.

[01:56:32]

>> Robert Greenstein: Mobility--

[01:56:33]

>>Unknown: Economic Mobility Corporation.

[01:56:34]

>> Robert Greenstein: Economic Mobility Corporation did and you wouldn't quite call it an evaluation. They did the best they could with the data we had and in Florida and in a few places there was more data and they showed some people staying in jobs. What we really want to know, what are the longer term effects of this and it has implications for, you know, if we could have something where we have on an going modest size basis, public sector job creation, subsidized jobs primarily, public funded, primarily in the private sector for people who otherwise aren't going to get hired and then when the economy goes down, you ramp up the program and you have a larger number of subsidized jobs slots and as the economy recovers it drops them, but you always have some, you know. What are the impacts on formerly incarcerated people who can't get jobs? What does it do the minority youth who don't have that first job in the job market and may otherwise experience scarring, unemployment scarring for years?

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The potential really important things to learn here and I'm hopeful by the fact that a lot of the states that ran this and love the program were Republican states, there were 40 states that did it 2009 and 2010. So, you know, maybe with the combination-- if one could get some bipartisan interest on the hill, maybe coming out of the governors and some foundation partners, maybe at some point in the next couple years. There are a lot of conservative analysts, people at the American Enterprise Institute are big fans of this. Analysts across the political spectrum and find this idea intriguing, it's work, it's employment, you know, but I think that's another part of it. It is where one can get bipartisan agreement, this would be an important thing to test and might have useful policy results that also makes it more likely. So, that's a factor. Foundation involvement is a factor but I think it's a very important question 'cause it will lead to identify several really important things in this area and have major high profile of demonstration projects that hopefully could have big impacts on future policy.

[01:58:47]

>> Raphael Bostic: Please join me in thanking our leader's panel. Thank you.

[01:58:52]

>> Raphael Bostic: I wanted to just say thank you to all of you. To all of the paper writers, you guys did a great job in helping create a framework for our conversation around these issues. I want to thank all the presenters because you brought some real world grounding to make sure that this wasn't just another bunch of academics talking to each other but we wanted to really try to make it real and bring it to the ground. I want to folks at the USC leadership here, the Dean, Robert Price, the Provost, this has been supported from a broad range of our resources. I thank Richard and the folks of the Price Center. Matt, thank you for the photo exhibition and just-- so that you all understand and appreciate this, the community was not just the people in this room. We had a significant online presence, the live stream had over 350 people who are watching it through the course of the day.

[01:59:54]

If you are on Twitter, this been an active dialogue in discussion there. We have some really 500 people, so 150 today. So, the community is large and I want to thank all of you for joining and participating in that. So, just to sum up, there are three things I want to do. One is just say, we heard a lot of issues through the course of this day and a half, issues about how do we get broad and continuous and deeply engaged multi-sectorial participation, the important role, of the private sector and the important role of a general economy and income support to make this change real. We heard a lot about institutions and systems. Today we heard about tax systems, program structures, incentives, IT and I didn't think we're going to get to it but all of these systems and how we implement plays a huge role in terms of what we can accomplish.

[02:00:57]

And so thinking hard about that is important. There was a lot of discussion about the tension between practitioners and researchers. And can we find the sweet spot where we can communicate, work together and advance each other's interest so we can be mutually reinforcing. And there was also a lot of discussion about perseverance and the long-term nature of what we're talking about, and how the reality that change takes time but it's up against political realities, personal impatience, and just what you can show in terms of evidence and we have to figure that out. We want to figure it out how to make sure that our efforts can span the fluctuations that happen in other spaces in important ways. So, I was asked-- I've been asked many times through the course of the day and a half-- so, what's next?

[02:01:58]

What are we going to do with all these? And I would say a couple things. First, we have a lot of great ideas to work with through the course of the papers, the discussions, the conversations that happened off line. There are a lot of things that we can lift up and part of what our challenge moving forward is to distill this down into something that is clear, transparent and actionable. And so, over the next couple of weeks and months, we're going to work to do that and develop some action plans and communication approaches and ultimately, we've got to disseminate and communicate. Get the word out and be as precise and as specific as possible because one thing I will say, lots of folks want to do things but they don't know what to do. So, you have to say more than just we need to do something. We need to do these things and hopefully we'll be able to get that coming out of this conference. And I'm going to ask fairly forcefully for your help and partnership in that effort because our institution, we're large, we have resources but we are not the nation and a network allows us to reach far more people.

[02:03:12]

So, I'm going to count on you for that support and I'm thanking you in advance for it. Then finally, I want to end the way we started. So, look around, look at these pictures and just reflect on who these people are and what their hopes are and what their dreams and aspirations are, because these are the people we're talking about. These people we have been talking about for the last day and a half and these are the people who we need to do better by and we need to make sure that our country does better by them. So, it's time to go forth but what I'm hoping is that, you know, the conversation we've have last 36 hours continues here, out there, over dinner, online, through e-mails, we need keep talking about these things. We need to keep working together to figure out what to do and then we need to start doing things as well. So, let's go do it. Thank you and have a great weekend.

[02:04:15]

[Applause]