

Welcome, you are listening to the U.C. Davis Center for Poverty Research Seminar series. I'm the center's director Ann Stevens. This series brings scholars and policy experts from around the country. Free to discuss their work on poverty and poverty research. In February 2013, we hosted the center's wintered, distinguished visiting scholar.

He is co-director of the Brookings Center on Children and Families and the Budgeting for National Priorities Project. An expert on preschool, foster care, and poverty, Haskin's was instrumental in the 1996 overhaul of national welfare policy. Here is Haskins presenting his seminar, Fighting Child Poverty, Spending So Much, Getting So Little.

>> Those titles are all misleading for reasons I'll give you in just a minute, I think it is true that we get we don't get enough out of pot, out of our poverty programs and we spend a tremendous amount of money, but you would not know reading especially, I love to pick on the New York Times that we're always cutting programs and, cutting them to the bone, down to the sinew they said in one article I remember recently.

So we spend a lot of money; what we don't get is prevention. So, we, we, the government programs are surprisingly successful and I'll show you how this operates in a few minutes at reducing poverty rates. Our poverty rates would be much higher were it not for government programs.

but. Need to paving more and more and more and more poor people. In essence they've not been very successful. We're forget what set of rules this is, I think we're doing anthropologist rules?

>> Economic rules if what we.

>> Oh, okay. So that means you can interrupt me.

And within a few minutes you'll want to interrupt me I'm sure.

>> Right, so here's an overview. My dad was a great speaker, unlike his son. And he always said to me. Now, son, when you give a talk, tell 'em what you're gonna say, say it. Then tell 'em what you said.

So, I followed 2/3rds of that advice. I'm not gonna summarize what I say. That's way more than I, I usually follow my dad's advice. But, Alright, so transit poverty and inequality which will take, will be very quick and they're quite discouraging, government spending on inside support and resolve also be quite quick, I just wanna give you a snapshot of what we're actually spending and what the recent history has been.

And how we spend the money. And now, I wanna talk about pathways out of poverty and inequality. Education, you know, this is very modern, sophisticated stuff. You know, you gotta work. You've gotta have a good education. And you have to it's better if your kids and you are from married couple family.

This is always a very popular topic on university campuses. People love how to talk about how everybody ought to be marriage, married and all need to raise their kids, so they shouldn't get divorces and, above all, should not have kids outside marriage. People at university, this is fascinating to me, they have a fit over this, you know?

Blaming the victim. And, who are you to dicate. And, so forth. And yet, almost all of them are married. And, when they have kids, they're married they don't get divorces. Especially college-educated women, you know? I'll show you some data on that in a few minutes. Alright. So that's what I'm gonna talk about, unless you way lay me and wanna talk about something else.

Alright so here's the big picture on, on, poverty. And these are black children, these are the elderly, and these are all children. So, let me, first of all, impress upon you the data for the elderly. If we went back another few years, this would go even higher, about 50%.

So, we made this dramatic progress, and then it has been, you know, slowly, but still progress. Against the elderly, Now, this is official poverty measures, so, here, in when they wanna have an argument or two about that in a few minutes. But, we. And, if we actually account other benefits in here, then, we, we can get it under 80.7% for the elderly.

So, we're doing pretty well for the elderly. Now, here is, here's, Let's do black kids first. I just wanna call your attention to this part, right here. And, I'm gonna come back and talk more about that. That is progress against poverty, right there. And much of it was achieved in the market so I would call that prevention, and we'll talk about that and in somewhat controversial, and they're got, have to be several people in this room are gonna, as they did last night at dinner and during the discussion yesterday are gonna object, to say this is because of welfare reform in major part.

And, a lot of people don't like that. They, no, no, it's not welfare reform. Always see someone shaking their heads, so we'll clash later. Good,

>> Alright. So. Now, this is very controversial, I wanna. I may say things that you don't like, but I like to acknowledge, you know?

What the data source is and why do it this way? And so, we can discuss it if you would like to, So, what this is. This is a quintile's divide the income distribution at this. So here's the bottom, here's the top, and here's the top 1%. And this is income, average family income in 1979 and in 2007.

now, the most controversial part of this is how you define income. And if you, a lot of you may be familiar with this and New York Times, and New Republican. Lots of, and people in the Obama Administration make a lot of their data. It's tax data, so there's a lot of income that is not included, and there is especially no consideration of household composition, which is a big deal because the average household size has declined.

So if you want to have an accurate measure of their, of how much, many, of how much resources people have compared to the composite household then you have to take household size into account. If you do all those things and count the value of government benefits and subtract taxes, or, in the case of the bottom.

Actually the bottom two quintiles, if you add the income from taxation, that seems like a contradiction, but it's not because we have what are called refundable tax credits in which the government sends you a check. I doubt anybody in this room is, worthy of those kind of checks, but, maybe were in the past, or maybe will be in the future.

So the Earned Income Tax Credit and the Child Tax Credit are very important part and they're often just left out of income. So if you, oh, and one more thing, health. How do we value health? If we value health at what is actually spent on you then we have the bizarre situation where the sicker you are the wealthier you are.

So that's not a very good way to do it. And in these data it's the insurance value of whatever health coverage you have counts as your income. This is a huge argument in Washington and around the country. And a lot of the economists think that you shouldn't do that, especially Liberal economists.

They don't want to count a dollar of health as a dollar of income. And I think it should be counted as dollar income, and I always like to say. That if we have a dollar of health benefits, we either tax someone for that dollar, or we got it from the Chinese.

So, we pay a dollar for it, it oughta count as a dollar of income. And if it's not worth a dollar of income, then why are we making it public policy to cover people with health insurance? So. We can talk more about it if you like to. The bottom line here is that if you do it this way, then all five quintiles have increased in income since 2007.

That's the most controversial part because a lot of people want to argue that that is not true, that the bottom. It's going to hell in a hand basket. The middle class is hollowing out. We're losing the middle class. Even the President has given speeches like this. The one at Ossawatimie, I don't know if I said that right, but in Kansas.

And many of his advi, advisors talk that way. But as you can see here, if your define your middle as the middle 20% or even the middle 60%, income has increased. The worst part of this in my estimation is the inequality of income and how much that has exploded.

And if we did this instead of the top 1%, if we did the top .01% or the top .001%, then the ceiling here is not tall

enough. For some reason the American economy has produced zillionaires and lots of them. There's a recent article. I haven't read it yet, it just came out, not article, but study by the Congressional Research Service, which is a highly reputable organization, I can tell you, just as in a side year, the green book, of course, is, by far, the most reliable source of information from origin,

>> But, the three organization we have in Washington.

And I, really. This, to me, is a miracle because Washington. Maybe, some of you have worked in Washington, but if you haven't, you have no idea. How partisan Washington is, and all the slimy, rotten, crummy things due to people. Mark Twain said: there are lies, damn lies and statistics.

Their support category, which is Washington uses statistics, which is even worse,

>> So, the Congressional Budget Office, the Congressional Research Service and even, defying credulity, the Office of Management and Budget which is directly part of the Office of the President, all three of those organizations are very reliable.

They publish very reliable information, often super sophisticated analyses. I used to say about the analysts at CBO. In CRS that they're like full professors without the attitude. so, It's pretty good. I thought maybe someone would throw something at me in University. That line is pretty popular in Washington, by the way.

All right, so we have inequality problems for sure, and many of you probably know this was. A lotta politicians in Washington. they seem mostly to be from the Republican Party, denied this for years. You know they. It's kinda hard to look at this right here, and deny the growth of inequality, but it can be done.

Especially in Washington. So I just wanna, I, the main thing that I wanna say to you is. And I'm gonna show you this in more detail. In fact, I think I can do it in the next slide if my memory is good. No, first I wanna make an admission and another one that Republicans are reluctant to admit.

And that is we bring ourselves as being a land of opportunity a lot of mobility in that. States. You work hard, you get ahead, and so forth. So here are the correlations. A guy named, from Canada, named Miles who is really a wonderful researcher, does these data. And he has, he has data on the income of fathers and sons in all these countries.

And it's simply the correlation of the father and son's income. So the higher they are correlated, the less mobility you have. And as you can see, United States is far ahead. So the apple falls the closest to the tree in the United States. This is not big time mobility.

We have a problem with mobility. Now there's another argument here. We can get into this if you'd like to, about whether we have more now than we had before or less now than we had before. There are lots of claims about less. I don't think that's necessarily true.

I believe this has always been, we've always stood out in this way, and here you can see it's the English speaking countries. I've often suggested we should have a new language in the United States, and that way help our mobility problem,

>> And if we had included Australia and New Zealand in here, same thing.

It really is the English speaking countries that have this high have lower mobility and a bigger dispersion of income. So. We are not the leader in mobility, in the world. That's for sure. What?

>> Unless of the safety.

>> Welluoh, I, I'm not gonna concede that yet. alright, so now I'm going to talk for the rest of the time about poverty and inequality and, and my explanation of, of what we should w,w,w, what causes it and the kind of things that we could think about.

that, that would offset poverty and inequality. And I am well aware that there are people in this room that know a lot more about poverty than I do. So I'm going to try to be humble. It might not seem like it, but I am, I am aware of that.

Let me confess that at the beginning. So, I mainly say that just in case they decide that they're gonna get into it with me that they'll at least start out with a good attitude. I'm referring especially to you. Alright so what is the problem? Well how come we can't make more progress on poverty and inequality?

And here are my favorite reasons, I'm sure they're other reasons. The last one I'm only gonna say one word about cuz you know we everybody wants to be out of here at 1:30. Work rates are a big part of the problem. Wages are a big part of the problem.

Family composition, education, and then these other factors. I'll just say one thing about immigration and hopefully we're gonna do something about. Immigration would be easy to do something about. Various, and these are back of the envelope, but I think probably we could lower our poverty rate by half a percentage point, which that's a lot, if we change our immigration policy.

I think that the immigrants add about half a percentage point. Now, our immigrants' situation is really, it's kinda strange because I, it's helpful to think of as bimodal. We have a lot of low income immigrants, low skilled, poorly educated especially from Mexico. They're very important to our economy.

If you don't believe that try to figure out a way to stop the flow. The simple way to do it, and we could do this especially if we had a national ID, is to find employers that hire them. And if we had a national id it would be a fairly easy thing to do.

Republicans are really opposed to that for one simple reason: small business are, you know, 90% of small businessmen are Republicans. It might even be higher than that. They're very influential in the Republican party. And small businessmen don't like that, because they can hire people cheaply. And they don't wanna have a good system.

So, add some political problems here, if we're trying to do But if we had a different immigration problem. A selection method county, like many other countries do. And we would admit a much higher fraction than when it's based on their education, or their skills, or their employment. That would be, that would be very helpful.

They still would like to come to the United States. Similar, we, similarly, we would have a much better program for allowing students to stay here once they finish their degrees. So, you would have a world competition for high quality immigrants that can contribute to an economy or unlikely to commit crimes, and so forth.

And we're losing in that because our system is so junky. And because we just we really don't try to do it. That is very much on the table in Washington. I think there is bipartisan agreement on this point and. Right now family relationship is prolly the single most important factor in immigration po, policy and what we would do, is we would adjust that and reduce the importance of family relationships and increase the importance of skills and work experience and education and that, we'd have immigrants that would be more skilled and higher educated, and it would be good for the economy, and good for poverty, and for inequality.

So that's, that. That's all I'm gonna say on immigration unless somebody wants to bring it up. So government spending. Let's just. I just. I have one charge here that I wanna call your attention to. This has two majors. Firstly it has spending per person and poverty. This is all in constant dollars.

And this is, this is, spending on the ten biggest programs. So we actually spend more than this. If anybody's interested, I testify about this to the Budget Committee in the House of Representatives and go into all the details. I think that we spend about a trillion dollars a year and increasing every year on means tested programs, on all the programs.

I'll show you how they're categorized in just a minute, and it increases almost every year so we are spending lot of money. On, on these tested programs. It might be less in European countries, but they set a very high standard, that we caught up with them dramatically over the years.

This is about raising stopped, I think we can get into that, too, This little, Downturn, here, by the way, in, in spending

per person in poverty, we actually spent way more money in this year than in previous years, but our poverty rate went up so much as a result of the Great Recession.

That is, that the the numerator just could not keep up. Yes.

>> Do you see how much of that, approximately is health care spending? What's the point to care care of other countries, they have national insurance-

>> Right.

>> Which is not in there. And in comparison to other countries.

>> Right, right there's several issues that, you know, Garfunkel and Rainwater and Sweden wrote this book a couple years ago. It really, I was surprised because they're all kinda. Left of center, way left of the center, and yet I thought it was really a spectacular treatment, and they conclude, especially conclude education.

>> Right.

>> That the U.S. is not, it's, you know, we're in the same ballpark. We don't spend as much as them, but we're in the same ballpark. Anyway, okay, this is very important, and I'm gonna talk about healthcare several times, during this discussion. I think we spend way too much money on healthcare.

We spend way, way more money than any other nation in the world, and I feel entitled to say we spend too much because other nations spend less and get better results. I mean, that's kind of a good definition of spending too much. We should be able to spend less and get better results than we get now.

And there are all kinds of reasons, I hadn't intended to say this often and embarrass myself because I think of something I wanna say it, but then I can't remember it. So, Atul Gawande. Does anybody recognize that name?

>> Yeah.

>> An amazing economist. He has an article, he's a MD.

He has an article in probably the New Yorker, it compares McAllen, Texas, and I think El Paso. And it is such a shocking article because huge differences in per capita spending in MediCare or health insurance in general in these two communities because of the difference in the way doctors are organized and how they bill.

It seems like a boring topic but, I mean, it's about as half as much in, I think, McCallum, no, in El Paso compared to McCallum. I highly re, recommend this article. Guwande. G-U-W-A-N-D-E, is that right? Someone can correct me. But here what you can see is this is all means-tested spending.

I should have emphasized this before, especially for students who have not studied American social policy. This does not include the insurance programs. Insurance programs are a category unto themselves. So, s, and, and especially Medicare. Social security and unemployment insurance. Those are not represented in anything I'm showing you here.

These are all mean stats in programs. Many of them are entitlement programs, which means that you have to get the benefit if you meet the qualifications. And some of them are appropriated programs, that are not guaranteed. So, like housing, childcare, many other programs. A specific amount is appropriated every year.

It has to be appropriated every year or it can not be spent. And so, that means that Congress has to review it every year and those are the programs that'll likely get cut as compared with the big entitlement programs that they not only don't get cut, they don't get reviewed.

They're just on automatic pilot. They go and go and go. So we spend most of our means tested money, on health programs, or different programs. And as you can see down here we spend this money in eight categories. This is done by the way by a Congressional research service.

Hardly any of my charts are, they're nothing I did- I'm way too partisan to be doing charts, so I just want to reassure

that my charts are mostly, Alright. This is the way the world is supposed to work. And this is from the green book. and, Wendell Primus who was, invented the green book.

And Democrats lost an election in 1994. So we took, the Republicans took over, and I took over the green book. Wendell and I are very good friends, so I consulted with Wendell. And there were several things that he should a had in the green book that he didn't, he might be able to to.

So we put some things in the green book that I think are really important, including things like this. Now, Wendell did have things like this in the green book. And they're very creative. And they're done by, I think this one was done by both the Congressional Budget Office and, and the, and HHS.

So, here's what it shows, this is life in the state of nature, so to speak. What would be the poverty rate, in female headed families, if there was no government programs, no taxes, and no transfers? And the answer is, it'll be almost 40%. Alright, so now we br, break down the gifts that we give to people into two categories.

The ones that do not come through the tax codes would be programs like housing and food stamps. And that reduces, and cash programs, like TANF and SSI, and that reduces SSI is supplementary security income, it's a program for elderly and disabled; you have to either, you have to be and poor and either elderly or disabled to get SSI.

And that brings the poverty rate down very substantially. About 20% to 29.9% and then comes down again when we include the tax benefits like earned income tax credit. And the total poverty reduction is 34% so this is why I was saying to you that I think it's a extremely important thing to keep in mind that government programs really do reduce the poverty rate.

They don't prevent poverty too well. Although, I'll show you something in a minute that may. I have a second version of this that we're gonna see toward the end. And it's actually is kinda the thesis that I would present about preventing poverty and that will stir up some discussion.

So I'm gonna save that til the end. Now this is correlational. Correlational, correlational. This not, I'm not making a causal argument here. But this is kind of interesting. It's, Belle Sawhill did this first, you know, maybe ten years ago. And we've updated it several times. So I think this is the original version, cuz the numbers got out there, and we do wanna change the numbers.

They change slightly from year to year. So this is a fairly straightforward idea here. And that is, let's take the national population as represented in a current population sir rate. Let's change one thing at a time, and see what effect that would have on the poverty rate. And then let's change all those things and see what effect that would have on the poverty rate.

So for example, what would happen if ever, everybody worked full time at whatever wage they make now? If they don't work then attribute to them the wage that's equivalent to the average person with that education. And the answer is work. Poverty rate would decline 42%. Marriage. This a marriage rate.

We randomly put people together and marry them. In the, inside the computer, this a miracle modern computer. >> And match them only on race. And there's kind of an age factor in there. And poverty would decline 27% if we did that. Now, this is not everybody married. This is the marriage rate that we actually had in 1970.

So,. It makes it a little bit more realistic. What about education? If everybody had just a high school education, it would reduce poverty 15%, reduce family size 13%. Double cash welfare! This is not going to happen in our life time. This is not going to happen in God's lifetime.

8%. So, this will give you some idea if we increase welfare payments, it won't necessarily have a huge impact. So if you were just a naive graduate student, for example. And you saw these Davey, you might say, wow, gosh if I want to reduce poverty maybe I should try to produce more work, more marriage.

And get people to stay in school longer, that's what kinda strategy we ought to have. So that's, this is a naive way that we do things in Washington. All right. So let's talk, let's. Oh yes.

>> Before you leak out. When you had your original list of, of strategies, I think it raises the question of, I mean it's, it's, interesting to think about the single measures and how much they would do.

>> Right.

>> But it strikes me that the real possibility for changing things are about the interactions between these bars.

>> Right.

>> That is if we can do something about work opportunities that might change marriage rates and reduce cash welfare and so I think while this is, this is sort of these numbers are interesting I think it's important to emphasize that they're also interconnected.

>> Right. Right I do to, I think I should invite you to the rest of my talks, because, because you're actually strengthening my point, I do, let me give you one example, this is to me an amazing example. There is a program. I'm gonna show you later, a list of programs for children that we're evaluated with random assignment experiments, often multiple multi sites and you know, really good social science research.

And one is called career academies. And the basic idea of career academies is first it's smaller schools. But the real essence of it is, that the kids have an experience in the business world, and they do it year after year after year. They don't necessarily work, but they have something like a mentor, and they go to a work site, and the idea is that they're learning, oh, you gotta be there on time, you have to show up.

You have to get along with your peers. You have to take orders, and this is the kind of stuff they learn. Alright. No impact on women, oh, by the way, eight sites this is really a wonderful study, NBRC, eight sites, and no effects on women, but really profound effects on guys.

Followed them over eight years, and they make more than \$2,000 per year on average in those eight years. And here comes my point. That's why I'm going you know, running my mouth here. Is that, they have a 16% higher rate of living with their children. And also a higher marriage rate.

So, and I, I already thought this. So now, 'cuz I often cite this. Because it really reinforces what I think is a big part of the decline in marriage in the United States which is men's income. Now there are other reasons but men's income. And I'll show you some data in just a minute that we do have a real problem with men's income.

So yes, there are definitely interactions, yes. Quickly, is that increased marriage really just, is it, talking about marriage, or are you talking about pooled income?

>> No, if you, if you increase the marriage rate, you increase the proportion of families that have dual income, yeah!

>> But explain that dual...

Family instead of marriage per se.

>> Because I wanna convince people that we need higher marriage rates in the United States. Geez. Alright so education. What? Education. This is an amazing chart I think. It goes all the way back to 1963. Here are high school dropouts, high school degree, some college but no degree, four year degree or two year degree and advanced degree.

These lines never touch. So marriage has always been a good strategy for someone who wants to have more money in prime or in your family income. But notice the patterns now. Look how much space is between these now. They're separating. This is a nice example of why of education is more and more important in America for accounting for income.

And also notice the direction. The only increases is with a four year, over the last two decades or so, is with a four year degree and with a graduate degree. Even a high school degree, you make less and less and less every year, and high school dropout even less.

And even with some college, you're still not having increasing wages. So this is why. This shows education is really a crucial factor and here's one that's even more impressive to me. Now this is kinda complicated this is based on the panel studies on income dynamics which is amazing, amazing.

You know you can tell a graduate student that's really gonna be a good. Social scientists because they see wonderful data sets, and they go, oh, wow, what a great data set, you know. So that's the way you should feel about PSID. They started collecting data in 5,000 families in the 1960s.

They followed them, they're still following them, and then they followed their kids. So this allows us. They compare the kid's income with their own parents during the primary earning years, these, every, all these data points are 5 years income average which greatly stabilizes income. Compare the kids with the parents, okay?

So, for example, oh and this is divided in half, these are kids without a college degree, these are kids with a college degree. So here are the parents in the bottom 20%. Where are their kids? And the answer is 45% of them are in the bottom 20%. What about the top?

Only 3%, of the parents with the bottom income and the bottom quintile only 3% of those kids make it all the way to the top, all right? Now, look over here, with a college degree. Oh, so, the conclusion you can draw from this. And, you know? I wish I'd known you when you were younger.

'Cuz then, it would make some difference. You gotta choose your parents carefully.

>> If you don't do that, you're asking for trouble. You might have a 45% chance, rather than a 20% chance of winding up at the bottom. Now, the same kids from the bottom 20%, here they are, if they get a college degree.

How many of you have ever heard about Random Simon Experiment that produces impacts by a factor of four. I mean, this is really a powerful effect. So, the kid from the bottom group now, can get a four year degree. They cut by 75%, a little more, their chances of being in the bottom, and look at the top, only 3% here, ten percent here.

So education is really, really important, and in our lifetime we'll never see better day than this answer this question I think, I mean this is really amazing data. Hola! Selection all over the side. Set correlation, correlational, I mean I'm not but it isn't all selection I don't think.

But we could argue about that if you want to. Yes.

>> Are you guys are in cahoots or how does this work? Yeah.

>> so I guess I would just em, re-emphasize what Tom said by saying I think it's great that you're putting forward that these are just correlations but then you did just conclude that education.

Is the past.

>> Ok. Alright. Alright. So your conclusion from correlation data is you can never make any kind of causal statement. You can say this suggests or anything like that? Would you look at these data and realize they're correlation and would you tell your children, of course this is all a figment because it's only correlation so don't worry about going to college?

>> I would be very cautious about what I would consider and I would say maybe education plays a role or maybe something else that. Well I think. Here's what I think you should say you should say education and lots of other things play a role. I mean I think this suggests there are, education plays a role.

How could, you can't look at this and think education doesn't play any role. Can you look at that and say it doesn't play any role, anyway. We made the point here that these are not causal.

>> It's just extraordinarily hard to determine causality in these situations. In our hearts we're in education.

We really want to believe there's education. We actually do believe. At the same time, we don't see very much data,

you know, hard data, that can really

>> Yeah, yeah. Okay. I subscribe to that statement. So I stand corrected, yeah.

>> I still think education's super important.

>> Alright so, with data like this, economists would predict that young americans who would realize oh my god it pays, even if they listen to economist professors, the odds are that hey if I get an education that it really makes a big difference.

And America as a country would focus on our schools. And we would really make sure the kids are learning that. So here's data from the National assessment of Educational Progress, which I've accepted as a highly reliable, maybe the most reliable set of performance data. And as you can see these are like a carpenter's dream.

We are not doing better in reading, we are not doing better in math. And not only that. Other countries are we're, out of 64 countries, this is from PISA. Tied for 24th in math. Tied for 19th in science, tied and so forth and these remarkable countries that are ahead of us.

So either based on improvement over time in our education or on international comparisons we have a long ways to go. We're not doing well. On either, in either K12 or maybe even postsecondary. Yes, a little more doubtful, but definitely K12. So there are a lot of investments we could make.

I'm not gonna go through each one of these, but in our book that you mentioned, Creating Opportunity in Society, we do go into some detail on these, and there is good data, from random assignment, not just correlational for most of these interventions. Preschool I oughta mention just briefly because the President mentioned in his speech, it's a great lesson about what Washington is like and the influence that Washington has on the whole country, never mind when Americans say how much they hate Washington.

So we all know people that spend their life going around trying to convince legislators and the American public about how important preschool is. They give speeches, they write and so forth, and no one pays much attention to them. I know this, cuz I've been doing it much of my adult life.

The President has one line in his State of the Union address and the country explodes. There are articles everywhere about preschool, even Jim Hequin comes out of the woodwork.

>> And makes all kinds of claims about the Perry Preschool program that was operated about 500 years ago and.

>> So.

>> What?

>> For '67 or something

>> Well. It's approximately I said. I think the President said two things that were, by implication, at least wrong. Number one is, he called for, he said universal. I think that might have been a mistake in the speech. I just can't believe that would have said that.

Given our financial problems, and we're gonna spend money, on sending, putting kids in preschool who are from families that are in \$250,000? This is nuts. We're not gonna do that. I'm wh, even if it's now, we're not gonna do it. So what could he have been talking about?

And the other problem is, he wasn't clear about what he proposes. Well, apparently what they have in mind, I've talked to some people in administration since the speech,. And even a little bit before. I think what they wanna do, is they want the states to be, have more control.

Including of Head Start money. So I think they may be looking for a way, many of you probably already know this, but states spend something like on the order, I think, \$7 billion on their state Pre-K programs, and Head Start is about \$7 billion, and in some states it's, they work together.

I, their pretty well coordinated, but other states, they don't work together at all, so you've got two completely separate

programs with more or less the same goal. It's just not a way to, you know, run the country. So I think that there's room here for, we could get a better bang or the buck if we had better coordination.

And I think that's maybe what the President has in mind. I don't see how he's going to get more money. Out of the federal government or out of the states unless he's prepared to cut programs. Now he has consistently said, we should talk about this a little bit.

He has consistently said from his first inaugural address that his view of government is cut things that don't work and spend money, more money on things that do work. I think you could make an argument that preschool programs, high quality preschool programs, do work. They do have an impact on kids.

It's very much up in the air about how big that impact is. It's certainly up in the air about head start. Whether that really produces an average impact and certainly how long it lasts. But we have lots of good studies of pre-school including state pre-K programs which could even be, I mean it is better, that data is better than Head Start data.

So this is probably a worthwhile investment but here's the bottom line and this also he did not say and it drives me nuts because politicians never say this. They talk about pre-school like it's one unified thing. All pre-school is the same. It's all high quality, and it will all produce impact that is false.

If you don't have high quality pre-school, which I think means a very skilled teacher, you are not going to produce impacts. So our problem is not just digging up the money, our problem is figuring out how to organise a pre-school system that features high quality teachers all around the country.

And we're not paying some like \$15,000. So there's a lot of work to do here to create a high quality pre school system and I know that's what the president, that's the direction he wants to take. It just was not very clear in the State of the Union.

The other thing I want to say about the Obama administration, the last two administrations have been really focused on K through 12 education. I think No Child Left Behind didn't necessarily work out too well. There are lots of education experts in this room, so I'm not going to make too many claims here.

But I do think that the Obama administration has done some really, really smart things on, and especially I three- I three stands for investing in innovation. It was, I think it was, it was almost \$700 million, and here are the two things- I think this is very important and it has a much broader message for government programs.

First, in applying for the money there, it's competitive, okay? The worst thing you can do is have grants that are given to states based on population or whatever. Because they, you know, Nevada can submit a perfectly awful proposal. And get whatever proportion money is there's. Most federal grants should be competitive because then you can pick and choose based on some criteria and if it's an open process and so forth.

That is, I think that's the way we should go and that's the way the Obama administration did go on it. It's competitive and they specified very clearly what they wanted and especially, get this. They want evidence that what you're gonna do is gonna work. And they especially want, believe it or not, random assignment evidence.

I've conducted in the last 18 months or so, 130 interviews, or my assistant and I have, 130 interviews of. Administration officials, congressional staffer, and advocates in Washington. And they all talk about random assignment. So don't like it very much. but it's fascinating yet again, the power of the presidency to alert everybody about what's really important and if data is important, correlations don't cut it, right.

Did you just tell me that a minute ago? So, it's fascinating, and not only that, but then all of the programs that get the money have to agree to high value evaluations, including some random assignment. Now this raises a huge issue I'm just gonna stick this in here.

Somebody wanted. Talk about it later. We really have a technology problem here. Do we wanna have programs that

have strong evidence of success, but not all programs can have strong evidence of success because you have innovation. And by definition you don't have yet have good evidence if it's gonna work, so you always wanna leave some room for innovation.

But administration has. I think solve this problem by giving most of the money to programs that have a lot of evidence of success, including random assignment; that they leave money for programs that are innovative and have promise. So, a logic model, or associated studies that are a little bit different.

It's just a wise way to go. They're doing this in- They have six of these evidence based initiatives, by the way five in addition to i3. And so the first thing is you have to have evidence of success for most of the money. And then the next thing is you have to agree to evaluation.

So you get something both. And oh, I wanna say. This is remarkable for people who study evidence because the evidence is on the inside from the very beginning. Normally I have a chart that I use, it's a pie chart, and it shows all the factors that influence decisions that Congress makes and the President signs the bill.

But what are they considering. Well, they're considering party philosophy, they're considering the position of the chairman, you know, there are a whole bunch of factors, and then there's a little teeny slice, evidence. And that's the way it usually is. So you have you know, 11 people in the world, who are fighting like mad to try to get evidence, to be a part of a decision in congressional process.

You have the same thing at state level, you have the same thing at city level. You have the same thing at public schools. People that think we ought to base our decisions much more on evidence and especially high quality evidence. >> I'm Ann Stevens, director of the center of poverty research at UC Davis, and I thank you for listening.

The center is one of three federally designated poverty research centers in the United States. Our mission is to facilitate nonpartisan, academic research on poverty. To disseminate this research and to train the next generation of poverty scholars. Core funding comes from the US Department of Health and Services. For more information about the center visit us online at www.poverty.ucdavis.edu.