

THE HAMILTON PROJECT AT BROOKINGS

WASHINGTON COURT HOTEL

ADDRESSING AMERICA'S POVERTY CRISIS

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POVERTY-2014/06/19

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**Welcoming Remarks:**

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**Framing Remarks:**

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Senior Fellow and Director, The Hamilton  
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ROUNDTABLE: VIEW FROM THE PRIVATE SECTOR ON HIGH-SKILL  
TRAINING AND APPRENTICESHIP:

**Facilitator:**

SUDEEP REDDY  
*Wall Street Journal*

**Discussants:**

MIKE PETERS  
Huntington Ingalls Industries

KLAUS KLEINFELD  
Alcoa

ROUNDTABLE: NEW APPROACHES TO BUILDING SKILLS:

**Moderator:**

RALPH SCHLOSSTEIN  
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Wisconsin Regional Training Partnership

MICHAEL MONROE  
North America's Building Trades Unions

**Keynote Address:**

THE HONORABLE BILL CLINTON  
Founder, Clinton Foundation  
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ROUNDTABLE: SUPPORTING DISADVANTAGED YOUTH:

**Moderator:**

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ROUNDTABLE: PROMOTING EARLY CHILDHOOD DEVELOPMENT:

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P R O C E E D I N G S

MR. RUBIN: Good morning.

SPEAKER: Good morning.

MR. RUBIN: Okay. Good morning. I'm Bob Rubin. And on behalf of all my colleagues at the Hamilton Project, we welcome you to our two-day Summit, Addressing America's Poverty Crisis.

Before getting into the program itself, let me say a few words, if I may, about the Hamilton Project. About nine years ago, a group of us who cared deeply about economic policy got together, and decided to support a policy project that would be analytically rigorous and evidence-based. In many respects the Hamilton Project, at least to the best of my knowledge, is unique.

We are not an institution, but we are partnership, a small partnership of policy experts, of former government officials, academics and business leaders, and we are organized as an Advisory Council, and when you take that combination of areas of

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engagement it does, I think, provide a distinct perspective to inform the work of our project.

And our architecture is totally open, on each topic that we cover, we commission papers from around the country on the best people in the field. The best policy people and the best academic people. We do not endorse proposals, but rather we do as we are doing in the Summit, provide a forum for the presentation, the analysis and the discussion, and then the promulgation of policy proposals.

We work in partnership with the Brookings Institution whose intellectual vitality is an important part of our life, and contributes greatly to the work that we do. We support market-based economics, but equally we support governments' vital role providing the many functions that are requisite for success that markets, by their very nature, will not provide. And a very good example is the subject of the Summit, that is to, say, combating poverty which we view as a major economic objective.

We believe the objectives of economic policy

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should be growth, broad-based sharing in the benefits of growth and economic security, and we believe that they can be mutually reinforcing, not antithetical as is so often said.

We have, over the years, had discussions with respect to the hardships that ensued from the financial crisis, but our fundamental focus is long-term economic policy. And that takes us to the topic for the next two days.

Poverty is, all of you who are here so well know, is a serious moral and social issue, and imposes a terrible personal cost on the poor, and on that score alone, should be a policy imperative, but what we believe, and I believe is too seldom recognized, is that overcoming poverty is an absolute requisite to the American economy in the years and decades ahead, and thus overcoming poverty affects not only the poor, but powerfully affects all of us.

The social cost that could be saved, and the productivity gains that could be reaped by overcoming poverty would make us more productive, more

competitive and a more successful economy. And that's particularly important at a time of stark transformation in the global economy.

It's that perspective that caused us, when I was at the Treasury Department, to include poverty, combating poverty, as a major part of our economic agenda. And as a result we strongly engage and support in the Earned Income Tax Credit, Head Start, CDFI Fund, Medicaid, and a whole host of other programs, and we established the Treasury Department's first Office of Community Development.

Our country has enormous strengths, a dynamic and entrepreneurial culture, flexible labor and capital markets, the rule of law, vast natural resources including our revolutionary change with respect to energy, and a great deal else, and thus we are well position to succeed in a global economy. I would rather conduct economic activity over the long term, in the United States than any other country in the world.

But if we are going to realize that

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potential, there is an enormous that we need to do in the policy arena, and high on that list is combating poverty effectively. A few numbers which most, or all of you know well, quickly demonstrates how serious the problem remains, the problem of poverty in the wealthiest country in the world. Fifteen percent of all Americans live in poverty, 20 percent of our children live in poverty which should be unthinkable.

And, probably much less well-known, roughly 30 percent of Americans moved in and out of poverty over the three years from 2009 to 2011. The point of that is, and that is defined as meaning that over that period of time, they spent at least two months, in many cases longer, in poverty, and point there is that poverty affects, at least for some period of time, a much larger number of Americans than the statistics ordinarily capture.

In fact, something like two out of three Americans will be poor at some point in their lives. All of these facts, but especially our child poverty should be morally unacceptable, and economically

alarming. There are many institutions that do very good work in the policy arena with regard to combating poverty and do that from a social perspective.

But we felt to bring Hamilton Project's platform to these issues could have a distinctive benefit into -- and contributing to a broader recognition that the stakes, the economic stakes, in combating poverty are huge, and that measures to combat poverty, our public investments critical to the future of our country.

One impediment to moving forward on poverty and policies addressing poverty is the view by many people, badly mistaken, as I've just discussed, that poverty is not their problem but only the problem of the poor. Another impediment is the opinion that nothing works, and that is equally mistaken. There has been important movement over time, especially in reducing poverty amongst the elderly, but also in areas like nutrition and the availability of health care.

Moreover, many individual programs have been

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significantly effective, the Earned Income Tax Credit, the Low Income Housing Tax Credit, Food Stamps and many others. And while these are all Federal programs, states and cities are also actively involved in combating poverty. And that provides the opportunity, the involvement of the states and cities, to move forward on poverty, and to move forward on the kinds of proposals we'll be discussing in the next few days, even when the federal government itself is unable to act.

There's also a great deal of joint public and private sector activity, and many other proposals being discussed today, lend themselves to that arena. Let me give you one example of how powerful public and private sector cooperation can be. There's an organization called the Local Initiative Support Corporation, which David Broder once called the most important unknown institution in America, the acronym is LISC. And let me say, in full disclosure, I've Chaired this ever since I left Treasury.

LISC provides roughly 1 billion of

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investment capital to inner cities every year. We can build on the many programs that have proven effective, and we can pursue creative approaches, which is the focus of the Summit, to address both the ongoing causes of poverty, and the more recent pressures from technological development and globalization and opportunities for the poor.

But in order to realize the potential that gives our country for dealing effectively with poverty, and this is the key, requires political will, and that has been willfully lacking. Our hope is that recognition of the economic imperative to overcome poverty, and recognition that measures to overcome poverty are public investments in the future of our country for all of us can make a meaningful difference.

For today's discussion we really have an extraordinary group of authors and panelists as you have seen in your materials, and we are deeply grateful to all of them for joining us. In accordance with the Hamilton Project's longstanding practice, I

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will not name the individuals involved. Their résumés are extraordinarily impressive résumés are in your materials. The one exception is our Keynote Speaker, President William Jefferson Clinton, whom I will have the privilege of introducing later.

For now, let me note simply, that he has been committed to combating poverty through all phases of careers -- of his career. As President he contributed, and we'd rather put in place, economic policies that contributed greatly to incomes increasing at all quintiles with the greatest increases being for the lowest 20 percent of Americans, and to a reduction, significant reduction in the poverty rate and in child poverty. His work showed that effective government and sound policy matter, and are deeply grateful that President Clinton will be joining us today.

Let me close by thanking the three people that have developed the intellectual construct for this remarkable program, and they've brought it altogether. Melissa Kearney, Director of the Hamilton

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Project; Karen Anderson, the Managing Director for the Hamilton Project; and Ben Harris, the Policy Director of the Hamilton Project.

Let me also thank the enormously-talented and hard-working staff of the Hamilton Project without whom nothing that we do would be accomplished.

Let me now turn the podium over to the Director of the Hamilton Project, Melissa Kearney, Professor of Economics, University of Maryland, Active Participant in the National Bureau of Economic Research, and Senior Fellow of the Brookings Institution. Melissa is going to discuss the framing for our two-day discussion, but let me also recommend that you read the introduction to the Policy Book. It is a thoughtful and I think, at least, deeply troubling view of poverty in America today and its consequences. Melissa?

MS. KEARNEY: Thank you, Bob. And thanks to all of you who have joined us for these two days for this public discussion on Policies to Address Poverty in America.

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Many of you in the audience have dedicated your professional or personal lives to fighting poverty in this country, whether through government work, at the federal, state or local level, or through community agency or nonprofit. We recognize and applaud your efforts.

The Hamilton Project wants to thank our expert panelists and authors for joining us for this event. These individuals have amassed years of scholarly expertise or practical experience on particular aspects of poverty in the United States. We at the Hamilton Project are privileged to bring these experts together for this summit.

The conversations we will have over the next two days, will be based rigorous academic evidence, innovative ideas and actionable policy plans. This conversation is going to be about good policy not ideology. The position I will stake at the beginning of this Summit, on behalf of the Hamilton Project, is that fighting poverty should be a national priority.

We believe that there are policies that can

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make a real impact. We also recognize that there is no easy answer. Poverty is a complex problem, and the program that we have put together acknowledges this.

Our discussions will largely be based on 14 proposals, each designed to address a specific aspect of poverty in this country. None of these alone will solve America's poverty crisis, but each of them does have the power to make a difference, and together if they were implemented we would see significant change.

As Secretary Rubin highlighted, 15 percent of Americans, that is more than 30 million adults and more than 16 million children, lived in poverty last year. Millions more are just above the threshold, not officially poor, but in economically precarious circumstances, experiencing many of the same hardships and obstacles. These are people from all states of the nation, from cities suburbs and rural areas, of all races and ethnicities, young, old and in between, individuals, families, single parents, married couples.

There is no one face of poverty in America,

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but what these individuals share is material deprivation and the diminished life prospect that come from being poor. For millions of children in the United States, poverty means growing up without the advantages of a stable home, good schools or consistent nutrition. Adults living in or near poverty are often burdened with inadequate skills, leading to limited wages and job opportunities. In addition, the high cost of housing and health care and other necessities often mean that people must choose between basic needs, sometimes foregoing essentials like meals, heat or medicine.

In a country as wealthy as the United States, this is hard to fathom. Furthermore, the nature of poverty in our country, as Secretary Rubin noted, poses a real threat to our nation's social fabric and economic future. Children who grow up in poverty are more likely to drop out of school, commit crimes, and become young, unmarried parents.

Tragically, nearly half of children who grow up poor will be poor as adults. We are threatened

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with the existence of a permanent segment of society cut off from mainstream economic prosperity. Despite all this, the challenges are not insurmountable. Progress has been made since the war on poverty was launched 50 years ago. These efforts have led to a solid safety net that is absolutely necessary. Credible estimates reveal that but for our nation's crucial safety net programs, mostly notably the Earned Income Tax Credit and the Food Stamp program, the rate of poverty in America would be twice as high.

One major theme of this Summit, is that a strong system of income support programs must be part of our nation's fight against poverty. When well designed, these are not band aid solutions, but rather investments in the long-term health and wellbeing of individuals. Without sufficient income to guarantee a safe home environment or adequate nutrition, children cannot thrive in school, and build the health and human capital they will need as adults to be productive workers. Without support, struggling adults cannot return to school or engage in training

programs in an effort to improve their economic position.

We must build on our program successes, and continue to improve our system of safety net and work support. Tomorrow, during day two of the Summit, there will be two Panels focuses on these issues.

A second major theme of this Summit, is that our fight against poverty must include multiple approaches to enhancing the labor market skills of all potential workers. Global labor market forces, driven at least in part by technological factors, have made it increasingly difficult for low and middle-skill individuals to find and keep well-paying jobs. Our nation must recognize the paramount role of skill upgrading and fighting poverty in this country, and shoring up a solid middleclass.

This will require not only significant improvements in our K through 12 education system, but also a commitment to increased enrolment and crucially, completion of higher education programs. In addition, policies are needed to ensure that our

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educational institutions prepare students for the labor market. We will have two roundtable discussions this morning focused on ways to build skills. We will talk about apprenticeships, the role of public colleges and effective training programs.

A third set of challenges we will be addressing arises from the divergence in family structure and childhood experiences between children from poor and rich households. By age 4, there is already an observed income gap in school readiness that persists into higher years of schooling. Too many low-income children start off behind and never catch up with their higher-income peers.

This afternoon we will have a Panel Discussion on promoting early childhood development for children from low-income families. We will talk about family environments as well as preschool expansions. High quality investments in early childhood, have long-term payoffs, and they must be part of our national commitment. But they are not a silver bullet and they will not solve the problem all

alone.

If a child receives a strong preschool education only to enter into a low-quality elementary school, many of these gains will be lost. If a child is floundering at age 12 in school, and starting to get in trouble with the law, we cannot give up on him. Nearly 4 in 10 eighth grade students from families in the lowest income quartile fail to graduate from high school. The consequences of lower educational attainment are too severe to be ignored. It is imperative that we find effective ways to foster the academic progress and behavioral development of disadvantaged youth.

This afternoon we will have a Panel Discussion on this issue. We will talk about mentoring programs, summer jobs, and a way to facilitate a successful transition from high school to college. In sum, tackling poverty in this country is going to require a commitment to addressing the causes and consequences of poverty throughout the life course. This work falls into three broad categories.

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First, it requires programs that provide income support and work support for people who are struggling to improve their circumstances. Second, it requires massive skill upgrading, for the millions of Americans who will, otherwise, be left behind in today's high tech global economy. And third, it requires investments in children, both in the early years, and through adolescence.

These are the issues we are going to be talking about over the next two days -- next two days, in a very practical way. We hope you've all picked up your volume of Policies to Address Poverty in America. These 14 proposals will form the basis for our Roundtable Discussions later this morning, and through tomorrow.

Now I'm going to turn the program over to Sudeep Reddy, an Economics Editor at *The Wall Street Journal*. Sudeep will introduce and moderate our first Panel, which will explore a private sector view on the need for skills and effective ways to address that particular challenge. Thank you. Sudeep? (Applause)

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MR. REDDY: Thank you, Melissa. There are a number of reasons we have two business leaders kicking off a Poverty Conference this morning, with the discussion of Skills Training and Apprenticeships; and we are going to dive into all of those reasons throughout this discussion.

I want to introduce our two speaker here. We've got Klaus Kleinfeld. He has been the CEO of Alcoa since 2008, and you've got his bio in the packet with you there, so I'm going to jump right in. And Mike Petters, CEO of Huntington Ingalls Industries which, of course, is the nation's largest military shipbuilder.

Mike, I want to start with you. Your company has two apprentice schools, that's one of the reasons you are here; one in Virginia, and a newer one in Mississippi. What kind of people go into these apprentice schools, and what kind of workers come out of them?

MR. PETERS: Thanks for having us here today, and we do have two apprentice schools as you

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point out, our operation is we do nuclear shipbuilding, aircraft carriers and submarines in Newport News, and we do non-nuclear ship building, destroyers and large-deck amphibs and medium-sized amphibs down in Pascagoula.

Our program and our general philosophy is that if you invest in your workforce you get a return on that. One of the challenges we have is that most of the folks don't come to us with degrees in shipbuilding, and so we kind of have to create that. And I wish I could say that I was the brainchild behind this, but actually the apprentice program in Newport News started in 1990, and it was recognized that having folks come in and mix on-the-job training with some academic instruction could become the backbone of the Company. And that's, in fact, what's happened.

Today we have over 800 apprentices in the program, it's a four-year program. About -- there's no requirement -- you're on the clock, it's about 7 to 1 on the job to classroom, and it takes about four

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years to get through the program. There are a couple of programs that are five-year programs actually, our Marine Designer Program and Planning Program, and we get all kinds of folks.

I mean we get folks who are coming -- we just, last week, accepted an applicant who is coming from a special school that's been set up in Newport News for really challenged kids, he is graduating and he is going to come and start at the apprentice program. But we've also had college graduates come and start as an apprentice. They come to the yard, and they start to say, hey, I want to get into that side of the business. So it's -- you know, we get the whole range. Our applications there, we probably get about 20 applications for every spot, and why is that?

Because when you graduate from the apprentice school, you're going to make more than \$50,000 a year. You're going to have a job, you're going to understand the culture of your business and you have no college loans.

Now, several years ago, I was given the

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responsibility to -- I spent 27 years now at Newport news -- but about six-and-a-half years ago, I began, also, with the responsibility for what was happening is Pascagoula, and this is in the wake of Katrina, and we -- at that point in time, beginning of 2008, we had basically rebuilt the shipyard, but the workforce had been completely decimated by that storm.

And I daresay that even today, the effects of Katrina on the Gulf Coast workforce are still being felt. Whether it's in housing or in skill sets, or any of those sorts of things. So Governor Barbour came to meet with me when I first showed up down there and we had a discussion, and he said, how can the state help? And I said, the state can help me with building an apprentice school.

Now there were apprentice programs at the shipyard at the time, but the reality was, it was nothing like what we were doing in Newport News. In November we opened the Haley Reeves Barbour Maritime Training Academy, you know, I don't know where the name came from but that's -- but the idea was, it's

located right outside the gate of the shipyard there in Pascagoula, but it's opened to all of the maritime trades in the area. And it's connected to, not just to us, but it's also connected to the Gulf Coast Community College which is just across the river from there.

We have about 400 folks in that school today. We have -- we expect to expand that to maybe 6- or 700 by the end of this year. The program there, it's non-nuclear apprenticeship, so it's a little different, a little bit more on-the-job than in the classroom, but it's still the same kind of idea is, let's teach craftsmanship, and then let's teach leadership, and depending on the craft that you select and the program you select, that in Pascagoula, it can be a two, three or four-year program.

We don't do this, quite frankly, I don't want to be a heretic here, we don't do this to fix poverty, we do this because it makes sense for our business, and my view of workforce development is very straightforward, you get out of it what you put into

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it. We will spend, this year we will spend \$80 million in training. You know, we are a \$6.5 billion company and we will spend \$80 million in training. Craft training, apprentice programs, higher education, all of those things that we do, to make sure that we have the workforce that we need to go forward in this century.

MR. REDDY: Klaus, Alcoa operates in 30 countries. When you discuss worker training and worker skills in the United States, what are you finding with American workers compared to workers in other countries?

MR. KLEINFELD: Well, they haven't been born different, so frankly I always believe that intelligence is equally distributed around the world, so if you have almost 300 million you have a lot of smart people and a lot of capable people. Having grown up, at least for the first part of my life, in a country and a place where apprentice models, like the one that you described, are common since the medieval times basically, and have an infrastructure that's

deeply rooted in society, has a huge advantage coming along with a lot of things.

And I've seen first-hand from some of my classmates in elementary school, who were very intelligent, but just had backgrounds that didn't give them the same opportunities, and were distracted through family situations, but they still had a good pathway, because at a time when they were about to go (inaudible), which is for boys to -- in puberty, you know, you are hitting 12 to 15 or so, and the interests, too, become very one-dimensional, so --

MR. REDDY: We don't know what he's talking about.

MR. KLEINFELD: And then when -- then when you have to choose between doing your math homework, and tune your motorcycle, it's actually pretty simple what you choose, but I mean, you can combine these two things, and you can basically teach somebody to tune the motor, and with a modern electronic equipment, you know, and by this teach math.

And that's basically the whole idea of it.

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I mean give people an opportunity to have multiple pathways to good education. And so I think that, and that's also part of the answer here on that. I think we have multiple pathways there. I personally think that the U.S. -- when I look at the U.S., historically, I have two daughters and one of the -- where to find things as to go on a college tour (inaudible), and a I learnt a lot about the U.S. educational system historically, and you saw the differences in the school, which I found historically fascinating.

I mean, how diverse they once have been, but they have become a little undiverse these days, because it almost feels like every time you discuss something everybody says, well, you've got to have K through 12, and college, and otherwise you're a dropout, right. I think that's not a good pathway. You know, we have to offer more options to achieve good-paying jobs.

So it starts -- it starts I think with the K through 12 situation. I personally believe very much

we have to offer opportunities, not just to reform K through 12, but also offer opportunities to give people a chance to go to more occupational-oriented school, and you can choose the pathway from ninth grade on, to make -- basically make sure that this hit through when the hormones hit, you know, and distraction comes in that they have another way to get a good education.

At the same time the system has to be open, because otherwise, if the system is not open and doesn't even allow you at a later point in time to go to college or to go to university you achieve basically your stratification of society at a very early start. You know, and put people into brackets that basically predetermine their lives, and the smarter ones notice that and they basically have no other choice then, if they want to make money they become a drug dealer.

You know, so it's a very logical choice, very, very logical choice. You know, and we have these discussions, wherein we have two schools as like

one in New York that we -- that we sponsor and work with, and they are both in Hunts Point, which is in middle of New York and is one of the poorest districts in the U.S., you know.

So the first thing I would say, it's the whole aspect of education, and it's not just STEM education, but it's also the structural situation. Obviously it has to be STEM education, but it's a question on how you deliver it. I mean, you can teach math, you can teach physics if you do it in an applied way, and that's all that counts.

I don't need to have somebody understand the foundation of logarithmic scale, you know, unless it's an applied -- and it's applied. The second thing I would say, is the whole question, of how do I achieve job readiness. And that is not just a reflection of what happens in school, it's more a reflection of what happens at the workplace, and I think we sometimes forget that we are living in a dynamic world. And if look today how dynamic the world is, how much technology is changing our workplace every day, I get



very concerned about the speed at which we are continuously educating our workforce for the next step.

In reality, I mean, I have this discussion every week, I visit some of our facilities. And this week I was at a place in Philadelphia and had this discussion with the folks there. And you can see how new technology comes in, how you can, suddenly, with new technology application do other things. But for this to be applied, for instance, new sensors, and then software that is better than the human eye, than the human inspection, and you need this to get up to the next level of product quality.

But what you also need, is you need a workforce that ceases opportunity and understands how to read a computer and is not afraid of it. So that's the second -- the second thing is kind of around the job readiness. And the third point is the question of affordability and reality. I mean we have -- I mean, I could go through a long list of stuff that we do here in the U.S., and most of those programs were

very, very well formed. I mean, brining young women in -- we have a program in Michigan where we offer it now, in summer time, it's running now. This is going on for eight years or so, we've basically channeled through this more 900 young girls.

And what we do is, we open the facility, and we take two cohorts out of the community and do a program where they can see the facility, understand what's going on, on the factory floor. And we've seen this -- and it's for seventh and eighth grade girls, you know, and we've seen how massively that influences their choice on whether they want to go to college and what they choose in college, right.

And that's the right point in time, because they can -- in seventh and eighth grades -- they still have time then to prepare at school, and to be good at math and science, to have a good record then to make it into school, and get to a good school, right.

And there's a whole host of these programs, but one big issues is, the alignment sometimes is missing, and as great -- I believe in, I mean, when

you want to create change you have change an individual at a time. I deeply, deeply believe that, so everybody, everybody counts, you know.

At the same time you can multiply the effect if you make certain things portable. Use best practice and certain things portable, and that's where the -- where things like the national standards come in, you know, that allow a person who gets an education for instance, I mean how great would it be to get an education at your facility that is kind of accepted by all Naval facilities like it is in Europe.

You know, you get a standard certificate, and then it gives you an opportunity, if you want to move on, you know, you know you have a bigger job market, instead of being tied -- tied to one employer. I think that in today's world the best thing that I can give to my employees, I can't guarantee that they have a lifelong job, but I can guarantee is that we are going to invest heavily into their employability. I mean, when they are with us they have great opportunities and they have to use them, you know, so

to increase their employability; that's all I can do.

And the last thing, is an image issue, you know, which is not small, but I think it's on the decreasing side. Much less though to the workings of industry, much more so to the disaster and financial industry, so because what we've seen in the past, I mean, in the discussion about what's my next, what's my job going to be, mom or dad, I mean, the statistics here show that only 20 percent of the parents would recommend to go into manufacturing, here in the U.S.

And the misperception, and then when you go deeper and say, why is that so, there's a whole kind of cluster of misperceptions, that goes from, that's a dead-end road, you know, they are paying badly, there is no opportunities for growth, and it's a dirty job. Dirty and heavy job. So if a girl sits around the table and says, hey, I saw something really cool going on there in the manufacturing shop, and that conversation happens, you know, then obviously that's the biggest discouragement.

The good -- I think the good news is that

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view is changing a little bit, we see that when we do recruiting these days, and in the schools, we see that there are more people lining up, we see it in the internship programs and -- but I'm realistic enough to believe that probably less because of what we did, but more so because others screwed up so badly.

MR. REDDY: Mike, your apprentice programs require some math and science.

MR. PETERS: True?

MR. REDDY: It requires a little bit of background to get in, in the first place. How would you rate the quality of math and science education that you're seeing at the high school and community college level for people who are coming in?

MR. PETERS: Well, I think it's a mixed bag. You know, one of the things that we had to -- we had to get at was there is an underlying view, and I think there may have been a study many years ago that said, that the rate of economic growth in any particular region or area, is directly correlated to the number of Bachelor's degree in that area.

MR. REDDY: Mm-hmm.

MR. PETERS: I think that maybe statistically true, but I think it's one of the most dangerous things that's ever been put out. We have 40,000 employees today, about 20 percent of them have Bachelor's degrees. We are going hire between 3- and 5,000 people over the next three years or so, 90 percent of them do not require a Bachelor's degree.

One of the things that we had to go into the schools, that we've done in the last several years, used to be in our communities, to this manufacturing point that Klaus brings up, it used to be in our communities, the teachers would actually tell the kids in school, that if you don't pass, if you don't go and get through my program, through my class, you might end up working in the shipyard.

MR. KLEINFELD: A great endorsement.

MR. PETERS: You know, so what do we have to do? I mean, basically where we were in that era, was we were getting applicants that were fourth quartile students. So we had to kind of take that on

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head on, and one of the things that we do, probably not unlike what you do, we actually bring the teachers in for the summer, and we put them in the shipyard, you know, for a couple of weeks, give them a chance to see what the shipyard is really like, what that environment is like.

You know, one, it is hot, it is hard work, but you had better know some math and science, you had better know how to communicate, and I've got a description here. This is just right out of our job descriptions. A rigger is someone who actually operates the crane, lifts things up, we have such heavy stuff, there's a lot of lifts going on. I actually think that if we took all of our cranes and lifted their limit all at the same time, that the earth's rotation would change a little bit. It would change the center of gravity a little bit.

But you know, that's my physics brain talking there. This is a quote from our employment manual, "Riggers must be able to calculate the weight and center of gravity of the item being handled,

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determine the capacity of the lift points, and calculate the handle imposed on the handling gear, in order to select the most appropriate gear for the task at hand."

Now I would suggest to you that a fourth quartile high school student is not going to be able to do that, you know. And what we found is that some first and second quartile high school students can't do that right away, right. So that's why we invest in this so much, it's because we are trying to fix that challenge on the back end. But that's really what we are doing, it's we are fixing it on the back end, and that's why I think this idea that these college degrees, and you want everybody to get through college, what I hear at the CEO roundtables that I go to, is that folks are going to colleges now and saying you know what, it's great that they have a degree but they are not job-ready.

That's a real challenge. We like to think of this as a value stream, that starts, and I know you are going to talk about preschool this afternoon. And

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I think that's great, I'm married to a preschool teacher so I -- and actually our daughters are both elementary school teachers so, you know, I don't know why they didn't go into manufacturing, but the -- if you think about the value stream of education what we are doing with apprentice schools, and craft training, and on the job training, and upgrades and all that stuff. We are dealing with the end of the value stream.

And I know that Klaus' business wouldn't be successful, and my business is not successful unless you deal with the beginning of the value stream. And so in our business we have heavy programs to train workers on the frontend, we actually insist that some of our support in the community is on the front end of this. I call that the long game. You know, you have to play the long game here, even if you're investing in schools and kids that, you know, may not ever in the shipyard.

And a funny thing is happening for us, is that now we are starting to get second and third

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quartile kids, and we have high school teachers who are say, you know, if you get through my class, you might actually get a job at the shipyard.

MR. REDDY: What are you finding in the communities you're in, the kinds of workers they are coming up with? Community colleges across the country are rushing into this area to try to give you better workers? Are you getting --

MR. KLEINFELD: Yeah. Well, that's fascinating, because when I came to the U.S. first, I mean the thought was, it's the -- having seen the apprenticeship model working so well, and my thought was, that's it, I mean, that's the solution. And seeing at the same time, I mean, your program exists for a long time, so you have built an infrastructure, but that's not, unfortunately, not the reality.

MR. PETERS: It's rare. It's very rare.

MR. KLEINFELD: It's very, very rare, and then trying to build that up, you have to face that substantial difference from the infrastructure that you find here, in many places, compared to what you

find in Europe, right. Because there it's usually shared infrastructure, all the companies, mid-sized, big ones, they all share this infrastructure in the community and everybody works with it.

I mean, here you have to build it all up from the ground, so what you face is, you face really super high cost of this. So we've done that in some places, and particularly try to always do it as an activity with others, and there are some areas, like in Davenport, you know, where here's a whole range of companies, bigger ones, you know, that came together and built this, that is -- I think that works very well.

But we also said we've got to have different models, and what we saw when we reached out to the community colleges they were actually extremely happy about us reaching out, because they said we have this program here, and we don't have enough applications, and we said, but the reason why you don't have enough applications, is because that content is not what we need.

And in a way, it's kind of logical that, how can a community college know what the need is in the community without a deep engagement and a real, too, public-private partnership on discussing the curriculum. So the first that we have done and we've always, there's not one place where we haven't been received with very, very open arms. It's having a discussion with the community college as to what do we think needs to be done, and then packaging this.

And also, offering up our own employees, I mean senior employees, and sometimes retirees to teach, right. And then, also putting it together with the sponsorship programs inside of the companies. So, for instance, I mean if you do a welding program, or if you do a numeric control handling of operator, you know, you can teach that in a weekend course or an evening course, and you can basically -- we pay for the course, and we give to the person, you know, if they want to do that.

But we don't give the full time because we also believe that you want to see the commitment of

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the individual, because what often comes with it, once they've gone through it, very often actually before they even graduate from those courses they get a better job, right. So this has worked extremely well, but there's not size -- I think -- I really believe it's not one-size-fits-all, but there are multiple things that work very well. Community colleges, good fabric in the U.S. and we are making use of it everywhere where we are with extremely good results.

MR. REDDY: Mike, there's a figure in one of the poverty papers in the book today, the federal government spends 100 to \$400 per apprentice in terms of training from federal dollars. State -- local governments spend \$11,400 per community college student. Would public money make a difference in your program or in other programs?

MR. PETERS: I mean, in fact, our two programs have in partnership with the states. That, you know, the Haley Barbour Center was an \$18 million grant from the -- in the Katrina grant -- it was a Katrina Grant that Governor Barbour was able to

marshal to actually create the facility and allow us to put all that in one place, and we opened that in December, we opened that -- I think we opened that in November.

We opened the new building and a new effort in Newport News with a state partnership of nearly \$70 million and that's a partnership because that school was located in Downtown Newport News which has a lot of the challenges that downtowns have, is that it's empty, right.

And you have -- in Downtown Newport News, you have larger shipyard in the Western Hemisphere kind of on one side of downtown, and on the other side you have a largest coal piers in the Western Hemisphere, and so it's not exactly the kind of place where you're going to have this big, urban renewal kind of thing going on. And so, what's happened though, is we put the apprentice school right there, and we've built housing to go with it, we've done retail, you know.

And this is part of public-private

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partnership is the facility is the part that we needed, but the private -- there were other folks who were interested in housing and retail to bring it on and kind of create a little bit of campus feel to it, which has been very, very, positive and well received, and it's changed the face of that part of downtown. It's not going to solve the challenges of sitting between a shipyard and a coal pier, but it's certainly going to help.

I want to go back to what Klaus talked about on the community colleges. For several years I served on the State Board for Community Colleges in Virginia, and let me tell you, there's couple of dozen community colleges that are thirsty for businesses to come and say what is that you want.

In Newport News there are three community colleges in the area. One of them actually, we gave them our Virtual Welding Training Program, so that when we get someone who has been through their program they can, you know, skip ahead in our -- not only through our welding class and our welding program, but

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they skip ahead that way.

We put our design software over in the community colleges, so if you take the design programs, and if you come to us from Thomas Nelson as a Designer, then we know that you've already learned how to use the software that we are using. So there are a lot of ways that businesses can engage in this. And what I would tell you is that there's an appetite out there, because the number of people that are applying to go to community colleges today, at least in Virginia are, you know, running well ahead of the ability of the system to support it.

You know, there were -- if you have a school that was created for 5,000 students, and you have 15,000 people there, you know, and we've done all the same thing. We have faculty that are -- our shipyard people that are teaching over there, and adult education is something that if you ever want to get involved with. I will tell you that if you ever want to have an inspiring day, go to community college graduation, because a lot of the folks who are



graduating that day, never ever thought that they would ever graduate from anywhere.

And it may very well be the first time that they've ever graduated in a ceremony, and it is just a -- it's a heart-warming day to see people who've had that kind of success. And so I -- and I encourage every business leader I talk to, that if you're not engaged in the workforce development pipeline through your community colleges, or however you want to do it; if you're not engaged in that, you won't be happy with the product you get out of it. But if you were engaged in it, think of it as an investment, the return is really high.

MR. KLEINFELD: I think part of it is also -  
- I fully agree with what you just said, and just reflected on some conversations that I had with some folks on the shop floor that have been going through it, and it's sometimes not easy because also on the shop floor, it's not an established concept in the U.S., unfortunately, right?

MR. PETERS: Right.

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MR. KLEINFELD: So they sometimes get mockery. I mean, the family complains about, what are you doing? You're staying away, you're getting education in the evening, you are gone for the weekend, and you are still bringing home the same money, and mockery at the workplace. But then, I mean, the dynamics entirely change, the moment they see that they get promoted and get to go -- be given another job, and unfortunately, what people have don't also realize, that very often the jobs of those ones that didn't get the education are at much, much higher risk to be eliminated.

But that, I think that fundamental understanding has not yet make it fully through, but in those families, I've seen that one of the reasons why I've seen these people that have graduated being so motivated, it's because they themselves make exactly that connection.

MR. REDDY: Right.

MR. KLEINFELD: And seeing it pays off for me, and it pays a year's work, or over two years. I

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mean, this evening it pays off directly, and I can make the life for my family much, much better and I have a better pathway. But I wish, I mean, that would be -- that discussion would make it to the shop floor, you know. Because in a way, what scares me most -- I'm asking myself this question right -- so what scares me most -- what scares me most --

MR. PETTERS: Klaus, what scares you most?

MR. KLEINFELD: Yeah, what scares me most, exactly. So what scares me most --

MR. PETTERS: That's a good technique, I'm going to (inaudible)

MR. KLEINFELD: Yeah. That's a good one, isn't it?

MR. PETTERS: Yeah.

MR. KLEINFELD: So, what scares me most is that -- and it scares me more in the last 24 months than it ever has scared me, because I would have to -- if we had that conversation 24 months ago, I would have very violently said, well, if we get this education thing under control, and I think we have

good ways to go we are -- we will be fine.

I'm not so sure that that's my answer today, because what I'm seeing today in regards to the speed in which technology permeates all areas, and therefore the need -- and the need for my workforce to upgrade, and it's not -- it used to be a question of -- okay, here is the cost of labor and here's the cost automation, right, and that was a tradeoff. That's gone.

In most places -- in most places, that is not my logic anymore. My logic has totally switched to, if I went to compete in the future, I need to make sure that I get the latest type of technology into my workplace. I mentioned one example, which is the real example from just this week Tuesday, when I was standing at this -- at the Rolling Mill in Lancaster, and I saw that we have a slitter, and the slitter it was, where, two people standing there at the slitter looking at this.

Can you imagine that? You look it day in and day out, the metal goes through, and they look at

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the shape of the metal going through there, what you can do today. Every cell has a camera built in that has a resolution that we would not have been able to afford, you know, four years ago. You know, you take that, put some software behind it and you can -- you have the capability that much, much better than the human eye, and doesn't get tired.

You know, what that allows me to do if I establish that there, you know, it allows me to have a higher quality, have less reject from our customers, plus run the slitter faster, right. So, if I don't do that, I mean, he's a customer of ours, so your folks would come; your folks would come to us and say, hey, why are you not upgrading? Why are you not giving us a better quality, you know?

MR. PETERS: We are a very customer by the way.

MR. KLEINFELD: Fantastic.

MR. REDDY: There's the endorsement. There are some cards coming around here. We are going to take questions in just a couple of minutes. Be sure

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to send in your card to the center of the aisle, and we'll field those.

Perceptions, you raised perceptions earlier. The perception about factory jobs, about manufacturing, is that it's a declining field. Twenty-five years ago there were 18 million manufacturing jobs in America, now there are 12 million. Most people who are going into this program are probably wondering well, what will this look like in 25 years? Will they actually be able to get through a career in this kind of field?

MR. KLEINFELD: Well I think that, Bob Rubin, when he opened up, said it -- said it absolutely right. That's also how I feel. I mean, I think if you look at the U.S. it's a damned attractive place to invest, and it has become more attractive in the last years, and part of it is the energy, the shale price revolution, the shale gas revolution basically. And part of it also, the availability of modern technology, where we have clearly -- so our biggest problem these days, in my view, is to connect

this with the capabilities of our workforce.

If these two things come together, I think we have an absolutely outstanding capability to be very competitive for a long time. The job, however, on the shop floor will dramatically change as it has - - and I would argue, dramatically change for the better. Because a lot of the work -- I mean, in the past, you talk about crane operators, funny enough, they had me operate a crane in Lancaster, and interestingly the crane had just been equipped with modern software. Because typically when you move a crane around, and you've done it yourself, the gut moves. Right?

MR. PETTERS: Right.

MR. KLEINFELD: If you put some software in, basically you can make sure that you can move around without the crane, the gut moving, which is much, much safer because you don't knock people over, and you can move it faster, right. Which is a good thing, isn't it?

MR. PETTERS: When it's a bad day.

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MR. KLEINFELD: It's a bad thing when that that happens.

MR. PETERS: If it's a bay day.

MR. KLEINFELD: I know. I know. I know. So, particularly when you have heavy stuff on it, you know, that can move the earth, you know.

MR. PETERS: That's right.

MR. KLEINFELD: But it will be a different situation. Before the crane operator is on the floor in the hot environment, very often, not the cleanest environment, you know, the moment you can upgrade that, I mean, it's a person that sits in an air-conditioned -- the air-conditioned unit, you know, and does it basically remotely.

So the jobs will change, but if I look at -- I mean, we've -- we are building, if I look at the investments that we have in announcing in the last 18 months, I mean, almost -- all of the big ones have been here in the U.S. I mean two expansions on automotive side. One in Davenport, one in Tennessee, right, and three ones here, around aerospace, in



various places. And all of this are manufacturing, are manufacturing jobs, typically in the range of plus 400 to 100 people. But the jobs will look different, and the skills that are needed will be different.

MR. REDDY: Mike --

MR. PETERS: I would say that -- and I'm going to quote. The Secretary of the Navy gave a speech a couple of years ago up at Newport, and he stood out there and said, "Look, if you the population of America today, it's between the ages of 18 and 25. And take that population and reduce it by folks who do not have a high school diploma. Folks who have -- are not physically fit, have health issues of some kind, and folks who have a criminal record of some kind.

If you take that population and you take those people out, you are left with 25 percent of the people. Now that's who the Navy is trying to recruit, right. The challenge is, that's who I'm trying to recruit, right.

And so when I go in my daughter's classroom that has just hung with me since he said that, and I

can't tell where the numbers come from or any of that sort of thing. And I know that there are jobs available for folks who have criminal records. There are jobs available for folks who don't have high school diplomas, and obviously there are jobs available for folks with health issues.

But if you walk into a grade school classroom today, especially, and our daughter is teaching in some really tough parts of the country. You go into those classrooms and you see those kids, and you say, 1 in 4 is employable when you turn 18. The other three are going to be at some level of friction on the system, in some capacity, right. They are not fully utilized, or fully engaged, or worse, creating contrariness in the system.

And how do you -- how do you deal with that? I mean that, to me, is the most sobering when I walk into a classroom and see the kids, I'm thinking to myself, how do we change that from 1 in 4, to 4 in 4. How do we do that? Which is why, I kind of go back to, you've got to start that really, really early.

But if are, to the perception issue, if you happen to be the 1 in 4, you are outnumbered. Right? I mean, if you're the kid that's going through, and I'm going to -- you know, we have in our shipyards today, we have fifth and sixth generations, shipbuilders. Folks who go back to when the shipyard in Newport News was founded in 1886. And we have people today, who, six generations have worked in that shipyard.

If you're the kid that has got that in your family, and you know that I'm going to -- if I get through this class and I figure out how to do my math and science, you know, I'm going to -- ultimately my ambition is to work in the shipyard, which we celebrate. You are surrounded by folks, who were going to try to tell you that, no, you don't need to do that. That's not good for you. You know, and that outweighs 3 to 1, outweighing the couple of folks that might be in your life, who are saying, you know, you can do this, and this is going to be even -- it's going to open even more doors for you.

And I think that that's where, when I went back to the, you know, if you don't get through my class, you're going to have to work at the shipyard, we have changed that in the adults, but I think that we are still struggling in the peer-to-peer relationships of, you know, can be in a -- can you be in a classroom environment where you've got folks who are trying to sabotage you a little bit. That's really tough.

MR. REDDY: How early do you want to see this message get across to kids, that they can pursue something other than a Bachelor's degree? There are other opportunities and careers that don't require them to go to a traditional college. When does that need to happen?

MR. KLEINFELD: Oh, it certainly needs to happen before puberty sets in, you know, because then it's often too late, you know. And so -- and people go into all tangential directions. I think that if I had one -- I mean, I'm contrasting the discussion that we have here, compared to this question that I've seen

happening in Germany, for instance, you know, at the time when they went through a crisis.

And there's a couple of things that are interesting there. Number one, the societal esteem of somebody who is coming out of an apprenticeship program, is identically high to somebody who has a college degree, right. So it starts with this. I mean they are not perceived as second-class citizens, because the value that the society gives to somebody who does good craftsmanship is very, very high, you know. And I think that's part of it.

I mean our -- and I think that's not really different here in the U.S. and we appreciate good craftsmanship, and go crazy over a plumber who doesn't get the stuff connected, and the electrician, you know. Have you had that in your house happening? So, who doesn't get the stuff done, who is not well educated; and you appreciate -- I think that's one foundation. So to have a society that says, we appreciate the good work, right, and you don't have to have a college degree.

If we could get a little bit more of that, and the second thing is, a deep understanding of, if we don't move on, and continue to add skills, right, we will not have an employability. It's not about -- nobody can guarantee a job of the future. The only thing we can do as a society, is to increase the chances of employability, it is partially every individual's task, but it's our task to provide an environment that has multiple opportunities, and that is free.

That if you go on one path, it allows you still to go off on another path, and doesn't basically box you in for life at an early point in time. I mean, what I've seen changed over in Europe around -- I would say, around the '90s, is when they suddenly realized there is big time competition coming on from Eastern Europe, as well from Asia and globalization, and European integration on what's going in. Suddenly people on the shop floor started to discuss, how is our competitiveness here? What do we have to do? Who are we really competing against, right? And what does

our customers want?

So one thing that I'm telling our folks, and we have to -- everywhere, where I go, I have a Town Hall Meeting, and go around, but also have a Town Hall Meeting where we have to have this a discussion. I mean, as a society to have a discussion about, what can we do? And then have the opportunity to say, well, we have a community college you can do this, and whoopee, great.

We've just had our master contract discussion with the -- negotiation with the U.S. Steel Workers, and I said going in, I said, I wish we could have more of a discussion about, instead of job increase, but more of a discussion around, let's give additional time to the employees for education, right. Because in my view that has a higher value than the 0.5 or 1 percent increase of salary, because you have to look at it, as an integral of earnings potential and the curve of lifetime, right.

It's not about what you make tomorrow, it's about what trajectory it gets you on. That's my view,

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that's all the discussions, you know. Now --

MR. PETERS: How does that work? I'm going to (inaudible) with the steel workers next year, so I'm --

MR. KLEINFELD: No, the leadership -- the leadership totally agrees and totally gets it. Totally gets it, totally agrees, but unfortunately has not yet been able to get everybody on board.

MR. PETERS: The locals are a challenge, yeah.

MR. KLEINFELD: The locals are the challenge.

MR. PETERS: Yeah.

MR. KLEINFELD: But in a way, I must say, that's also on us.

MR. PETERS: That's on us, that's right.

MR. KLEINFELD: We have to -- we have to also be more educational and say, this is the competitive environment, this is what's happening, you know. Bring some fresh talent it and show them what's going on.



MR. REDDY: Yeah. There are quite a few really good questions here, so we are going to try and get through as many as we can. Let's start with this one, "Your training programs seem to be the exception in the corporate mentality. Currently companies seem to hope that the government will train its workers for free. Isn't that market disporting?"

MR. KLEINFELD: I don't think that that's true. We've just set the business roundtable meeting yesterday and I would say probably 200 CEOs showed up. I would bet you if you would have gone around with microphone and said, that's everybody without even telling them that we do that, and everybody says what they do for education programs here in the U.S., I think everybody has great stories to tell.

MR. PETERS: Yeah. There might not be formal apprentice programs, like I have, a four-year institution, but I was at the same meeting with Klaus yesterday, and I will tell you that there's actually a committee --

MR. KLEINFELD: Yes.

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MR. PETTERS: -- on the business roundtable, that's the Workforce and Education Committee, and that's one of those highly energized groups, and the things that come out of that committee of what people are doing in regions, and really the public private relationships that are going on in different regions to support different industries is really kind of an untold story right now.

MR. REDDY: Okay. "A Common criticism of vocational training that locks young people into a career from a young age that may actually limit their opportunities later in life when conditions change. How do you deal with that?"

MR. KLEINFELD: Yeah. That's a problem here in the U.S., absolutely, and we have to break that, because that is exactly the problem. I mean, as long as we societally believe K through 12 and college, and otherwise you are a dropout of society, this will not function. We need to change that dialogue, it's one of the big things we need to change, and it's relatively easy to change, because the options are

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there. The other options we life it every day, the options are there.

MR. REDDY: "How much do you value workers with a secondary -- with a grad school education in the labor pool?"

MR. PETERS: That probably depends on what the degree is. You know, we like our engineers to be able to communicate, which is kind of an interesting challenge --

MR. KLEINFELD: A new concept.

MR. PETERS: A new idea, rare. Talking about rare, right?

MR. KLEINFELD: Normally (inaudible)-- exactly.

MR. PETERS: And so, you know, we actually have continuing progress where we will support tuition for grad school programs if they are -- and we have to bound a little bit, and if there's a business relevance to it, then we support it. What's interesting about that, to me, though, that even in our senior leadership, we kind of debate back and

forth about whether that's -- is that entitlement which attracts because you have a program that will allow them go on, or is that an investment by the company, right?

I mean, it's an interesting philosophical debate to go back and forth on this, because you start trying to figure out your competitiveness, programs come up on the table, and every once in a while this program comes up on the table, and say, should we support it the way we do? Well, okay, is it a benefit to the employee, or is it an investment by the company? And in my mind it's both.

You know, it's just like health care, health care is a benefit to the employee, but the absolutely an investment by the company. And so, you know, it's the same kind of thing.

MR. REDDY: "It is a fact that those with criminal backgrounds will not find jobs, allowing them to come out of poverty. What do you think should be done to allow people with criminal records to come out of poverty?"

MR. PETTERS: I'm not the right guy to ask that, because I have clearance issues that criminal records start to get in the way in way of employment for us. We do -- on the Gulf Coast we do have some opportunities for folks with criminal records, and my philosophy is, if you've made a mistake and you've served your time, you should be able -- you know, you should be able to come back. You've paid the penalty and you've done what you need to do, you should be able to step back up on the step again. But I recognize that that's not the way everybody looks at that.

MR. KLEINFELD: My problem with that is, is that if you look at the number of inmates per capita here in the U.S. and compare it to any other country, we have to ask ourselves whether there's something not right with the system. (Applause)

MR. PETTERS: Right.

MR. REDDY: Here's a question that came over Twitter, "Apprentices have bills to pay, and basic needs that need to be met, just like seasoned

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professionals. How do you deal with?"

MR. KLEINFELD: Like with the apprentices?

MR. PETERS: We pay them, around the clock.

MR. KLEINFELD: Are they --

MR. PETERS: Absolutely. Yeah. I mean, you start -- and I've got the numbers here somewhere. But like I say, you graduate from the apprentice school you are making \$50,000, and we've paid you for four years to go through school.

MR. KLEINFELD: The same with us.

MR. PETERS: Quite frankly, if you can't make your ends meet on what we pay you to go to school and get training, then you've got some issues you've got to go work on.

MR. REDDY: There are four or five questions here about nonprofits, and what nonprofits are doing to work with you in your local communities. What's the best model for this, are you seeing?

MR. KLEINFELD: We believe and community and societal engagement. We work with a lot of non-government entities on multiple fronts. I mean there

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are some areas where there's a stronger need for them. Sometimes we are supporter, sometimes they help us, you know, so I believe that the bigger the organization is the more you have to (inaudible) or make sure that you open, the organization open itself up to basically let all influences come in. So, I mean, we have lots of touch points.

MR. PETERS: I mean, in the towns that we are in, we are the largest industrial site in the State of Virginia, and we are largest employer in Mississippi. And frankly you could draw a two-hour circle around our sites. If the shipyard is not involved in the project it's probably not going to happen.

So whether it's a museum, or a school program, or a Boys and Girls Club, whatever it is, those programs are funded by philanthropy from the shipyard to some extent, but they are really driven by the employees who go -- after they work in the shipyard they go -- they are the first ones to leave in the morning to go to work, the last ones to come

home at night. They are the run -- they are ones who run the Little Leagues, and they run the Boys and Girls Clubs, and they are the guys that are -- you know, out there doing the Red Cross, and everything else.

I mean, and the reality is, that if you're doing that in your community; if you are a business and you are not engaged in your community in that way, then people are -- now today, I think this generation is sitting there saying, well, why do I want to work for you?

MR. REDDY: Several questions here about smaller businesses. You are obviously both very large companies, you have the resources to do training. What about your suppliers, what about the smaller firms down the line that don't have these resources?

MR. KLEINFELD: Well, that's the big advantage when you start something in the community. We usually -- we always actually are open, are always opened, and that's also why it's always good to not do it in-house, but to have a community college, and then



we say, we get it started up, you know, and we probably fill it out, depending on where we are. Half of the way with (inaudible), or 80 percent of the (inaudible) you have 20 to 50 percent open, you know.

And then you get it started, you know, so everybody can participate in it, and you can grow something. I believe that it needs to be open all the time, because we want the suppliers and the whole community to upgrade.

MR. PETERS: I actually just would say that I think that investment is scaled. Whether it's a large investment like what we make, or a small investment that a small business would make, I think it's scalable and a vital part of your success as a business.

MR. KLEINFELD: Well, the other thing is, by the way, the discussion that we recently had on this, I mean, where some -- I forgot who it was -- oh, yeah, it was -- yeah, it was competition, the Advanced Manufacturing 0.2 Initiative from the President. They had a competition for four community colleges and

initiatives and so there were -- some were asking, they heard about a program that we did at one place here, and they didn't have any of this, and they said, can we take that program, even though we don't have facilities there, and we said, absolutely you can take, you can have all the documents, all the staff, you can come.

And so we are totally open, and we want this to spread, and we want this practice. And by the way, the BRT, the Business Roundtable plays a very good role in that because there's the group that you mentioned, the sub-committee that you just mentioned has encouraged best practice exchange, so that people don't have to invest the same thing in the startup and make the same mistakes, so that you can start right away with a program that has worked.

MR. REDDY: Okay. We will wrap it up with just one last question for each of you, if there was one thing you could change in how we do skills training, what would you change?

MR. KLEINFELD: I think the flexibility of  
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the system and societal rhetoric, employability and an understanding you have to personally invest in the flexibility of the system to allow you to go different pathways.

MR. PETERS: I'll show my bias here. I think we need to invest in preschool. (Applause)

MR. KLEINFELD: Hmm, good one.

MR. REDDY: Well, we will have a Panel on that on coming up in a bit.

MR. PETERS: Right.

MR. REDDY: Klaus Kleinfeld, Mike Petters, thank you, very much.

MR. KLEINFELD: Thank you.

MR. PETERS: Thanks. (Applause)

MR. SCHLOSSTEIN: I'm Ralph Schlosstein. I'm the moderator.

The focus of this panel is "New Approaches to Building Worker Skills and Increasing Income through Work on the Part of Economically Disadvantaged People."

We have three panelists, two commentators.

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Let me briefly introduce each of them.

Professor Robert Lerman, in the middle there with the blue tie, is professor in the Economics Department of American University. He's also a fellow at the Urban Institute and a research associate at IZA in Bonn. He is the founder and president of the American Institute for Innovative Apprenticeship. And Professor Lerman's paper focuses on the expansion of apprenticeship programs and the role that they play in expanding worker skills. Professor Lerman and I almost overlapped as economists at the Joint Economic Committee. When he heard I was joining the staff in early '74, I think he departed very quickly.

Second panelist, Professor Harry Holzer, second to my left is a professor at the McCourt School of Public Policy at Georgetown. He is a fellow or a researcher at American Institute of Research, the Urban Institute, the National Poverty Center at the University of Michigan, a program on inequality and social policy at Harvard, and the Institute for Research and Poverty at the University of Wisconsin.

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He really makes me feel like a slacker for only having one job. He was also the chief economist at the U.S. Department of Labor, and throughout his career his work has focused on low-wage labor market, and his paper puts forward a proposal to use public colleges to give them incentives to focus on the earnings of their graduates five years after graduation and also to encourage public college to develop skills that are both needed and relatively scarce in the local labor markets.

The third panelist, Sheena McConnell, right at the end there, is a vice president and director of Human Services Research at Mathematica here in Washington. She is currently conducting an evaluation of the Workforce Investment Act, otherwise known as WIA. That was a new one for me. Probably not for many of you. And she is doing research on the dislocated workers program for the Department of Labor. Her research professionally has focused primarily on evaluating policies that promote employment and strong families in disadvantaged

populations and on designing and implementing experimental evaluations and programs for low-income populations. Sheena's paper focuses on five concrete proposals to improve publicly-funded vocational training programs, the so-called WIA Act.

We also have two discussants. Randy Barth, to my immediate left, who is vice president of the Wisconsin Regional Training Partnership (WRTP), a nationally recognized workforce development nonprofit corporation. Randy has been at the heart of WRTP since its founding roughly 20 years ago and is one of the country's foremost experts in industry-driven workforce strategies.

And finally, Michael Monroe, second from the left down there, who is the chief of staff of the North American Building Trades Unions representing more than three million workers and families in this nation, and of course, the building trades have been among the leaders, in fact, in the forefront of the apprenticeship movement. Prior to joining the Building Trades Unions, Mike served as the political

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director for Labor for Hillary Clinton's almost successful campaign for president in 2008.

I will ask an initial question of each of the panelists and the discussants and then we will have a full panel discussion and take questions from the floor as well.

Let me start with Professor Lerman. Bob, what are the precise characteristics of an apprenticeship program, and which types of individuals and firms are most likely to benefit from apprentice programs?

MR. LERMAN: Well, apprenticeship programs are different from vocational education, high school vocational education, or even college vocational education, in that there's a huge component of work-based learning. You heard this morning seven to one at the shipyard, sometimes it's four to one, but in any event, there's a very close connection between what you're learning in the courses -- there is college-type courses -- and what you're doing in the workplace. And normal vocational education is almost

all school-based in this country.

On the other hand, it's very different from regular on-the-job training because on-the-job training tends to be short-term, three to six months, there's no related instruction, and there's no credential. But apprenticeship is a structured work-based, school-based initiative to bring people to mastery of a particular occupational area. And that mastery is then credentialed. And that's really what apprenticeship is. Those elements, very strong connection to work-based learning, mastery of an occupational area, and recognized credential.

MR. SCHLOSSTEIN: And when that's done, is it normally paid for by the --

MR. LERMAN: It's paid for by the -- first of all, the worker is earning money, as you heard. The -- in this country, we don't even pay for the school-based component. In most countries that have apprenticeship, the school-based component is paid for by government. Here, we don't do that by and large. But the worker is earning while they are learning, so



there is no debt as Mike mentioned before. The firm though, actually benefits from apprenticeship. I've done a review of the literature to see what happens with firms. The first year it's really an investment. The worker is not quite up to the top level of productivity, but by the second and third year, the firm is already recouping some of their investment. So it is good for the worker, it's good for the firm. It would be great for the government because it's a very low cost government initiative. And I can get to that later.

MR. SCHLOSSTEIN: Okay. You ignored the second part of my question, which was what types of businesses and individuals are most --

MR. LERMAN: Well, it can cover a broad range. In Switzerland, 70 percent of youth go through apprenticeships. In Germany, it's about 60 percent. Australia, England are growing quite dramatically in many areas. A colleague that just was at Urban Institute for a forum was head of the Creative Arts Skills Council in England, and they created

apprenticeships. It went from zero to 4,000 apprenticeships in the creative arts -- set design, costume design. Another official told me that his daughter was very interested in art history and he was worried, well, what was she going to do? And she got an apprenticeship at an auction house that auctioned art, and she was around the art, she learned the business end of it. So it can cover a very wide range of occupations.

MR. SCHLOSSTEIN: Dr. McConnell, Sheena, let me ask you. Your paper makes five proposals to strengthen WIA, most of which involve implementation strategies that initially would be carried out at the state and local level. Could you summarize briefly for us the five proposals and identify specifically what at the federal level would need to be done to allow these proposals to be implemented.

MS. MCCONNELL: Right. Well, we can summarize our proposal by simply saying invest more and invest smarter in vocational training for low-income people. Many people in poverty are in poverty

because they can't find a job which pays enough for them to support their family, and they can't find a job because they don't have the skills. Yet, you can go and participate in a fairly short, fairly inexpensive training program. Here I'm talking about a \$3,000, \$6,000 program and get the skills that you need. So there has been literally decades of research that has shown for low-income, disadvantaged, low skilled people participating in training programs can be effective, increasing their earnings.

And actually, in the United States, there is a good, well-developed infrastructure for providing this training. You can go to one of about 2,000 American job centers across the United States and at the center you can access training funds. And in particular, we talked about the WIA or the Workforce Investment Act Adult Program which is one of several programs, but one program that's particularly important for the low-income disadvantaged population. And from this program you can access funding of a variety of different training programs as long as it's

on the state approved list.

So what's the problem? What is it? Well, the problem is the demand far exceeds supply for these training programs. So, you know, you go out and you talk to the job center people and they tell you that every year they run out of training funds, so people come in who really need and could benefit from the training funds and there just isn't any available. And, in fact, for many of these programs, including the Workforce Investment Act Adult Program, there has been a decrease in funding over the past couple of decades. So, for example, the Workforce Investment Act Adult Program is now funded at only 60 percent of what it was at its inception in 1998. It's just been a general pretty much steady decline at the time. And to put it in perspective, if you look internationally, the United States spends a tiny fraction of what other countries, other major industrialized countries spend on vocational training.

So our first recommendation is probably the least sexy of any proposal at this forum. It's just

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stop the decline. We know that these programs work. We know that they're effective. We have evidence. Why continue the decline in the funding? So I think that's the first thing. We need Congress to -- and others to appropriate the appropriate funds for the programs.

Okay. So that's the invest more. What about invest smarter? So, of course, the programs aren't perfect, and I think there are two challenges that particularly the evidence would suggest. The first is that not everybody who starts a training program completes it, and that clearly is a waste of their time and government money. The other problem is that people, when they complete a training program, many people don't get a job in the occupation for which they were trained. About half, often.

So our recommendations are really to address that. Now, the first one, which follows very nicely on what we just heard on the last panel and in Bob's presentation, is that you need to involve employers. Now, in apprenticeships, the employer actually

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provides the training. But, even if they don't provide the training, like most of our training is provided not by employers, that you can have the employers play a major role in designing what types of training programs we need, what kind of skills we need to develop and what kind of credentials we should provide.

So the first one is don't ignore employers. Get them involved. And I think there really has been a move to improve and increase the role of employers just in the new Reauthorization Act. There is mention there and discussions there about industry sector-based training and I think this needs to be encouraged. But there needs to be funds. It takes money to develop the partnerships.

Our second recommendation is that, especially for low-income, low-educated people, it's difficult to make the decision about the training. There are lots of different occupations out there, lots of different training programs, lots of different training providers. What's the best? There is a lot,

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and it's great, there's lots more data out there to help them make the decision, but they need help. So our second recommendation is improve the amount of counseling and help that people get when they're making their decision about their training.

The third recommendation to improve training programs is to -- is that many people need support. Once you're in training you're not working, so people need support. They need help with basic needs. They may need help with childcare. They may need help with transportation.

And finally, our final recommendation is, you know, a training program that's great for a young student may not be the right kind of training program for an adult who has a family and who needs the support. So it might not be that a typical community college course that starts in August, closes in January, occurs during the day will work, so we really need to think much more flexibly about the types of training programs that we can provide -- the hours, how you provide them, and how they are structured.

So those are our four recommendations that would help I think to increase the number of people who complete training programs and get jobs in the training programs for which they are trained.

MR. SCHLOSSTEIN: Great. Very quick question. Can all of that be done at the state and local level today or are there changes that are required in federal legislation or regulations that would permit that?

MS. MCCONNELL: All that can be done right now with the state and the local in the current system. The problem is that they need resources. So you need resources to do all those recommendations, and I think that they are being bled dry.

MR. SCHLOSSTEIN: Okay. Professor Holzer, you had a rather stimulating proposal that to a certain extent funds made available to public colleges should be based on the metric of the earning power of the graduates five years after they graduated, and then you added a second proposal that they also be sensitive to the -- which make sense obviously -- to

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the shortfalls in employment or opportunities in employment in their community.

I'm curious, you know, to what extent you believe that that would actually really be beneficial, particularly to disadvantaged students, and I guess the liberal arts educator part of me says do you worry about an element of college teaching to the test with that one metric?

MR. HOLZER: Well, I think first of all college is very important to low-income, both adults and youth, and finishing a college credential of some kind is the single best predictor of young people and adults escaping from poverty.

I want to be clear by the way, when I talk about college, I don't just mean four year colleges and B.A. programs. I mean two-year programs, associate degrees, industry-recognized certificates at the associate level, post-secondary defined broadly. We send a lot of low-income young people and adults to college in America. We spend a lot of money now on Pell grants and on other sources of aid, so a lot of

low-income people are going to college, but there are two big problems. Number one, the completion rates for this population are very, very low. The gaps in completion between minority or disadvantaged young people and white or middle class young people is sometimes 20, 30 percentage points or more. At four-year schools, and of course, at two-year schools all of the completion rates are low for everybody. And secondly, even when people finish a credential, often it's not the one that the labor market is going to reward.

Now, I'm fine with liberal arts programs. I send my daughter to one. I pay a lot of money to send her to one. That's fine, and it's especially fine if people plan to go on to graduate school afterwards or they have a burning desire, but frankly, a lot of people from the low-income population want to get something that's going to enhance their earnings potential. And under the current circumstances they're not getting that. A lot of different reasons for that. Poor K-12 preparation, financial costs, and

other things. But I think there's an information problem and an incentives problem. The information problem is among the students themselves. People who go off to community colleges especially often have no idea what's going on in the local market or the state markets. What are the fields that are being rewarded or the fields in high demand?

Secondly, the institutions, the public institutions don't necessarily have an incentive to respond to the private market forces. And you hear this all the time. You hear these stories all the time about -- and especially during the Great Recession -- laid-off workers or low-income people would go off to college. They know that there are jobs available in health or in nursing. They try to get in those classes. Those classes fill up very quickly and they couldn't get in. And then you'd ask the college administrators why don't you expand capacity in this area? There's high demand. And they'd say, to tell you the truth, we can't afford it. The equipment is expensive. The instructors are

expensive. And we get the same subsidy from the state for seat time, no matter whether people finish and no matter what they finish and what they do afterwards. The incentives don't line up.

So my proposal is to try to change that. It's to try to have the subsidies be based on performance partly. Not necessarily exclusive. Partly based on performance. States are already moving in this direction. About half the states are already starting to base their subsidies on performance, but they're using -- right now it's mostly the academic performance -- credits earned, completion, degrees completed. I want them also to pay attention to earnings for up to five years afterwards. It's doable. States already have the administrative data from the colleges and from the labor market, and some of them are starting to merge those datasets. With some technical assistance. They could do it more readily. Support services are also important. I think improving the information, the career guidance. As Sheena mentioned, that should

also be part of this. And the colleges should have an incentive to go that way. It's mostly up to the states, but I think the federal government can help. They can incent the process. They can provide some supports in different ways.

And I think also we have to do it carefully, and we have to make sure the states do it carefully. Badly constructed performance measures in public programs can actually do more harm than good sometimes. If you just have these metrics out there, the colleges will have an incentive to cream skim in terms of their admissions, to raise their admissions requirements to make the numbers look better. There's ways to avoid that but you have to avoid some of the shortfalls. And we want to make sure we're not training people too narrowly because what might be high demand today in the labor market in a very fluid dynamic labor market may not be high demand tomorrow. You want to make sure people are getting general skills as well as the more specific ones that are in high demand right now.

And I do want to say I think a lot of good activity is occurring as some of the previous panelists said. Most states across the country are getting -- sector partnerships are expanding between businesses and colleges. Career pathways are being expanded. That's all good activity. But I fear that if we don't get the incentives right, you won't be able to scale those partnerships and get the enrollments and the completions that you really need. And you won't maintain the quality. So the incentives have to be better in order to make full use of all this.

MR. SCHLOSSTEIN: What you're describing is a very market-oriented college system. And very briefly, most colleges that I've been around don't necessarily have that rapid response to the market. And does tenure become an obstacle to doing that?

MR. HOLZER: Tenure of the faculty members?

MR. SCHLOSSTEIN: Yeah.

MR. HOLZER: I have to say I am a big supporter of college tenure.

(Laughter)

MR. HOLZER: It can be.

MR. SCHLOSSTEIN: Maybe I asked the wrong person.

MR. HOLZER: You may have.

I don't want this to be caricature, because again, I had a liberal arts education. I think there's a lot of value in liberal arts education. But there has to be a good mix of more market-oriented and liberal arts education. And again, we're talking about the schools that get public money, not the private colleges and universities.

You hear anecdotes that sometimes, especially in the two-year colleges you have instructors who have been there 30 years and they haven't kept up at all with the changes in the field and that's not going to help you be market-oriented. Again, I think if the institutions face some incentive to be more responsive, they might then start to change those policies or adapt to that one and others to make sure the people coming up have the right skills.

MR. SCHLOSSTEIN: Okay. Randy, you've been on the ground for 20 years on implementing workforce development strategies. I'm curious. What are the two or three practical lessons? A lot of what we're about here is best practices. What have you learned in those 20 years in Wisconsin, which has been a particularly strong state in these strategies that would be of utility to the rest of the country?

MS. BARTH: Thank you for allowing me to present here today, and I'm sorry it seems like 20 years makes me feel a lot older than I feel.

MR. SCHLOSSTEIN: I was on the Joint Economic Committee Staff with Bob 40 years ago.

MS. BARTH: So when you look at the three papers, you know, Expand Apprenticeship, Improve Employment Outcomes, and Provide Skills, like who could argue, right? This is kumbayah is what I think somebody says. But in our role, we are a workforce development intermediary. So we're kind of the group, a nonprofit group that brings all the partners together and makes sure that there's common sense



approaches to what we have to do. So if you bring a technical college to the table, their common sense approach is to provide the best seat time, or maybe in the lab, but it's expensive, but the best training to anyone who wants to come in for training. It doesn't mean they want them to get a job or in a career or in any industry close by. They're just really focused on the training, which is their job. Right?

If you go to a Workforce Board, you know, they're looking at serving youth or disadvantaged or dislocated. They're looking at serving a population who is not employed or underemployed and getting them to a job quickly or to a training quickly. And if you look at an employer, an employer is really focused on I have to stay in business. I need qualified workers, and I need to remain competitive, especially manufacturing because, you know, manufacturing doesn't have to happen here.

So there's really no one connecting the dots as you were, or connecting the constellations of actors that it really takes to make these things work.

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And if you're not paying attention, you're also not connecting to the workers themselves or a worker or a subject matter expert. So in our model we'll say we're industry-led, we're worker-centered, and we're community-centered. And the worker-centered is that there is a worker's voice in the design of our programs in how we do them, in what we do, and when they happen. So we have kind of a six-month window for either when an employer needs someone or a person needs someone, and we have this reverse model. It's somewhat backwards. Where are the employers? Where are the jobs that are available in this particular region? What do they need to know and who are the players to bring to the table? So the most appropriate training provider may be a technical college or it may be a building trade. Or it may be a retired person who wants to help and gradually adjust somebody who is unfamiliar with the industries. Our main industries are manufacturing and construction, so we have the benefit of union representation in many of our companies. As mentioned in the panel before, I

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think both were steelworker represented companies. It's sort of like their local labor leadership isn't sure how to look at some of these new initiatives that do change maybe how they collectively bargain education and training opportunities, both internally and externally.

My other practitioner on the panel, what's not new and innovative is the apprenticeship program. Apprenticeship is paid training. It's both on-the-job and related. Maybe it's in a classroom. Now we've got distance learning and computer learning. There's all kinds of new ways to look at training and education that connects people to jobs. And new is good, but sometimes old is even better because of how it has worked so well for many years.

So I think my main comments are focus on industries that are more than just one employer or a few good employers. Look at multiple opportunities and industries. Look at career pathways where you do have stackable credentials. I think one of the main problems between the Workforce Investment Act and

Department of Labor programs and honoring the apprenticeship program is they don't even know how to talk to each other. The language isn't right. You know, graduating from an apprenticeship can take three, four, or five years. Graduating from a WIA program better take two or three months. You're sort of like, well, how do you align the systems? They are alignable, but you have to be very careful at how you create incentives because I think they're dangerous because the performance will follow what you're measuring and how you incent. And so instead, really looking at creating an environment to make it easier for good jobs and good employers to do the right thing to begin apprenticeship programs and be careful about bad incentives that seem to be the lowest common denominator, the lowest wage employers, the quickest and the cheapest skills, and getting them in quickest without any consideration for advancement into a career into a family-supporting job.

MR. SCHLOSSTEIN: Great. Thank you.

Mike, the construction industry and the

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building trades have probably the longest history -- certainly one of the longest histories of successful apprenticeship programs. What have you learned from your own programs that is relevant and transferrable to other industries?

MR. MONROE: Thank you. And I want to thank the Hamilton Project for the opportunity, and thank Dr. Lerman for really spearheading a lot of this national conversation around apprenticeship.

In the building trades, we have over a 100-year history in apprenticeship craft training, and we're proud of it. And it's jointly managed and collectively bargained, getting back to the points Randy is making, the importance of the worker voice for sustainability. We invest annually among our craft unions and our contractor counterparts over \$1 billion annually in private capital. So the commitment is real. It's sustainable. It's ongoing. We have over 1,600 training centers throughout the country. Hundreds of millions of dollars in investments and equipment and plant upgrades, and this

results in annually about \$10 billion in wages and benefits into the economy every years as a result of this system. And going to the points about traditional public universities or state university systems, just to give you sort of the breadth and depth of our programs, we are three and a half times the size of Ohio State. If we were a K-12 district, we would be the fourth largest in the country. And if we were a public university system, we'd be the fourth largest behind only SUNY, Cal State, and Georgia. So it's significant. And again, collectively bargained and jointly managed to bring sustainability.

But a key element is, of course, the private investment, but also a legislative and a regulatory framework to support that, to induce the activity. I'll speak specifically on the Fitzgerald Act and the Davis-Bacon Act. The Fitzgerald Act elevates it to the federal level. You try to harmonize standards, elevate standards, and the Davis-Bacon Act actually induces investment and the utilization of apprenticeship which allows for the continuation of

employment and training. And again, the worker point is essential here because they're investing in themselves. They're taking a portion of their wages and investing into their training which makes them, of course, more employable. Portable. They can travel. That's why we call them journeypersons. And they're investing in each other and the connectivity between the generations of craft workforce is essential because seven to one, four to one, I'd argue it's about 90 percent on-the-job training alongside a journey-level worker that this apprentice is with, with 10 percent in the classroom. So that's critical.

The private investment. The worker voice is critical. And the legislative and regulatory framework is absolutely essential, and unraveling that would be unwise. And it is replicable, but you're going to need it across multi-employers, and you can't just suggest that the federal government, particularly given we know the realities of where we are politically, they're not throwing billions of dollars at new programs. We have to find what works, and some

of the work that Randy does, and I'll speak more about some of the pre-apprenticeship programs because, you know, our programs are so rigorous, we are -- our pre-apprenticeship programs, which would rival some training programs, gets them prepared for the rigors of our training programs and the industry. And it also gives them the availability to look across crafts. We have a harmonized, multi-craft core curriculum program, which is a pre-apprenticeship program that we've developed with our employers, so it meets the demands of the market and the industry, and it allows these folks to have a leg up. And obviously, we've targeted some disadvantaged populations, traditionally shut out minorities, women, veterans, and it gives them a leg up and advanced placement in some of the apprenticeship programs.

So what Randy does is so important because I think what you're hearing even from the previous panel and ours is that we're so silohed. Right? And there are investments out there, and we have to maximize them knowing that resources are scarce. So I think



the role for the federal government can be to induce behavior, but you really do need a private sector involvement.

And I will take issue with one thing that was said. I think with all that's going on and the cost of college being what it is, we like to say around us that we think apprenticeship does have its sexy back.

MR. SCHLOSSTEIN: Two quick questions.

One, is there any public money involved in what you do? And the second is, roughly, what proportion of their annual compensation does an apprentice or a journeyman sacrifice until they've achieved craft status?

MR. MONROE: The federal -- as I said, really, the federal role is supporting through the legislative and regulatory framework.

MR. SCHLOSSTEIN: But no money?

MR. MONROE: No. I mean, we have some grants here and there to help connect sort of the pre-apprenticeship. I think if there's a federal role in

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financing they should expand pre-apprenticeship. Again, it's preparedness for the rigors of the industry and career training. I mean, we're not training for jobs. And again, the worker voice being important here, the employer's natural inclination is to, particularly in construction, we're going to train for the next job and I'm done. Or I just want to do a particular certification so I can install. Right? Well, you know, across our crafts, the worker would push back and suggest I'm going to be more profitable. I'm going to be more value added to your company over the long term if I'm investing beyond just the next job. So, you know, I would think the federal role really is supporting that legislative and legal -- or regulatory framework but not necessarily funding it.

MR. SCHLOSSTEIN: Harry?

MR. HOLZER: To the extent that people in apprenticeship programs also increasingly are going to community colleges, and Bob has written that this is a growing trend, community and four-year colleges right

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now get nearly \$200 billion a year in public support -  
- federal, state -- most is not federal -- federal,  
state, and local money. That's a lot of money, and  
you have to question whether we are getting the bang  
for the buck given the noncompletion rates and the  
nonmarket-orientation of a lot of people coming out.  
So a lot of that money -- and frankly, let's be  
honest, a lot of this money is not spent very  
progressively either. A lot of the money goes to  
flagship schools at state universities and ends up  
reducing tuition for high-income kids who go to those  
schools. And that could be improved, too. It's hard  
to change politically. But really, when you have that  
kind of expenditure going on, when you have \$36  
billion a year going into Pell grants, you have to  
provide evidence that the money is being well spent,  
that there is good bang for the buck. I think  
apprentice programs are a good way to do that. But  
the incentives again have to be there for the colleges  
to go that way.

MR. MONROE: And we've connected with many  
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community colleges to align -- again, the investments that are being made around so they're not silohed. We've connected so there's feeder. And again, market-based, what the industry needs. And these folk can line right up.

MR. SCHLOSSTEIN: Bob?

MR. LERMAN: Well, I love the construction apprentice programs. They are high quality. They yield good wages. The problem is they are too few. And they're too few even in the construction industry. But they are too few for the country as a whole.

Just to give you an order of magnitude, in our registered apprenticeship system right now, civilian -- we do have a Navy, Marine, and Coast Guard program -- but in civilian, we have around the order of about 300,000 apprentices. If we had the average -- not of Germany, not of Switzerland, not of Austria -- if we had the average of England, Australia, and Canada, we would have four million apprentices.

Now, okay, well, that's pie in the sky. How do you, in this time of budgetary limitations, how do

you get there? Well, the costs to the government are very low. And I've just calculated last night actually that --

MR. SCHLOSSTEIN: You were getting prepared.

MR. LERMAN: I was getting prepared. Put in an all-nighter. Not really, but.

(Laughter)

MR. SCHLOSSTEIN: It's been a while since you pulled an all-nighter.

MR. LERMAN: That for something like a quarter of what we spend on Pell grants -- and I'm not saying we should reduce Pell grants -- but shift it a bit. For one quarter, we could, at the current costs of government, we could support that four million, the tenfold increase in apprenticeships.

You might say, well, but you know, the U.S., it's different. It doesn't have this long history, so on and so forth. Well, we've seen two examples where you can expand at a relatively low cost. One is England where they've gone from about 150,000 apprentices to about 500,000 real apprentices. They

have maybe 800,000 total, but some of them are shorter term and not really serious apprenticeships. But they've quadrupled their good apprenticeships in the period of about eight years. It's a bipartisan initiative. Both the labor party, the conservative party, they're fighting over who can do apprenticeship better.

So that, to me, proves that you can do it. Australia has tripled their apprenticeships. Canada has a higher number, absolute number of apprenticeships than we have with one-ninth of the population. So we can do it but we need several steps. I outlined them in my paper and if you read it you'll know how to do it.

MR. SCHLOSSTEIN: I did read it.

In pulling my all-nighter preparing for this panel, I was struck by two things. You know, I have to admit, being relatively ignorant before I pulled my all-nighter, that I had an impression that it was Germany, Switzerland, and a relatively -- relative smattering of activity elsewhere in the world. And I

think what I discovered was the U.S. is the outlier in the lack of activity that we have.

And the second thing that struck me was the cost per unit or the cost per apprenticeship of actually having success here is so much lower than in most other social policy activities. And I wonder if Bob, maybe you start, but if others could comment on both of those points.

MR. LERMAN: Well, part of the reason is that there are maybe two or three reasons because it does sound odd, you know, how do you get something for almost nothing?

MR. SCHLOSSTEIN: I mean, we're talking sometimes it's \$1,000.

MR. LERMAN: Right. But, I mean, if you take -- the workers are investing. Now, those workers are sacrificing some of their wages of what they earn, but if you ask, well, what are they earning compared to what they could have earned if they weren't in the apprenticeship system, they're still earning at least as much.

Now, how is it that you have a training program where you're also earning? Well, you're in production. Those people at the apprenticeship school, the very first day they're working in that plant. And that's what happens. And if you do -- as I mentioned earlier, if you have this effort to have a serious program -- by the way, I just want to mention about why -- it sounds odd, but actually, apprenticeships are more profitable for the firm than internships, and there's a good reason for that. Because if you're in training for three, four months, five months, and you're learning the ropes in the company, you know, that's when -- right after you start learning the ropes, that's when you really start being a benefit to that company. So if a company has a really good structured program of about least two, three years, often four and five years for the more advanced programs, you have a way of recouping those benefits. And then you have a lot of options with those workers. If all of a sudden sales go up, you have a cadre of really good skilled workers, and

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that's why these other countries are using apprenticeship a lot more than we are. But we're substituting more of almost an academic only, pure school-based approach. And I don't think that works with many people. Many people learn best by doing. And most people, actually, when you use what you've learned, you retain it a lot better, and that's the apprenticeship model.

MR. MONROE: I think, Ralph, I think your question, it's kind of the question that's often asked of economists. If it's so great for everybody, why don't we see more of it, which is a legitimate question? And I have a couple of things. The more general the training, the easier it is to take it somewhere else, to another employer, the less the employer is going to want to put their own money into the training. Therefore, the cost of the training has to be paid out of the worker's hide when it's pretty general. And in fact, the apprenticeship does that because they pay usually submarket wages. And the workers -- and that's okay because workers are getting

the payment in another form. They're getting it in the form of training. And again, the more general the training, the more jobs outside the firm that would take that training, the more useful it is.

But economists also have this concept called market failures. When the simple textbook model doesn't exactly explain what's going on. So there could be rigidities that make it hard for employers to lower the wage enough to pay for that training. There could be very imperfect information on the part. And really, when you start talking to employers, within the same industry sometimes you find very, very different human resource practices with very different bodies of information supporting what employers try to do. For small and medium-sized employers, the fixed costs of even setting up these programs can be quite high. So I think whatever policies you want to do, you have to address some of these rigidities, some of these market failures. And sometimes it requires at least some public subsidy or some public at least technical assistance to get over those hurdles and get

the thing up and running.

MS. MCCONNELL: I'd like to say when I've been going around the country talking to people in the public sector who do on-the-job training -- now, it's not the same as an apprenticeship but it's an employer where they pay -- the government pays like half of the cost of the training -- there has been a wide variety of opinions about this on-the-job training. On the one hand, people say they're great because once you get into them you have a job. On the other hand, they say that maybe these employers would have hired them anyway and we're just paying for the training.

So, I mean, how do you react to that, Bob?

MR. LERMAN: Well, apprenticeships are not like an on-the-job training program. Apprenticeships, at least in the United States, with the Fitzgerald Act, you have to specify all the skills that you're going to be taught at the workplace and at related instruction, and that has to be an occupation that has real legitimacy, that has a certification at the end. And you know, first of all, right now, we're not

giving any subsidy to the wages for apprenticeships. Occasionally, we give a little bit for the classroom-based instruction, but very little of that. So, and, you know, it's a way of upgrading the jobs really. I think we lose that a lot. There are two things I think that we lose very often when we look just at sort of earnings effects. One is a sense of occupational identity and occupational pride, being part of a community of practice. That's what a good apprenticeship program will yield. It's not just a job. It's a career. It's an occupation. And people respond to that.

The second thing is -- what was the second thing? These programs are really oriented toward long-term. And as I said, the employer knows that if that person, if I'm hiring an apprentice, I know what that person knows. It gives the employer a certainty about the skill levels that we're talking about. And as I say, these programs, if they're registered, which most programs are -- now, some programs or some occupations maybe you only need a year and a half, two

years. For other occupations you need three or four years. But you never need six months.

MR. SCHLOSSTEIN: I'm curious. What particular challenges do you think these programs confront with respect to disadvantaged workers, first of all? And second of all, are we really training people for very specific jobs, or are they also learning work skills, adaptability? Because we do live in a rapidly changing world and workforce today. And so are we offering basic -- are we ultimately going to wind up with these particular employees or people, serial apprenticeships, or are we launching them on a career or a life where they will be able to adapt on their own? But first, the challenges with the disadvantaged.

MR. HOLZER: So, as I said earlier, we do send a lot of disadvantaged folks to community college, and four-year college. And once they get their performance -- academic performance is often not so great. There are a lot of reasons for that, and I think there's a very good paper we're going to hear

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about later as part of this packet on remedial programs and how they can be improved. Right now college remediation is a disaster. There's some evidence that it does more harm than good. You have to pass an Algebra 1 class before you become a phlebotomist. Really? Exactly why is that? And people don't have the inclination or the ability to pass that. So I think low-income folks, minority folk often come with either academic gaps or other. I mean, some of them first generation college just don't know that world. And so we have to sort of address some of those shortfalls and address them smartly I think to improve the outcome rates.

But the second thing you mentioned I think is really important -- the labor market is really dynamic. If the training is too narrow, we're not doing people a favor. That's why everything that some public money is going into should have some general skills component. The stackability idea that some folks have mentioned I think is very important, because within some of those more bite-size

credentials on the way up have more portability than simply the one more specific degree or certificate that people get. And I think if we're going to spend public money on it, we have to make sure that that's broader than some narrow occupation where the demand could disappear a few years from now.

MR. SCHLOSSTEIN: Mike?

MR. MONROE: Yeah, for us in the building trades, we're real proud of this work. And again, you know, as we're removing barriers to access, you don't want to lower standards. Right? But again, acknowledging the rigors of our apprenticeship programs, which are four, five years in duration, you know, we have set up systems to prepare them for that. And with the pre-apprenticeships programs, much like what Randy runs in Wisconsin. Another program is Edward J. Malloy Institute in New York, which over the last decade has brought in -- graduated 1,500 people, 90 percent of whom are African-American, Asian, Latino, veterans, people that have been disadvantaged. And they have then an 80 percent completion rate in

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our apprenticeship programs as a result. So it's an idea to increase diversity, increase completion rates, and give these people a shot. And again, you don't want to lower standards; you want to bring it in.

And I would just also suggest a key component of our program is the continuity of employment. And another role for the federal government, and frustratingly for us in construction, you know, we can't even get public works bills passed. Highway bills that used to be bipartisan, we can't get there. So we, in the private sector, and in the labor movement, we've even partnered public-private -- private and public sector unions, and we're proud of a commitment to AFL-CIO and other unions have been with the Clinton Global Initiative to spur investments by pension funds to create jobs out there. So we know we have the continuity of employment because you're not pulling people into an apprenticeship program unless there's on-the-job training and a job to send them to. As we like to say, we don't make widgets. You don't train a welder and put him on a shelf and an employer



calls and says, hey, I need four welders. Right? I mean, they need this continuity of employment. So that's critical going forward. But we're proud of the work that we've done with Randy and some of these other programs. It really prepares young people for the rigors of the industry.

MS. BARTH: I was going to say, so, you know, and we've placed over 5,000 people over the years, mostly disadvantaged. And there's never been a serial apprenticeship hopper. It just doesn't happen for some of the reasons Mike has said. There are other employers. You know the skills. You're on this career path that can move with you within that industry, although what I have seen working with multiple industries is career pre-employment or pre-apprenticeship hoppers. One minute I want to be a nurse. The next minute I want to be a welder. The next minute, you know, so part of that is just an inability to understand where jobs are or where good jobs are. You know, many of the social networks between fathers, brothers, and uncles that maybe

worked at a shipyard or are electricians aren't in the central city neighborhoods that we may want to be helping and servicing and working with. So the disconnect between private sector investment and apprenticeship, which is a market-driven smart way to do things, and the way federal policy and funding is is very, very disconnected.

In manufacturing, another thing that's different -- and Wisconsin is one of the oldest states to have a registered apprenticeship program by the way, over 100 years -- every other sector, whether it's funeral directing or cosmetology, they all start with rookies. Basically, they're someone who is qualified to begin training, except manufacturing. In manufacturing, the majority of apprentices have 10 years on the floor to become a millwright, an industrial electrician. And so part of the pre-employment training program within manufacturing is a manufacturer paying \$8 an hour wants -- with no benefits -- wants the same thing that a manufacturer paying \$30 an hour with benefits. And so there's a

huge disconnect on the training, especially for low-wage employers. I don't want to invest in training with transferrable skills because the big guys will just take them. And so there's, you know, the industry standards, in all those other industries, especially construction, there's a wage rate and a skill level that are defined and understood.

MR. SCHLOSSTEIN: Okay. After listening to you I'm just hoping that no one tries to combine welding and nursing skills.

(Laughter)

MR. SCHLOSSTEIN: Sheena, you had a statement in your article or your paper which struck me as almost counterintuitive. You said the training programs were more effective with disadvantaged workers than dislocated workers. And I would have thought, obviously incorrectly, that dislocated workers would have had work skills, a period in the workforce, and that they might have been the most trainable and valuable whatever. So I'd love to hear the support for that and why you believe that's true.

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MS. MCCONNELL: Well, first of all, there's a lot of evidence that that is the case. So as I was saying before, there's decades of research that show that for disadvantaged groups there is a positive effect of participating in training. That is not so - - the evidence is not so rosy for people who have been laid off from their jobs. So the more skilled, the more experienced you are, you know, for some training is quite effective but on average it's certainly less. Why is that?

I think one thing is the opportunity cost. So for a low-income person, they don't have a lot of other opportunities, so when they go into training they're not giving up as much. But for somebody who has already developed a lot of skills, the return when they're going into a training program, they're not working. And actually, they can work. There is some job for them. It might not be as high as the job they had before they were laid off, but there is a job available.

MR. SCHLOSSTEIN: So the metric that you're

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measuring is the increase in their income?

MS. MCCONNELL: No. Somebody who has been dislocated and has been in a training program compared to somebody who doesn't go into a training program. So you have two choices. If you're dislocated you can either go back into the labor market straight away or you can go and get training. And for many, going to get training is not the best decision. Often they're older, so the return -- the amount of time that they've got to return from the training is less.

MR. SCHLOSSTEIN: Okay. I'm going to read a question from the audience. Unfortunately, I didn't bring my reading glasses, so I'm going to get most of this. And I do apologize. We're going to end a little bit early so we're not going to get too many of these questions.

So the question is how does developing worker skills hold the tens of millions who work in -- help the tens of millions who work in low-wage jobs? It does not create new jobs. It seems to do something with respect to skills without jobs. For example, in

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construction, there are a lot of apprentice programs but also a high level of employment.

I think the basic gist of the question is does this provide much of a solution for employees who are stuck in low-wage careers?

MR. MONROE: Well, the whole idea is to give them the skills that would enable them not to stay in those low-wage jobs but to move up into maybe a different sector or different firm sometimes. So that's the whole idea.

Now, there's two important caveats to that that I think we need to acknowledge. Number one, not everybody is trainable for a high wage job. This notion of every single worker, that's not what we're talking about. Some workers with strong basic skills, some stable work experience, are more trainable than others. We can't hope to train everyone. And for other workers, for the ones that will be stuck in low-wage jobs, we need other things from them -- public supplements of their low wages, earned income tax credit, healthcare, et cetera. This is not a "one

size fits all" policy to benefit everybody.

The other thing is it does beg the question of if the demand is not there -- and we have a labor market that's had a fair amount of slack for many years -- if the demand is not there, is this policy going to work? And it is a concern. You know, you worry about investing heavily in training and then people getting out and jobs aren't available. That's a legitimate concern. We do need to help the labor market recover in any way we can. But when you train these folks and you give them a higher credential, on average they certainly do better in the labor market. The unemployment rate, as well as the earnings, are significantly -- the unemployment rates are lower, the earnings are much better when people get these credentials. And on average it's a good investment. And it would be an even better investment to get the employment rates up.

MR. LERMAN: One of the things about apprenticeship is that it encourages companies to enrich their jobs. And we've seen that in many areas,

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including states where they are able to go out, reach out to employers and say do you want to benchmark your quality to the high level of quality of an apprenticeship program.

I have this institute website which has occupational areas, and I was showing some people proudly my website and I said, "Look, even in leisure you have apprenticeships in Germany." And I clicked on the German flag and down came the list of apprentices. And I saw this one job title and it said hotel clerk. And my heart sank. Oh, my God, they're going to mock me. Hotel clerk. But then when you click on what the hotel clerk does, that's the German -- that's the English translation of a German term -- they're preparing invoices, they're checking sales trends, they're doing a whole lot of different things. So what you find is that when you set up an apprenticeship program, it broadens the range of skills. It's not just that you're going to learn how to do floors of a certain type, and that is an encouragement to improve the quality of jobs. Even in



something like long-term care, in South Carolina there's a company that started an apprenticeship program for long-term care workers. Are these workers earning huge amounts? No. But are they becoming more productive? Is the company able to pay them a little more? Yes. There's less accidents and so on. It's one of the few kind of initiatives that has both a demand element as well as a supply element.

MR. SCHLOSSTEIN: Now we have the questions ordered by size of print.

(Laughter)

Rather than by their insightfulness, which is how I would normally pick them.

What about the service sector? There seems a lot of focus on manufacturing and construction. Are these programs applicable to the service sector?

MR. MONROE: Certainly in some parts of the service sector, healthcare being the most obvious one. The protective services. The legal service is another area. But even there is a high end of retail and a high end of leisure and entertainment. We usually

think of those as the lowest wage sectors, but there are good jobs in both those sectors, and I think these kinds of programs would enable more employers. You know, employers have a lot of choice about how to structure their workplaces. Do they want the jobs to be really low level, low skill? Or as Bob's hotel clerk example indicates, you know, if some of these employers have more confidence that they can skill their employees, they might create jobs that involve them. And you see that. You see that in the higher end of retail. New retailers. You see in some of the leisure industry, in the culinary parts of the industry. And I think these programs could be part of something broader to encourage more employers to create more of those kinds of jobs. But the service sector is part of this as well.

MR. SCHLOSSTEIN: Randy, have you had success in Wisconsin?

MS. BARTH: We have but, you know, we're a small organization and we go where the high-paying jobs are. And so that's where our target is right

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now, manufacturing and construction. But we've done that in healthcare and hospitality and other industries that way. And like you said, employers are more fearful of investing in workers that are low-skilled and are going to go somewhere. But if they are on incremental path, the higher skilled and the more they learn, the easier it is for them to invest and to keep them and have those transferrable skills.

MR. SCHLOSSTEIN: Okay.

MS. MCCONNELL: Yeah. Some of the sector-based studies that are being conducted that have really shown the benefit of having an employer involved have not been in manufacturing. They've been in healthcare. They've been in IT.

MR. SCHLOSSTEIN: Okay. I'm going to read this card and I'm not going to ask any of you to comment because I know you're all going to agree on it, but it's something that we should always remember. It says, statistics show there are more unemployed workers than job vacancies. One indication that the economy may be facing persistent demand shortfall.

How will skills training help the unemployed if this is the case? And I'm sure you're all going to tell me that we need to address that, but I think it's worth mentioning because we do need to still stimulate demand in order to address these issues.

Here's a really large print question. It's a softer one, but I think it's an important one.

How do we change the perception of apprenticeships and technical skills training for young people in a "college for all" purposes culture where data continues to show that college pays off long-term? At what point should students -- I didn't realize there was another side -- be pointed in this direction? It seems like the barrier since these programs aren't embraced by the educational reformers.

MR. MONROE: I think we have to change the nature of career technical education starting at the high schools or even earlier. Going back to the 1960s, we had this idea that voc-ed is bad, vocational education, and it often was bad. It was lower in quality and led to dead-end jobs and the minority

community and low-income communities were very resentful. Your kids get to go to college, my kid has to voc-ed. But a different kind of career education is possible. Career education that's higher in quality that leads to good paying jobs, and it also leads to college. There's nothing that says these two words have to be either or. High-quality career education also prepares young people for different kinds of college. And giving students in high school some career orientation and some knowledge about what do you actually have to know to be a machinist and to earn really good wages or precision welder? That's not antithetical but also taking AP classes. The best career technical ed in the country is going in that direction and we have to encourage more of it I think.

MR. SCHLOSSTEIN: I have one last question, and that is -- and then I have an announcement.

And the question is my impression, not from any of your papers but just my own impression is that for a long period of time community colleges, junior colleges, and may be second tier schools were all

liberal arts light or college light, and I think the theme that's coming through pretty loud and clear from all of you is that at least some portion of that educational stream should be regeared to supplement apprenticeship training and that that would be a much more cost-effective use, both for the workers and for society -- both for the young people and for society of the dollars that we're spending in that area. Is that a fair statement?

MR. LERMAN: I'd agree. And I just want to say something about the stigma issue. That's, to me, a bit overrated because you have many applicants for every apprenticeship position. As we heard, the shipyard has 220 positions, 6,000 applications. We have to move both in line. Right now we have too few good apprenticeship offers, and we have a lot of people who want them. So I'm not saying ultimately this may not be a problem, but right now the problem is generating more apprenticeships. And as we do that, as we've seen in England, now in England, kids that want to become engineers, 52 percent want to go

to an apprenticeship as opposed to directly to college. So that idea very quickly turns around when you have quality options.

MR. SCHLOSSTEIN: Okay, thank you. You were terrific, all of you.

(Applause)

**Keynote remarks of President Clinton have been removed until permission is granted to publish.**

MS. ROUSE: Good afternoon. My name is Cecilia Rouse; I am the Dean of the Woodrow Wilson School at Princeton University. I'm also a Professor of Economic and Public Affairs. I guess I should formally say I'm the Katzman Ernst Professor in the Economics of Education. I'm thrilled to be moderating this panel this afternoon. And now I'm going to lower my mic because it sounds like it's a little loud. I'm thrilled to be moderating the panel this afternoon which is focusing on disadvantaged youth. It seems as

if in the policy realm as we talk about ways to improve the lot and the life circumstances of disadvantaged children that the hottest rage will actually be the next panel which is on very young children as there are developments in neuroscience and there's a lot of talk about we need to take advantage of those very early years when brains are being developed and that many interventions then are very cost effective. But in reality 20 percent of 18-24 years live before the poverty line and even as we do what we may be able to do in the Pre-K realm or even as, you know, older we will always have children in this age group, youths or if we've seen the movie, "yutes". So anyway so we have young children, you know, who are in this age range who have fallen behind. And, you know, unless we're going to decide that we're going to invest early and then let the ball roll where it will I think we'll always be interested in what most effectively we can do to help these people. These disadvantaged students in this age range, you know, typically they've fallen behind in



school, they often are suffering greater health consequences, so their health is poor, they have lower levels of educational attainment as they're behind in school as well, which means that over their lifetimes they're going to earn less income and it means therefore they'll be contributing less in terms of taxes and they'll be a greater burden on our social welfare system. So there's both a private return to doing better, you know, in terms of what the return will be for intervening with these young people but there's also a social benefit to us all to improving their adult lives. So this panel will focus on some things that we can do in order to help these students or these children or these "yute". .

So joining us today are four super qualified people who have contributed to the book as President Clinton kept referring to. I will introduce them in the order in which they will be speaking which is not the order in which they are sitting here. First I'd like to introduce Professor Bridget Terry Long, who is the Academic Dean and the Xander Professor of

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Education and Economics at the Harvard Graduate School of Education. You have her bio; you know she's eminently qualified to speak on issues relating to higher education. And since we're talking really about this is not a panel to talk about post secondary schooling per se, she's talking about that one are which is really knotty at the post secondary level which is remedial education and which also obviously has implications for high school and even earlier. We also have Professor Amy Schwartz who is a Professor of Public Policy, Education, and Economics and Director of the New York University Institute of Education and Social Policy. She's written a lot about education but urban policy more generally, and will be speaking to us about actually a program on summer jobs which is really the nexus of those two issues, education and urban policy. We also have Professor Phillip Levine, who is the Katherine Coman and A. Barton Hepburn Professor of Economics at Wellesley College. Phil's written in a range of issues also at the nexus of public finance and labor economics. He also spent a

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year as a Senior Economist at the Council of Economic Advisors. For better or for worse three out four of our panelists are economists. I think that categorizes a little bit of the work but we can get into that in a little bit. Fortunately we have a little diversity on this panel because if I had myself we're actually four out of five are economists so it's getting a little dreary.

SPEAKER: It's like a joke, and a lawyer.

MS. ROUSE: Exactly. Exactly. Just to round it out. So rounding out the team we have Linda Gibbs who served as Deputy Mayor for Health and Human Services of New York City from 2005 to 2013. And when you look at the list of departments and services that she oversaw as Deputy Mayor we can really say that she oversaw almost all of the critical programs that were serving this population and so she's, you know, a wonderful addition to this panel. So I have 30 seconds left but I'm going to cede that to the panel. So -- because we've got to tick along here.

Okay. So I'm going to begin with just an

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opening question to each of the panelists and really kind of a chance for us -- we're not going to go into the proposals in depth, but a chance to just make sure that we're all on the same page. So, Bridget, tell us about remediation, what it is, what the problem is, and what you're proposing to do.

MS. LONG: All right. Well, thank you. Hopefully everyone can hear me okay. So as we just heard from President Clinton there are huge problems in terms of students going to college and not persisting. We know that the graduation rate in colleges is really only at about 50 percent, only half of students are actually completely a degree. And we know these problems actually are rooted often times in K-12. And so affordability is certainly a major issue and there have been a number of other Hamilton Projects proposals on affordability, but I focused on academics because one thing I think many people overlook is the fact that about 35-40 percent of our first year students aren't ready for college level material. And so we often times think of admissions as being

very selective and keeping people out of college and that's the gatekeeper, but most students go to their first choice student and 80 percent of colleges are non selective. So it's the placement test that they take when they first arrive that determines whether or not they go into college level work or remediation that determines whether or not they're getting college level skills. And so we have again 30-40 percent of first year students, at community colleges this can be 70 percent of the first year students, paying college level prices for high school level courses. They're also very costly for taxpayers, for the institutions as well. And there's been a number of recent research that suggests the way we currently do remediation is not sufficient and doesn't seem to be producing long term impacts for students, helping them gain the skills necessary in order to persist and be successful in college.

So I make a series of proposals, three proposals. The first one involves doing a better job in terms of placement. Currently right now most

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students are facing a very high stakes test that they poorly understand, that they're not prepared for even if they knew the material several years ago. They're forced to take this exam again and we have many students who might be incorrectly placed into remediation. And research suggests that if we use multiple measures we could reduce those misplacements as well as better diagnose what specific deficiencies students have and what needs they have. The second proposal is to provide better services. That we think much more deliberately about how we help students catch up. And whether that's through putting them in college level work and giving them additional tutoring supports outside of class, if it is giving them modules that target their specific deficiencies rather than making them take an entire semester of coursework, other kind of innovative pedagogies. And there have been some promising practices that several states and university systems have tried. And then the third proposal is to try to prevent the need for remediation by reaching back into high schools,

perhaps giving students the remedial placement exam when they're sophomores or juniors in high schools and then using that to give them better information and help match them with courses they can take before they finish high school so that they never need remediation at all.

There's also so much more we could do as school systems, as states, as university systems, to align our K-12 to our higher education system. There's some estimates that suggests, you know, even when students graduate high school only about a third of them are actually ready for college level material. And that's partly because of lack of rigor, lack of challenging courses, but also just lack of communication, so that we're not given students the mistaken though that if they graduate high school that means they're ready for college because there's a significant gap there, and we can do more to prevent the need for remediation.

MS. ROUSE: Okay. Thank you very much.

Amy, similar question, tell us about the obstacles

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faced by disadvantaged youth. What is the extent of the problem, why does it arise, and what are you proposing to do about it?

MS. SCHWARTZ: So we've been really fortunate to have quite a lot of good research that shows that summer matters for kids. And we know middle class kids and upper middle class kids they spend their summer doing good things. They do enrichment, they go to camp, maybe they have summer jobs. But what we know happens to the poor kids, and we know disproportionately the poor kids, is that they spend the summers doing things that don't contribute to their academic performance. And there's this well-documented summer learning loss which turns out to lead to kids showing up in September being farther behind their peers than they were when they walked out the door in June. So the summer really matters. And what are we going to do about that? For high school age kids we think that summer jobs are a good answer. And so what's the idea? The idea is that we would have an opportunity for kids to go into summer jobs



between the end of the school year and the beginning of the next, and we're going to have to try to learn from some of the examples that we have seen around the country of the summer youth employment programs. And in particular I'm happy to talk some more about, but in New York City we have a very large summer youth employment program that we've really been able to learn a lot from and are in the process of studying more. But what it's showing is that the summer youth employment programs can be successfully implemented, successfully implemented on a large scale, meaning not just for 100 or 1000 kids but for thousands of kids. And we propose to expand those nationally by -- I'm trying to put some Federal money behind that.

Let me say a little bit more about exactly what we have in mind. We're thinking of a program that provides part time jobs for low income youth ages 16-19 and these are for kids who are enrolled in school or have recently graduated from high school. And so we're going to focus on this population that's at risk of dropping out, at risk of disengaging from

school. Summer youth employment programs have jobs, they have a training component or an education component that can be learning about the job market, can be learning about specific skills, but the idea is 25 hours a week, about 6 weeks of the year. So that's a modest sized intervention. The idea would be to allocate jobs through a random lottery design so that we know we're not going to be able to scale something up to give every child a job, every youth 16-19 a job, but what we can do is create a system. They can apply for jobs, they can be entered into the lottery for a job, and for some fraction of them they will get jobs. Our idea is to try to ramp this up nationally by starting with a competitive program in which we solicit proposals from community based organizations and local school districts or government agencies to host these. This is modeled somewhat on the New York City program. The idea is this would cost about \$2,000 per participant so I want to be really clear about the cost; this isn't free. It will cost about \$2,000 a participant but most of that money will go

directly to the participant for the work they do. That's about what it would cost at about \$7.50 an hour for 25 hours a week for 6 weeks. And then there's a piece for administration and for employment. Our estimate based on the work that we've done is that this would yield small impacts on educational performance. Kids are going to go to school more, attendance will increase a little bit, academic performance will increase a little bit. And even more the kids will stay kind of out of trouble. So there's evidence from some programs in Chicago that say that kids will be less likely to get -- Chicago and Boston -- kids will be less likely to be involved in at risk behavior, less likely to be involved in violence. You know, summer we know for teenagers is, you know, a wonderful time, but it's a time that many of us have experienced is a time where it's good to be not entirely at loose ends. And it's a good time to do something else. Summer jobs make a lot of sense for youth and this seems like a cost effective way to make an improvement in disadvantaged youth life.

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MS. ROUSE: Great, thank you. Phil, so your proposal focuses on mentoring so tell us what you mean by mentorship, why does it matter, how will it in your proposal make a difference?

MR. LEVINE: Well, I think the first thing to start out with is, you know, what is the problem that we're trying to address. And, you know, some of the numbers are a little bit staggering. There's estimates of the number of children who grow up with no caring adult in their lives ranges in, you know, in the millions, up to nine million I think I've seen stated. So, you know, there's clearly a need for these sorts of mentoring relationships, relationships where there sort of isn't an adult caregiver in the child's life or, you know, someone who could provide some guidance to the child. The fact that -- so there is one very famous mentoring program which many of you probably have already heard of which is Big Brothers, Big Sisters. The fact that that program has been around for as long as it has, it was started in 1904, probably provides some indication that it must be

doing something right for it to have existed for so long. The traditional Big Brothers Big Sisters program is a community based mentoring system. By the way I should state before -- that program serves just a few hundred thousand people, so there's clearly like a huge unmet need that really is what this proposal is all about.

But the traditional Big Brothers Big Sisters program is a community based mentoring program and that differs from something else called the school based mentoring program. The difference between them is the way that they're organized. So in a school based program it's organized obviously through the school and so, you know, after school there's a set time where the mentor meets with the mentee for, you know, an hour a week or something like that. Homework assistance is an important part of those kinds of programs. Because it's school based that means it's during the school year. There's, you know, between vacations and the organizational bureaucracy that is involved in school activities, you know, it tends to

be a little bit limited in how much those programs meet. Often, you know, maybe five months, six months out of the year for an hour per week. So there's not a very significant treatment in those sorts of programs. And it turns out that those -- what the evidence shows in experimental design analyses, those programs don't really show that they're terribly successful.

On the other hand the community based programs there does seem to be some evidence that they do accomplish the task so, you know, improved educational outcomes including grades in school for participants in the treatment group relative to the control group. What I think is interesting about that is that it's consistent in spirit with some other work that I've been doing with Melissa Kearney. Very recently we released some new research, a new working paper that addresses the issue of dropping out of high school and why do kids drop out of high school, in particular looking at the role that income inequality and social mobility play. So, you know, we live in a

country that's characterized by high inequality and low mobility, and what impact do those factors on dropping out of high school. And we find that if you're a disadvantaged youth growing up in an area that's characterized by particularly high inequality at the low end of the distribution, a 50/10 ratio, and low rates of social mobility then disadvantaged children are even more likely to drop out of high school than they otherwise would be because in general disadvantaged youth drop out more often. And the question is why is that the case. And, you know, we tried to explore some sort of typical explanations that people give for those sorts of things. We think about things like residential segregation, we think about things like differences in school spending, and find that those sorts of arguments don't really work very well. What we like to attribute it to which we think is a plausible explanation is differences in aspirations and the impact that living in those sorts of environments might have. So if you grow up in an environment in which there's very little change of

upward mobility and being very far down the distribution, you know, in some sense why bother. There's an aspect of giving up that might lead to this sort of drop out behavior. This is exactly the sort of thing that a mentoring program could potentially contribute to and it could -- the life guidance and skills that get provided in these community based mentoring programs -- which I should have said typically meet outside of the school on weekends for a few hours at a time, you know, over the period of a year or something like that -- you know, a much bigger commitment. And the life skills and guidance kinds of discussions that those sorts of meetings could lead to may be exactly the sort of thing that could help provide the student, the disadvantaged youth with the ability to sort of get over those hurdles and think that maybe there is a chance that they can succeed and propel them forward. You know, community based mentoring programs pass benefit/cost comparison pretty easily at, you know, roughly the same sorts of costs that Amy is talking about; it's about \$1,500 per



student. And I think they're a good thing and maybe something we should think about expanding.

MS. ROUSE: Terrific. Thank you. Linda, so now we get to take a crack at those proposals, what was your reaction to them?

MS. GIBBS: Yes, yes, and yes. One of the things that I was most passionate about in the past eight years of my work in New York City was focusing on disconnected youth and trying to devise approaches that could tackle the problem. And I remember at the beginning of the process when we identified this population and roughly 16-24 year olds started as the group. There's a whole -- later iteration really moved into black and Latino young men and focused on the social disparities for them in particular. I kind of did a little bit of a scan of the universe to try to find out what's working and actually saw a lot more failures than successes. So lots of good efforts and sadly over and over and over again where the folks, you now, brave folks who would subject their initiatives to evaluation, that this stuff is just

really, really hard to do. And I think that's the result of many things. You're in the middle stage of life, adolescent development. We're getting a lot smarter about that but we still struggle with that stage of life development. And then these young people are lost between two systems, right. We have to think about the way that we organize life, nice and neat. We have the child serving agencies and then we have the adult serving agencies. And these young people are -- you know, and I worked for a long time in child welfare, aging out of foster care it was like the, oh, I guess they're going to leave soon so I guess we have to do something to make sure that they just don't fall off the cliff. But it's -- and I say this with all respect to people who work really hard on this within the child welfare system, but it's not the central core mission that they think of when they think about child welfare. They just want to make sure they don't live kids at odds at the end. So in the child serving agencies they're sort of like let's wrap it up, and then the adult serving agencies are

like, oh, we have that weird little population of young people. But there's no organization that really focuses on young people. Lots of efforts, lots of creativity.

In the work that we did we actually really started digging in and we said we want to focus on education, employment, justice and health. We really want to understand all of those things. And so we experimented with a lot of things. And so maybe, quickly in reverse order of the presentations, when we were doing that scan of what people believed was necessary almost every program in each of those domains always said, "and you need a mentor", right. So here's a health initiative, here's like a reproductive health approach, but they need a mentor, here's an employment approach, they need a mentor, here's an -- on and on and on. Unfortunately I think everybody believes just because you're an adult that you can be a mentor and there isn't a lot of rigor in the field. And so I think that Phil's work is really important to make the point that it's not just about

being a good person who wants to help a young person. That there really is an approach to this work that works and there are approaches that don't work. And one of the things that we're doing, we experimented with a lot of mentoring approaches, but what we wanted to do is sort of a meta-analysis of all the mentoring approaches and to try to be really honest if something crashed and burned. Like if it doesn't work do not subject kids to it. And so I think that what Phil's piece really helps us to think about is that this is serious work and we really have to adopt more of sort of the profession of mentoring and understand that. And it doesn't mean it has to be paid. I think there are unpaid volunteer mentoring programs that work, but it is a serious skill and not to be messed around with. And so I think this sort of advances that conversation and I hope our programs in New York can sort of live up to the call for really focusing on what type of mentoring works.

And then the summer -- there's nothing like looking forward to a summer when -- you know, all the

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kids are getting out of school now and I'm asking them -- my son's graduating from high school -- but I'm asking every single one of them, right, you know, what are you doing, what are you doing? And if one of them says oh, I don't really know, I'm like -- panic starts to come up in my heart, right. And you just want to keep these kids busy. I think that -- two things -- I think that we need to do better in the summer youth employment programs. It's good that -- you know, the modest educational gains, that's good. You would really expect that a strong summer youth employment program ought to have significant educational gains going into the new school year, and I think we should be able to rigorously evaluate it to understand what the longer term employment improvements are. And if it doesn't provide that I think we've got to really look hard at why isn't it. I mean these are -- they're not super expensive but it's money and a lot - - mayors do not have money, right. They're like, you know, sort of searching for the quarters in the couch. And if you're going to pay for programs you just want

to know that you're going to have a big impact. So I think they're really important. I think we have to deliver better outcomes on them. And maybe -- you made mention of this but maybe underplayed the benefit of the justice reductions. Part of keeping them busy is that they don't get in trouble, right. And, you know, life is interesting out there. And that can be, you know -- and a lot of times, you know, government officials they're looking for what the savings are and if you can show that you're going to have big savings in your justice system -- it shouldn't be the end goal of the program but it certainly can sort of round out the argument and anything that keeps the kid out of the justice system improves their life prospects.

And so on the last -- sort of -- now I'm in reverse order on the remediation, I think this is one of the most horrifying things. I'll admit it and it's awful, only 13 percent of African American boys who will graduate from high school this year in New York City are college or career ready. So they have their high school diploma. So when they walk across that

stage and grab that diploma, you know, they think their life is in front of them. And to find only 13 percent are actually equipped to go into school without that remediation. Really important to get our community colleges focused on doing sort of a better job, the predictive analytics paper -- Bill Clinton's favorite paper; how's that for an endorsement -- I think can really -- makes your point about the remediation not only targeting the right kids but making sure you give them the right stuff. So we can get, again, a lot better at that. I'm a big fan, however, of pushing it down into the high schools and having those high school diplomas stand for college and career ready. And we're doing a lot of experimenting in New York with -- we actually had a Fellows group that is devising eight new schools, we're actually going to build eight new schools in New York, which doesn't mean build school, we're going to put them in other places, and all focused on what their ideal design is for a school that from the time enters in the ninth grade that all the way is all

focuses on that when they graduate they're going to be college and career ready.

So these are all exciting but it's really, really hard work. And so the last -- my time was up a long time was up a long time ago -- the last thing I would say is, you know, this sort of time to just wrap all of this work in constant evaluation and just be honest when it doesn't work. And it really hurts to end programs but you've got to do it because if you want to get people to be willing to invest and political leaders to be willing to invest in this very unattractive population. You know, nothing like a team with the -- going crazy that, you know, you want to sort of run wild in the other direction. You know you've got to show that stuff can work.

MS. ROUSE: Great. Thank you. So I'm just going to take a couple of minutes and give my perspective as well before we start a more robust conversation. So first of all I completely share Linda's view that you guys have hit -- these are a nice set of proposals that really hit on some of the



key levers I think that we can use to try to address and make adult lives better for these disconnected disadvantaged youth. And so thank you very much for them.

I also very much like that they all emphasize -- and I'm just saying this, I like that you guys do this but I also call for the fact that we need more evidence. You know, we were talking during lunch that evidence is not going to be the, you know, all -- we aren't only going to make policy decisions based in places where there is evidence. I know President -- with all due respect to President Clinton if we only funded programs for which there was hard evidence -- well, there would be an upside, the Federal deficit would shrink in an instant because we would just -- we wouldn't know what to do. And we were talking about the fact that even in the medical profession where there are a lot of randomized trials and there's a lot of evidence, there's a lot that doctors don't know and for which they're making decisions based on their own experience, seat of pants, just their own intuition.

And I think that's always with us but that doesn't mean there's not a place for evidence and that it can't help provide a guiding light. So I think that's an important component of all of them.

If I have to, you know, talk about each one of them starting with Bridget, I think one -- you know, I -- remediation is huge. We're spending so much money on it. And just to amplify something that Linda sort of alluded to, the 13th percent of the African American students in New York City who are not graduating who are college and career ready I want to put an emphasis on the career half of that which is that when we talk about the skill that for example the students are getting for remedial education and when we talk about the skills that many people believe that students should have coming out of high school we're not talking about being able to solve multiple linear algebra problems, or to invert matrices, or to do many other very advanced college level -- you know, have advanced college skills. Rather what a lot of employers are saying when they say that students don't

have the skills that they would like to see they're talking about reading and writing and showing up to work ready to work. And so the remediation isn't actually just about getting them ready for Princeton, it's also about getting them ready for a career. And I completely agree with Linda. I think ideally this is pushed back to the high schools, but to the extent that it's not we need to make it effective at the post secondary level as well.

But the one thing if I were to say one area where I'd like to push and maybe you can say a little bit more about in our conversation is you have three specific ideas about how to make remediation better but I felt that there was a little bit of I'm not sure how that's going to happen. So what is the incentive for states to do it, what is the role of the Federal government, is this at the institutional level, is it at the state level, who actually is doing what in order to make that happen?

MS. LONG: Can I answer now?

MS. ROUSE: Sure. Go on.

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MS. LONG: Great. I love to interject. So I'm in complete agreement and so, you know, my third proposal really focusing on the high schools. I think there is so much more that could be done and is currently happening. We have a number of states including California, Kentucky, North Carolina, Ohio, who are doing this early college placement testing and reaching students when they are much younger with the college placement exam. The important part of that though is then use that information to actually change choice, to make more courses available that are rigorous or giving the kind of skills that students need, to have more conversations between the freshman English professors and the high school English teachers about aligning their curriculum. Those kinds of things are vitally important.

Now while there is so much that we can do at the K-12 level let us not forget though remediation is not just a problem for recent high school graduates. It's also a huge problem for older non traditional students. And 40 percent of our college students are

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students who are coming from this profile of being older. Many students, hopefully many more students could get this the first time while they're in high school but there are many who won't. There are many who will realize later in life that they need to go back and get additional training. And those reading and writing skills are absolutely vital. I think one thing we've noticed -- and there's a bit of a debate about math remediation, what is really needed for students. Some debate that maybe it's less, you know, algebra more statistics. But in work that I've done and others we know the reading and writing part is absolutely crucial. And so some of the innovative practices we see out there are melding together that reading and writing in some kind of contextual or career or some kind of specific subject that's relevant to someone's training for a particular job or career. And that can be much more impactful.

The question about who can actually take this on and be a part of it, well, first of all we see lots of private promising practices around the country

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at the state level, university level, and even individual institutions but we have a bit of a coordination problem first of all. The one hand doesn't know what the other hand is doing. And so there's certainly a role for the Federal government and for states to have the kinds of competitions, the national centers for developmental education which the Department of Education has had to try to document what's going on, to start to build the evidentiary basis, and to share information across institutions about what's going on. There's also some initial investments that are necessary to make some changes. My first proposal about better placement really just involves using in addition to these high stakes tests also looking at high school GPAs, high school courses, information that school already have and that would actually save a great deal of money just by using these additional indicators. And so there's lots of incentives for institutions and states to go ahead and do that to save money and have fewer wasted credits, wasted time, and to lower attrition rates.

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But for the investments and the more innovative pedagogies to develop the modules and the technology and those kinds of experiments, what we've seen where it's actually been working, it's taken state effort or the State of Tennessee to say we're going to have a call -- institutions we want to try these different redesigns. We're going to make some of those initial investments and we know longer term this is going to pay off. And if we actually do do a better job and can reduce the number of students who are going through remediation and those who are going through it actually get to the other side so they're more likely to have higher educational attainment and completion, it's going to save us both on the cost side and increase our benefits. So you see these examples kind of sprinkled throughout the country and it's about kind of awakening and having other states, having the Federal government continue to play a role to push on this.

MS. GIBBS: It strikes me on that last point that maybe part of the sort of the incentive structure

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gets back to Harry Holzer's discussion this morning and President Obama's proposal to provide incentives to universities based on their graduation rates and the achievement. And I know that I say that at some risk because the other title of this panel is four academics and a bureaucrat, right? So that may not be a popular position up here but I think, you know, we can sort of micromanage lots of sort of incremental changes or we can set the incentives right and then let folks experiment and say but gee we've got to get there fast so let's really try to figure this out now.

MS. ROUSE: Phil, if I could just -- so you make a nice case for first of all sort of not doing mentoring programs through schools. We should do more experimentation with community based programs. It seems you stopped a little short of sort of what the - - like are we talking about a major expansion of say Big Brother Big Sister of mentoring programs, but maybe that's what you're calling for. But I would also be interested in -- and this is also sort of related to something that Linda said which is that



almost every program related to kids of this age or even younger is that program plus mentoring. And you explicitly didn't review those programs but does what you've, you know, what you've been thinking about or any lessons you've learned have anything to say about the role of mentoring in other programs as a component of program design?

MR. LEVINE: Well, so as you say, so the review of the literature that I conducted explicitly ruled those out. So the purpose of my review is to think about what is it -- what can mentoring do on its own, not as a program that's meant to do something else. So I mean there are lots of mentoring programs out there. Some that are about like, you know, juvenile offenders and keeping them out of trouble and there's a lot of stuff that goes into that plus they get a mentor, right. So there's, you know, programs like that and which I purposely limited to not doing that. I think what --

MS. ROUSE: Yes. I'm pushing you anyway.

MR. LEVINE: So I -- no -- I mean -- and I'm

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willing to answer. You know, I think that -- so obviously I don't have a specific answer in terms of the experimental evidence but the way that I can answer is in terms of sort of the general framework for thinking about these kinds of programs work and what it is that they're doing which gets back at this notion of aspirations. And so, you know, I think that it's really important for disadvantaged youth to provide them with an ability to think that they actually can succeed. And the argument that I'm making about why I think the mentoring programs, the community based mentoring programs were successful is because they can accomplish that. But the other thing that absolutely has to be true is that they have to have the means to succeed once you convince them that they can. So to the extent that what we're doing is combining mentoring programs with other things that provide them -- push them down that path further, you know, I would argue that there certainly would be room for experimenting with those like sorts of interventions. They actually may be more successful

than just the standard mentoring program on its own.

MS. ROUSE: Okay. And this leaves Amy. So -- and I'm sorry, really I had thought of this question but it just -- Linda teed it up so much better than a way that I could. You know, she talked about how the fact that if you're a mayor or if you're a governor or if you're the Federal government, it's true that we look at the cost relative to the benefits. You know, you get what you pay for so 2,000 per student is not high, but, you know, if you get a little return on that it still may be cost beneficial. But it's still, given all the effort that goes into getting the thing passed, et cetera, may not look like it's shooting lights out; it may not be worth all the heavy lifting. But you make a very compelling case for the fact that the summer is this idle time for this group of students and that we should take advantage of it. So I have a two part question for you since we just moved to question mode. One is you're proposal is focused on those who are still in high school or recently graduated, do you want to say

anything about those who I just affectionately said she threw under the bus, that those students who are even more disadvantaged and who have left school? And, two, is this -- if you only had \$3 billion is this the best way to spend this money on these students, to serve this population?

MS. SCHWARTZ: So sort of competing thoughts on this. One is that, you know, I think we'd all really love to come up with like a program or an intervention that was really cheap and worked for all the kids like, you know, miraculously. You know, but our hope for that shouldn't get away in the reality that like one program isn't going to serve all kids and that we think this is a program that can serve these kids who have not yet dropped out, who are at risk of dropping out, who are sort of still somewhat engaged but are risk of becoming disengaged and falling off the cliff, right. And that's not to say that you shouldn't design another program that's going to serve the kids who have already dropped out of school. Absolutely. I just don't see that it's a

disadvantage to say that, you know, this isn't going to work for all kids. I think it works for some. And this is an important group.

So then we come to the money question. Boy, this seems like something that just has giant bang for its buck. I think we're not just giving the money to these kids. These kids go out, they do good jobs, meaning jobs that advantage their communities. They work at not for profit organizations, they run parks programs, they work in summer camps, they work in local businesses. So the benefits exceed just the benefits to the individuals and they certainly exceed just their educational outcomes. So I think, Linda, you mentioned the possibility of the long run evaluation, we're so in there, right. You know, we -- what's wonderful about the New York City program is that it's a very large scale program and it was very popular. And so every year for several years they'd get tens of thousands of children who were interested in participating who they weren't able to give jobs to and they allocated it by lottery. And so what we're

able to do is compare the outcomes for those kids who won the lottery to those who did not and get insight into its impact. So we're looking now and a first study looked at impacts on attendance. My co-author, Jake Leos-Urbel is here and now we're looking at educational outcomes and attainment down the line, looking at crime, looking at economic impact.

Absolutely. I think the way to think about this program is that it is not an educational intervention, it's an intervention in youth development. And as a result the benefit isn't going to be in any one domain. This could be an intervention that affects kids in several domains. So if we have the results like they found in Chicago or in Boston in their programs where we see reductions in crime, those are hugely expensive, huge. So that the gains, the economic gain of reducing crime even a little bit is tremendous. So if we sort of are back here again in five years or maybe sooner trying to see what is the evidence showing or what does that cost benefit look like, I think what we'll see is relatively modest

costs, relative say compared to say our education budget, relative to the cost of providing Pre-K. These things are going to be relatively inexpensive and they're going to have benefits in a bunch of domains. Is it like the only one? No, but a good one.

MS. ROUSE: So can I just ask on question from the floor that's very much a follow up. So here's a question from a card which is why fund a new program versus a program under the Workforce Investment Act? Related to what I just asked you.

MS. SCHWARTZ: Actually so as I understand it that some of the jobs that are provided at least in New York through SYEP are WIA jobs. So I don't know that they are entirely unrelated. I think the way to do this if we do this well is to actually try not to reinvent the wheel. There actually are SYEP programs all over the country. And in the paper we do a little bit of a list of where they are; they tend to be relatively small, they're hard to fund. In New York we do things in a big way. We've got a lot of people

and it's an incredibly big program, 50 different CBOs, sometimes 55, tens of thousands of kids. But Boston has one, Chicago has one, Miami has one. We can learn from those.

MS. ROUSE: Great. And, Linda, you wanted to say something?

MS. GIBBS: So two thoughts pop up on that. One is in response to your question, what we did when we were interested in disconnected youth is we took the summer youth employment model and we made an approach that was for disconnected the youth. The benefit of that is that you didn't have to limit yourself to the summer. So we have three cohorts during the course of the year but the basic infrastructure is the same, CBOs that are intermediaries that do the soft skills, the work support, work prep, training, and then placements. And so they're very structured work environments. And vendors are evaluated based on the placement into education or employment at the end of the program. And they're doing pretty darn good. And so these are



for kids that, you know, not in school or work at the beginning of the program. And so pretty promising stuff there. So maybe in fact there are some ways of reaching the harder to reach kids.

The other thing that I think we really need to focus on in response to the question from the floor is making sure that the placements that the kids get are good placements. The big advantage of those early work engagements is you create social capital in the network of individuals that you know. The little bit of a scramble at the end, let's find these kids placements and the non profits inevitably say oh, I can take 10, oh, I can take 5, oh, I can take 6. And they sort of volunteer to supervise kids for the summer. And so that's great. But if we actually had private sector employers that could connect them to a career trajectory that would be better. And so they're making an effort on that.

MS. SCHWARTZ: But I should say that, you know, in New York there certainly are private sector employers. I mean it's all different things.

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MS. GIBBS: Yeah, no, absolutely. They've really been focused on it.

MS. SCHWARTZ: So it's all different things. But let me just give you another example of something that, you know, completely unstudied that I think is really super interesting though. One of the things that they do for the kids who participate in SYEP is they connect them to banking services because they kids have to get paid and they don't want to pay them cash. And they decided I think about 10 years ago they don't want to give them checks and send them directly to the check cashing places, so they created these kind of limited bank cards. What a wonderful way to introduce kids to banks, to financial services. I mean there's a bunch of things that go with being at a job and getting paid that aren't about, you know, 11th grade algebra. So the fact that we don't see a huge impact on like whatever algebra and trigonometry or chemistry isn't like a -- I mean in some ways it's a shock we find anything because I think it's working through these engagement, attendance, workforce

education.

MS. ROUSE: Fair enough. Phil wanted to get in.

MR. LEVINE: The first thing that I want to say is why is algebra getting such a bad rap today? I mean algebra is a good thing too.

MS. SCHWARTZ: I disagree with your algebra.

MR. LEVINE: But that aside I think that there's a lot that our two proposals actually have in common because it's really about sort of, you know, staying on the right path in life. And trying to keep the kids moving forward before they fall off by, you know, doing things like providing them with reason to think that they have a chance to be successful. They're doing it in sort of different ways but they're both really accomplishing the same goal and I think that that's an important thing.

MS. ROUSE: That's a good point. Speaking of keeping kids more on the same path, so this is for Bridget, doesn't the common core provide a standard that would help reduce the need for remediation and

might help address this?

MS. LONG: So yes, there's a lot of debate about, you know, the common core and it's supposed to include college and career readiness. I think though when I talk to, you know, people about how those were developed and how are people from higher education communities integrated into those discussions, you know, I hear lots of different stories. Often times as we think about K-12 standards we leave out, you know, representatives from the higher education community or, you know, just freshman English teachers to actually say what do institutions require. And even at the higher education level there's actually a lot of debate and variation in what we might consider to be remedial. And every state and often times every institution are defining it very differently and it relates very much to, you know, which career or major or so forth that you're trying to go into. So I think, you know, these efforts with common core will certainly improve things or try to increase the rigor of K-12 but say that it's going to be this magic

bullet that all the sudden now everything is going to be aligned doesn't acknowledge the fact of how much real variation there is and that there isn't this one set standard of what we need for readiness. And then again, you know, all -- you know, the 40 percent of students, the adults here going back, it's going to completely miss that population and the generations and generations of students that we've left out of the process and haven't given them the skill.

MS. ROUSE: So here's another question from the floor, and this goes to everybody and including you, Linda. Could you speak to the importance or not of tailoring programs discussed for youth with particular disadvantages? For example, youth exiting systems like juvenile and criminal justice or child welfare, homeless youth, youth with physical and mental disabilities.

MS. GIBBS: I would say that we're capable of -- I feel like we're on the brink of getting a lot better about this and I'm thinking about the reforms we've done in New York on our juvenile justice system.

And by building a screening tool that took real time data at the point of a young person's arrest we could tell everybody, the Judge, the defense attorney, the prosecutor, everybody got to see whether this young person was high, medium, or low risk and suddenly they got the information to make them comfortable about is it okay to send the kid home. Do I really need to lock this kid up during this period. And it reduced detention in New York City by 40 percent within 2 years and the -- but at the time that the kids were -- even for those who were convicted of their crimes it went further to reduce placement by 60 percent. And so everybody got this huge confidence level about how in fact the kids were going to act based on this, you know, validated screening tool that we had, lots of good data and then follow up to confirm. Key to that though is that we had to build alternatives that were appropriate. So it was really the middle slice kids, not the low risk that need nothing, but the middle slice who they need to be detained unless you have an appropriate community based program that can support

them and their family and keep the community safe and prevent them from recidivating. And so I think that - - I see the opportunity for those kind of screening tools. I think, you know, the remediation was an example that came up to really be used more and more and more in our fields broadly to help us get the right things to the right kids. Footnote on that story, low risk kids in the after reform got less services and reoffended less.

MS. ROUSE: (off mic).

MS. GIBBS: Exactly.

SPEAKER: Less is more.

MS. GIBBS: So continuing, a think a number of the groups I just mentioned, we're talking about the students who have higher risk of lots of things possibly going wrong as they're going through school. And I think with remediation we're talking about tests and we're talking about skill levels and courses you need to take, but there's a kind of cultural aspirational part of it of what are these signals that we're sending students about their ability to be here,

and particularly if you are first generation, if you're combating all these other kind of factors that tell you that you shouldn't be there and then you get this signal during your first week saying you're not ready for college level material, you shouldn't be here. That has huge negative effects and there's concerns about stigma. Where we actually have seen some positive effects in terms of students' persistence or early persistence, staying at school longer, at least the initial years is where we think they're combining having these students in smaller classes, giving them very targeted support along with teaching them how to navigate and how to be at an institution. It's kind of orientating them to the institution both in their academic needs, but all kinds of other supports that they'll need not just while they're in remedial courses but as they move into hopefully their courses within their major, knowing where to get resources whether it's financial or mental health or other kinds of support services, or dealing with childcare, parking, and all kinds of



other things, how to navigate through the colleges. And this is done really with much smaller ratios, advising, mentoring, connecting people with people who will help advocate for them while they're on campus.

MR. LEVINE: So in my case the mentoring programs -- it's a very interesting question for the example of mentoring. Sort of traditional mentoring programs specifically prescreen potential mentees. So the very high risk kids are not in these sorts of mentoring programs. So it's less clear how successful these programs would be at the higher risk disadvantaged kids than sort of the typical disadvantaged kids. So -- and I don't really have an answer to how successful it would be for that group.

MS. SCHWARTZ: So, you know, what's interesting about summer is, you know, if we sort of reflect on what we did in the summer, what our kids do in the summer, And they do all sorts of different things. Jobs are a part of it. Sometimes kids go to summer school, sometimes they go to enrichment programs, sometimes they go to early college,

sometimes they go to remediation. They do different kinds of jobs. And so my guess is that when we really have this down we'll have those same kinds of opportunities for poor kids and for disadvantaged kids that we're now giving to the middle class kids. So we know in, you know, again in cities around the country they're experimenting with different kinds of summer programs. So sometimes they are more targeted. They're apprenticeship programs that are connected specifically to what they're learning in school. Some are going to do better to do that. Some are going to do better to do something that's a completely different activity. Some are going to need to get out of the city, some are going to need to get into the city, some want to go to college and to experience that, and some want to do over the class that they failed last year. And that, you know, if we're really doing this right we're going to look at that and we're going to set up a collection of things so that kids with different needs have those opportunities. Right now we're not quite there. We've got a lot of empty

time; it's about 10 weeks in New York. That's a lot of time to fill. And, you know, we've got to start filling it.

MS. ROUSE: Okay. We just have a few minutes left. So I'm debating -- I'm not here tomorrow so I don't get to hear your pitch to the Hill staff so I'm going to ask each of you just to give your two minute -- what's the wrap up statement you want to make about your proposal if you're talking to Hill staff. I think there are many state and local policy makers, I know you'll do breakouts, but what are the two compelling lessons you want us to take away from this panel on your proposals?

MS. LONG: If we want to increase educational attainment this is -- remediation is the major leak in the pipeline. We have to figure out how to get these underprepared students, whether from high school or adults and into actual college level training or post secondary level training. And so better testing, experimentations and investments and providing very targeted services to get students those

skills and most importantly preventing the need for remediation altogether will actually in a very short amount of time help us actually increase our attainment and have a more skilled labor force.

MR. LEVINE: So I would say that there's, you know, a pretty large number of kids who are living in households with no caring -- who need adult caregivers and they need services. And mentoring programs seems like they're targeted directly at that sort of need. You know we have pretty good evidence indicating the community based mentoring programs in particular are effective and they increase things like educational outcomes that will lead to subsequently higher wages. You know, very easily passes the benefit/cost analysis and it's the sort of thing that we should think about much more seriously in terms of policy.

MS. SCHWARTZ: Summer matters and it's an important part of what drives the differences between low income kids and high income kids and we can start closing that using summer jobs. It's a cost effective

way to increase outcomes in school, reduce at risk behavior in the summers, possibly reduce violence. It's cost effective and, you know, the time has come.

MS. ROUSE: Linda, any -- great. Thank you all very much. And thank you. (Applause)

MR. HUTCHINS: So I'd like to introduce our panelists. First, Diane Schanzenbach -- is that how you --

MS. SCHANZENBACH: "Schanzenbach."

MR. HUTCHINS: Schanzenbach. I tried hard, but I apologize. Diane is the associate professor in the School of Education and Social Policy at Northwestern; research associate at the National Bureau of Economic Research; research affiliate at the Institute for Research on Poverty; and she studies issues related to child poverty, including education policy, child health, and food consumption. Was that better?

MS. SCHANZENBACH: Perfect.

MR. HUTCHINS: All right, good. Thank you, and her co-author, Elizabeth Cascio, is here -- stand

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up, Elizabeth, please. There you go. We only have room for one author at a time on the stage.

Ariel Kalil is a professor at the Harris School of Public Policy at the University of Chicago where she directs the Center for Human Potential and Public Policy. She's a developmental psychologist, which you'll note from reading her wonderful piece, and she studies how economic conditions and parents' socioeconomic status affect child development and parental behavior.

My friend, Belle Sawhill, over there is the Cabot Family Chair and senior fellow at the Brookings Institution where she's co-director -- well, she's many, many things -- but for this brief bio she's co-director of the Center on Children and Families and her areas of expertise are poverty inequality, social mobility, education, fiscal policy, and the family.

MS. SAWHILL: May I say that if you are bringing down the average IQ of this panel that I'm mentally retarded.

MR. HUTCHINS: I think I understand that.

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And her co-author I think is right here in the front, Joanna Venator. Please stand up, Joanna. Thank you.

And then we have JoAnn Hsueh. I betcha I got that one right.

MS. HSUEH: You did. You did get it right, thank you.

MR. HUTCHINS: There you go, thank you. So the first three I introduced, first five actually I introduced, were authors of our pieces and the next two are discussants. JoAnn is the deputy director of Family Well-Being and Children's Development at MDRC, currently one of the lead investigators of the Supporting Healthy Marriage Project, an evaluation of marriage education targeting low-income, racially and ethnically diverse married couples.

And Linda, I think you've probably already been introduced.

MS. GIBBS: I'm back.

MR. HUTCHINS: She's back, great. So thank you for everybody being here. Belle, I think we're going to start with you. Why do you focus on unwed

births as part of your antipoverty strategy? Is the problem as it relates to poverty really about unintended pregnancies or is about non-marital births? And I'm also -- I know I didn't give you warning about this -- but I also wanted to get you to comment as part of this on alternative marriage promotion kinds of ideas that we've seen in the past.

MS. SAWHILL: Well, I think on the question of whether this is non-marital or unintended births, it's both because what we are seeing right now is that about half of babies born to women under 30 in the United States are being born outside of marriage now. So that's the new reality; it's almost a norm. But when we look behind that and say why are so many of these young adults having babies outside of marriage, it's unintentional. They are drifting or sliding into this. This is not something they planned to do by and large. So I think that we need, therefore, to -- and by the way, many of these households end up poor. Almost half of single-parent families in this country are poor. Their poverty rates are four or five times



as high as in two-parent families.

If we then say well, what can we do about this, one option would be to say to people get married and a lot of people are in favor of that. Back in the George W. Bush Administration, there were a number of marriage programs, marriage education and relationship education programs, that were launched at quite a cost to the government. They have been very rigorously evaluated now, especially by my colleague's organization, MDRC, and they've been found to be wanting. They really haven't moved the needle in any significant way. So I'm not sure the government knows what to do about the fact that marriage as an institution is really kind of disappearing from young adult lives, especially among the less educated.

But the other thing we can do is at least try to align when babies are born to when women say they want to have children and right now that's not happening. Right now, according to these women themselves, most of these babies are either unwanted or badly timed and this leads to all kinds of

problems, not only poverty, but we have a long-term problem here.

We have some new research that we've just completed. It isn't published yet, but since someone who's been partnering with us on it is in the room today, I want to mention just briefly that it is showing that even if you look at what happens to these children long term -- I'm talking into adulthood -- because their mother's education may have been interrupted, because the mother hasn't gotten a good foothold in the job market yet, because the mother and father aren't old enough and mature enough to have formed a committed relationship, for all those kinds of reasons the lifetime incomes of these children are lower. They're less likely to graduate high school, less likely to graduate college. So this has an impact that's long term in addition to having an impact on poverty when they're very young.

MR. HUTCHINS: So you propose a social marketing campaign. What evidence is there that that can really work?

MS. SAWHILL: Social marketing campaigns are efforts to deal with people's behaviors where they are doing things that they themselves don't really want to do. I mean we'd all like to be better at doing exercise, not eating so much, not smoking, et cetera. So there have been several attempts and several evaluations to look at that. Social marketing campaigns are very cheap compared to all the kinds of other programs we're discussing at this conference.

Do they work? Yes. The so-called legacy campaign, which was the effort to help kids to stop smoking, led to an over 20 percent reduction in teenage smoking in a relatively limited number of years. We've had efforts to improve nutrition and cut back on obesity. Those have been evaluated and found to work. Melissa Kearney and Phil Levine who are here today have done a really interesting piece of research on a television program. It was a reality program called "16 and Pregnant" that showed young teenagers that it isn't so much fun to be a mother too early.

MR. HUTCHINS: Was that on "Sports Center"

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on ESPN? I missed it. I must have missed it.

MS. SAWHILL: And they did this very rigorous piece of research and it showed that in a very short period of time this program alone, this one program, was responsible for one-third -- I think I've got this right, Phil -- of the reduction in teenage pregnancy over that period. So these things can work. They're cheap. They don't involve much government. I would add, though, that we shouldn't rely on this sort of thing alone.

When I talk about this in a broader context, I always talk about the fact we have to give young people both the means and the motivation to have children when they're ready to be parents. "Giving them the means" means a social marketing campaign that educates them about their birth control options: Where to get it, what are the most effective kinds, is it safe, et cetera. And I can go into more detail if you're interested later on how misinformed young adults are about this and why there's a real need here.

But you also have to give them the motivation and that goes to the opportunity structure and the education and training and all the other stuff that we've been talking about here all day.

MR. HUTCHINS: Belle, thank you very much. As persuasive as usual, thank you. Ariel, you write I think quite interestingly about the parenting divide; that's a new phrase, which I found very provocative. But why do you focus on parenting intervention instead of other early education programs? There are many education programs, such as the preschool program we'll be talking about, that have been shown to be effective. So why not just expand those programs rather than devote resources to a new approach?

MS. KALIL: Because I think those programs are necessary, but not sufficient. The gaps in children's achievement and behavior that we are so concerned about between rich and poor kids open up as early as we can measure them. At 18 months we can see an important significant difference in the cognitive development of rich and poor children, for example.

These gaps are observable long before children will ever have the opportunity to participate in an early education program of the sort that Diane's going to talk about. And I argue in my paper that these gaps in children's development are correlated with the important and I should say growing gaps that we observe in the home environments that children in rich and poor families experience, the so-called parenting divide, which I characterize as the myriad differences in which rich and poor parents interact with their children from the various early stages. We heard from President Clinton about the 30 million word gap that received a lot of attention lately. But we can observe in time diary data, in survey data, vast differences in both the quantity and the quality of interactions that rich and poor parents have with their children, which as I say are correlated with children's school readiness and with their opportunities for future development.

One thing we also know is just a sort of obvious fact that children spend vastly more time in

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the company of their parents and their caregivers than they do with teachers in a preschool program that they might participate in for half a day part of the year. And I simply think that we cannot expect given those circumstances for schools to do all the work and to provide the support for children to reach their full potential and that we have to think about starting much earlier in the life course than the possibility that preschool or other early childhood education offers.

MR. HUTCHINS: So I'm curious if you could go a little bit deeper into how these programs work, what you'd actually do?

MS. KALIL: I wish I could answer that.

MR. HUTCHINS: Or how you might evaluate what they would do and also about whether or not this is a government activity or are there nongovernmental organizations that can promote better parenting.

MS. KALIL: Exactly. So I mean the big question before us is how can we support low-income parents to promote their children's opportunity, to

promote their children reaching their full potential? Unfortunately, we have very limited evidence on this point. The landscape of parenting intervention is I shall say littered with programs that have proved to be not only costly, but also not particularly effective, and this is an important problem that I think we need to solve. We have some very well-known effective programs that have proved successful in changing very particular kinds of important and costly parenting behavior like child abuse and neglect -- and here I'm thinking of the Nurse-Family Partnership, for example. But we have many more examples of programs that have tried to improve the home environments, tried to change the way that parents interact with their children that have not been so successful. Part of this problem I think is associated with our attitude that the family is sort of a private arena of behavior, that there isn't a role for government to tell parents how to raise their children, when to talk to their children, how much to read to their children, for example. I think we have to confront that problem



and get over that problem and figure out a way to make culturally relevant and sensitive programs that support parents to support their children's well-being.

So I'm proposing that owing to these problems of a lack of parent engagement in many of the programs that we see, a lack of parent participation in the programs that are offered, we have a real cost problem and a problem with inefficiency in many of these programs. Parents simply don't show up or they come for a few weeks and then they drop out of a program that's meant to last one, two, even three years. My proposal focuses on charging a government agency like the Administration for Children and Families with developing a new innovation and evidence agenda. I simply think we are at the stage where we know so little that we need a lot more experimentation to figure out what will work, whether there are more cost-effective ways of doing what we're already doing, and a greater willingness to experiment and to fail in doing so. I think there is a lot of room for

improvement in just figuring out even a first-order question of what works and for whom.

MR. HUTCHINS: Great, thank you. Diane, another divide that you write about between low- and high-income children is access to a quality preschool.

MS. SCHANZENBACH: That's right, that's right, and the research is quite clear that providing low-income children access to high-quality preschool can really improve their lifelong outcomes. So to be sure it improves their academic achievement, but it also spills over to real-life outcomes such as increased earnings, more likely to be employed, less early pregnancy, and a reduction in criminal activity.

Research by Jim Heckman, the Nobel Prize winner, has found that providing access to high-quality preschool for low-income kids pays really high dividends on the order of \$8 of return for every \$1 spent in this endeavor. And a couple of other things to say about that: One is that investing in early life makes subsequent investments in terms of educational, youth interventions, and things like that

more effective because we've teed up kids to be successful. And we think that the mechanism for this is not only are we teaching young children skills like colors and numbers and things like that, but we're also teaching them how to learn and these non-cognitive skills about how to get along with others, how to finish things that you start, how to do multiple tasks is really what's driving us.

MR. HUTCHINS: So how does your proposal fit into recent moves by the federal and state governments to expand preschool access and if preschool is such an effective investment, why not advocate universal pre-K?

MS. SCHANZENBACH: Great question. So our proposal does build on the President's recent proposal to provide federal assistance to state and local governments to implement high-quality preschools. Currently there's a wide variety of access across states in terms of the number of kids who are enrolled in preschool and the quality of preschools that they have access to. So what we try to do in this proposal

is provide a really context-specific, sort of laying out where to spend your next dollar depending on where you are as a state right now. How much capacity do you have to implement high-quality preschool starting next year? If you can't go full speed, where do we want to start? Where will the impacts be the largest? And what the research points to is the impacts are the largest by moving low-income kids from SES backgrounds from no preschool to a high-quality preschool. And we would expect smaller impacts if we move from no preschool to a lower quality preschool and, again, smaller impacts if we moved middle class kids who maybe are already attending some sort of a preschool to a publicly funded preschool. So we don't expect that \$8 return for every dollar that we spend on the distribution. So we really need to think about given the context that a state is facing, where do we want to spend that next dollar.

MR. HUTCHINS: So it's a more nuanced approach than just a wholesale universal pre-K, build on what's in place and make as much improvement as you

can.

MS. SCHANZENBACH: That's right.

MR. HUTCHINS: This is the framework that you lay out in your piece, is that right?

MS. SCHANZENBACH: That's exactly right. We need to take the next step and the next step looks very different in New York State than it looks like in Indiana.

MR. HUTCHINS: Interesting. So, JoAnn, based on your real-world experience, is there evidence to support this notion that these childhood interventions are this powerful? Do they amount to some sort of panacea for improving life outcomes for disadvantaged children?

MS. HSUEH: That's an interesting question, and I think the answer is that we really don't know quite yet. I think what's important, too, is to reframe the question a little bit in that we do know that there are these seminal studies -- Perry Preschool, Abecedarian -- that have shown these long-term effects on these outcomes like employment,

earnings, educational attainment, and criminality, which is where the cost saving or the cost benefit occurs.

But we also know from the landscape of literature in early childhood that a lot of these interventions produce these short-term effects, but then they fade when children leave preschool. And I'm not saying that to be discouraging by any means, but I'm saying it because I think perhaps we're setting up the bar too high and there's a real danger in that. In terms of saying yes, we think early childhood intervention is important. Yes, we think early childhood education is important. But I think there's a real danger in setting up the bar up so high to say when we produce rigorous evidence about this? If we cannot produce these long-term outcome effects, which we don't know yet because there have been very few studies that have followed kids for that long, then what does that mean? Does that mean we should stop investing in this?

I don't think that that's the case, but I

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think what we still need to learn is what are the kernels or the nuggets of the active ingredients of these programs when tested in the small-scale settings that can be taken up and then delivered at scale. So when we have like in New York City, for example, the expansion of pre-K, can we ensure the quality of that care? And then what do we think about in terms of the issues in defining what quality is in those kinds of settings? We know that quality can be thought of as the structural components of early childhood education or even early childhood interventions with service providers providing care, knowledge-based or lessons or curricula to parents. So there are structural components. Is it one on one? How long is it delivered for? Are there teacher qualifications? Are there service provider qualifications? And we know that it sets a foundation, but whether or not that in and of itself is enough to dictate these long-term outcomes is not clear.

And so they're measurable. They're highly regulated. We know we can define them easily and

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that's appealing in some way, but whether or not that's enough is a huge question in the literature.

But what we do know is that children benefit in these environments because of the nature of the learning experiences that they have, their interactions with others in that environment with parents, with teachers, with peers, with siblings. And so how can we kind of develop that in these settings in a way that can be systematic and at scale?

And so we know the nature of early childhood intervention also is that the workforce in and of itself is generally low paid. Oftentimes there are qualification-type issues, but we also know that there are high levels of stress, teacher burnout, and there's turnover. So given that context, what do we need to invest in early childhood interventions is really suggests to me one potential place that's a really great place to learn more and invest more is how can we continue to invest in that environment in that way?

Another is thinking about the web of  
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services and the funding streams that kind of go into and provide services in early childhood. So it's not like K-12 where there's a system in place and an infrastructure, albeit not perfect, but there's nothing quite like that in early childhood. There are different funding streams at the state, federal, private funding streams. So how can we tie those altogether to kind of maximize impacts for kids?

One thing that intrigues me about Ariel's proposal is the findings from Head Start, Ready Parent, really suggest that if there's alignment across parenting interventions and early childhood education, that may be a promising way to move forward and where there's sustained impacts overtime.

MR. HUTCHINS: Gotcha. Before we move on, Diane, you wanted to jump in here?

MS. SCHANZENBACH: I did, I did. I wouldn't want the audience to walk away, though, thinking that the only long-term evidence is from these model programs, these small-scale programs like Perry and Abecedarian. We have long-term follow ups of Head

Start that show that there are positive long-term impacts.

We also have medium-term impacts from the state-level programs in Georgia and Oklahoma that are model programs for the Obama proposal that finds that test scores are improved up to ten years after preschool. So it's not just these small intense things that are showing impacts. And I'll point out that in Georgia and Oklahoma, these model state programs, the cost per student ranges between \$3,500 and \$7,000 per year. And so we're really talking about something that's not that much more expensive than some of the other proposals that were on the last panel.

MR. HUTCHINS: Linda, you've managed very large institutions that do things like this, so coming at it from an institutional point of view for a second. Looking at all three of these proposals, how do you think about the balance between funding programs that are successful but expensive and investing in innovations that's less expensive but for

which there's less evidence to be collected? And also, to add a little bit, think about programs like what Ariel suggested, where there's a research agenda to figure out what works. How do you think about balancing those as you manage one of these large organizations?

MS. GIBBS: I think it's really hard in government to be sort of a constantly learning institution. We can get really comfortable running our existing programs and being involved in all of the drama and intrigue about who's getting what and who's delivering what and who's doing good and who's doing bad. And it's hard to sort of take a step back and say is that program doing good at all? And it's also hard to just create these opportunities for learning and innovation. And so in a way you have to be very deliberate about that and intentionally create those opportunities.

And so I'm drawn like what is a honey go to -- a bee go to honey or whatever -- like I'm very drawn both to Ariel and these proposals because you

want to know that as you're doing your work, you're creating opportunities for new incoming ideas and you're testing and you're sort of exploring the margins and continuing to push yourself.

And there is an element -- and I think this is really what Ariel was saying -- that in many ways when we talk about early childcare, quality pre-K, we're talking about making up for the missing words. So already at age 4 it's a remediation. And so by really thinking from the get-go how can we prevent the need for remediation, that's what's also appealing about thinking about parenting from the point of birth.

So I think it is hard on the money and the politics. We actually went through this process in New York City where we wanted to improve the quality of our early childcare. So this was both an effort to integrate childcare and pre-K. And we didn't have a fixed amount of money. We actually got \$25 million additional dollars put into the pool so we had new money, but quality costs more than not quality so what

we wound up doing was funding less slots. So with more money we bought fewer services because we valued quality over quantity. And it was a battle royale. It was like unbelievable. And everybody kept saying Linda, why did you do this again? Exactly why did you subject the mayor to all these attacks? And so we have, we have the evidence, we know, and particularly if you're focused on where the greatest impacts hit, which is on the disadvantaged children. When we shrunk, we also shrunk -- we moved the whole system that hadn't been sort of reallocated in two decades. We moved it deeper into underserved neighborhoods, which meant away from gentrified neighborhoods. So there was just politics like galore on every level. So it's really hard to get to it, but it's important to do it. It's the right thing to do.

The other thing to remember on early pre-K, around the pre-K and quality pre-K, full day is a barrier. Half-day is the barrier; full day would remove the barrier. And so sometimes I think that we miss getting to those most disadvantaged kids.

MR. HUTCHINS: What do you mean by the barrier?

MS. GIBBS: If you don't have a nanny to pick your kid up from a half-day class, you can't take advantage of it.

MR. HUTCHINS: So both of the parents working.

MS. GIBBS: So you're going to leave your child with the next-door neighbor, with Grandma, you're not going to take advantage of that quality care program. But that's another investment; you can serve two kids half days or you can serve one kid full day. So these things are constant, constant tradeoffs.

On the ad campaign, we know. We've done -- we have really clear evidence that hard-hitting soda campaigns make a difference on consumption of sugar-sweetened beverages.

MR. HUTCHINS: How much did Mike pay you to say that?

MS. GIBBS: No, it's big, it's big. They're

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really -- to do that -- but they have to be right. You've got to show, for the tobacco, you've got to show that black lung beating and it's disgusting. You've got to show the soda turning into fat and dribbling down your face.

MR. HUTCHINS: We can imagine; that's enough, we can imagine.

MS. GIBBS: What do you do to prevent unintended pregnancies? The consequence is a cute baby, like exactly -- getting the ad campaign right is I think an extraordinarily difficult thing because it's going to run you up against a whole other set of political and small cultural issues and sort of the -- I'd love to be on the creative team that designs that thing, Belle. I would really like -- call me up.

MS. SAWHILL: I will, don't worry.

MS. GIBBS: We actually -- and Robert Dorr as you probably know in New York City tried this, and he took a lot of flak. It was a crying baby. The kid's face was like bright red and tears are coming down and the caption said something like "This bundle

of joy is going to cost you \$100,000 by age 5. Do you know that?" It's like ring. And this time the ring is Linda. That's the mayor. Who put that in the subway? I showed it to you. I promise. You know, blank. It's dicey.

MR. HUTCHINS: I'm going to switch now to some questions for the group to talk about their proposals and their implications, but also I think simultaneously just like before there's some cards available for people to write their questions down, which we'll integrate into this question period.

What I want to start with is any sort of card-carrying businessman has stashed about costs versus benefits. And again, I'll start with you and we'll work around. How do you think about -- this was a little bit about what the question was that I just asked you -- but how do you think about the costs and benefits -- or maybe it might be better to start with the authors and then let's then comment now that I think about it.

How do you think of the costs and benefits  
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associated with each proposal because there are very different kinds of cost-benefit analytics and calculus in these proposals? Let's talk about how you three think about your cost benefits and then we'll get a little comment discussion going about that.

MS. SAWHILL: I think our proposal really wins the benefit-cost test.

MR. HUTCHINS: Belle thinks she has the best. Why am I not surprised?

MS. SAWHILL: Not to be competitive up here. Seriously, all these things need to be done for different reasons. I think that the general point here is that as Ariel emphasized it's important to think about that home environment, which might not be ideal, that is in turn motivating the out-of-home quality pre-K. My proposal is even pre-, pre-parenting because it's saying wait to have a baby. It's your responsibility as an adult to wait to have a baby until you're more ready to be a parent and government can facilitate that in various ways. But our specific proposal is very cheap. It's \$100

million a year.

MR. HUTCHINS: Is that for a nationwide program, Belle?

MS. SAWHILL: Yes, that's for a nationwide program. Now, it should go on for more than one year, but it also has a stop to it unlike these programs -

MR. HUTCHINS: You propose five years.

MS. SAWHILL: Five years, \$500 million. We've done very careful -- either we or other analysts -- have done very careful benefit-cost analyses. It saves the government money almost immediately because every Medicaid-paid-for birth costs so much more than it costs to help align people's behavior with their intentions where childbearing is concerned, to help them to become parents when they want to be parents and not before then.

So it's very cheap and it has a huge benefit cost and the Congressional Budget Office has scored this type of proposal -- not the social marketing campaign per se, but family planning waivers and things of that sort -- as actually saving the

government money to the tune of \$10 billion or whatever. So this doesn't cost anything.

MR. HUTCHINS: Right. Ariel, I know you have more of a research agenda, but again think --

MS. KALIL: Yeah, I mean my R&D budget request from ACF is far smaller, so actually I think I win that!

MS. SAWHILL: Okay!

MR. HUTCHINS: Shall we have a vote later on in the audience?

MS. KALIL: So I'm making a modest request for \$10 million a year over five years just at ACF for this particular kind of research exploration in particular.

But let me just say something about the kinds of cost-benefit analyses I think that this kind of work will achieve. And I think we can be saving a lot of money in the kinds of parenting programs that we currently offer because right now we have a one-model-fits-all, one-price-tag-fits-all. And I think we could actually be doing a lot of what we do for

less money and putting more expensive programs towards people who need more intensive services, but differentiating a population into those who need a relatively light touch, low-cost intervention to be successful. We can do this a lot cheaper than what we're already doing. These programs could be made a lot more efficient and achieve far greater cost savings. We just don't know yet how to differentiate between those two different, or three or four different, kinds of participants in the kinds of programs we have. And I think that is one of the goals that my agenda would have on it.

MR. HUTCHINS: But you probably should also have on your research agenda an explicit cost-benefit analysis as part of these programs, right?

MS. KALIL: Absolutely.

MR. HUTCHINS: Try to figure it out?

MS. KALIL: Exactly.

MR. HUTCHINS: Diane?

MS. SCHANZENBACH: Of course, if we really target high-quality preschool, we've got that \$8 for

every \$1 spent cost benefit.

MR. HUTCHINS: But you have to admit, you're the big spender here, aren't you?

MS. SCHANZENBACH: Well, I am, that's right.

MR. HUTCHINS: So we need some big benefit?

MS. SCHANZENBACH: Well, \$8 for every \$1 -- we don't get that kind of return in the stock market these days, do we?

MR. HUTCHINS: Some I suppose.

MS. SCHANZENBACH: I don't.

MR. HUTCHINS: No comment. We'll have to ask Mr. Altman about that later on.

MS. SCHANZENBACH: I would be an irresponsible economist, though, if I let you think that every \$1 is going to produce \$8 in benefits, and this is really where --

MR. HUTCHINS: You made this point early, but you can elaborate on that.

MS. SCHANZENBACH: But I just want to make it again because I think it's the most important one.

MR. HUTCHINS: Please go ahead. She's got

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her National Bureau of Economic Research cap on right now.

MS. SCHANZENBACH: That's right, that's right. The higher up in income distribution that we go the less impact we're going to see, especially in terms of improvements. What we really see up higher in the income distribution is a childcare subsidy for parents who would already be sending their kids to preschool. Now, as a parent like that, I'm all in favor of having that benefit, but when there are other things on the table I wouldn't prioritize it.

MR. HUTCHINS: Now, as I understand after reading your proposal -- and I might get this wrong -- the highest impact is migrating someone with no preschool education to the highest quality. That's obviously the least realistic to accomplish if you're in an environment where there's nothing and you're going to try to go to the highest quality, right?

MS. SCHANZENBACH: Well, a lot of states have done it.

MR. HUTCHINS: Have they? Start off a

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program that has enough --

MS. SCHANZENBACH: A lot of states have done it. It's high quality, but --

MR. HUTCHINS: For the lessons learned elsewhere?

MS. SCHANZENBACH: That's right, but it's just targeted.

MR. HUTCHINS: So it's a smaller group of people.

MS. SCHANZENBACH: That's exactly right.

MR. HUTCHINS: I got it. So, again, that mitigates as a broad social impact. It also mitigates the spending, but still --

MS. SCHANZENBACH: That's right, that's right, and it raises these pinnacle issues that were just discussed, but it still might be the right investment.

MR. HUTCHINS: Gotcha.

MS. SAWHILL: I think we need to make clear that even though I agree that there may be an 8:1 ratio for early childhood education, it's not scorable

in an immediate budget sense. And, therefore, in the kind of situation that Linda's been in in New York or that anybody is in here in Washington, they're just not going to believe that or even if they believe it, they're going to say well, we just can't afford it right now. So that's a problem. So I think we have to look at how long it takes to reap the investment. It's too bad we have to do that, but it's a reality.

MS. GIBBS: I think we're institutionally penny wise and pound foolish. We're underinvested in this country on early care and development broadly and particularly when we know what works. Sometimes it just means that you both have to be willing to take the longer view and make the political decision to make the investments if you're serious. The President really said this is a serious conversation. This is the time to do it. We have to come up with bold agenda items if we mean to make a difference. And there aren't too many areas where we have great evidence that things really work, and early childcare and development is one of them.



So go with what you know. Be willing to make big investments. And be willing to look at the long term, but still innovate. Like I think both of these proposals are extremely exciting. I want you to get like \$10 million a year, like you shot way too low.

MS. SAWHILL: You're talking about me now!

MS. GIBBS: And, Belle, have you -- on the scoring, I didn't know about the CBO scoring. Is it -- like I haven't seen a campaign on this issue that's actually been evaluated, like on this very topic?

MS. SAWHILL: There've been three efforts, one federal and two at the state level. The two ongoing at the state level are in Colorado and Iowa. The Colorado campaign is still underway. I mean it is a social marketing campaign.

MR. HUTCHINS: But these are not the smoking campaigns, these are ongoing?

MS. SAWHILL: These are ongoing social marketing campaigns in the area of reducing unplanned pregnancies.

MR. HUTCHINS: Okay, got it, right.

MS. SAWHILL: And the one in Iowa is called "Avoid the Stork." Have I got it right, Joanna? And they've used humor. They have this awkward looking stork.

MR. HUTCHINS: So do storks have a political constituency that she needs to worry about?

MS. SAWHILL: But they're moving the needle in Iowa. I'm not sure how rigorous the evidence is, but they have seen a reduction in unintended pregnancy following the introduction of the campaign.

MR. HUTCHINS: Interesting.

MS. GIBBS: And there are opportunities also for using more than big expensive billboard campaigns. Kids are addicted to their devices.

MS. SAWHILL: Oh, we have to go with the social media stuff that you and I were talking about earlier, and there's a wonderful Website -- if I may advertise it for a second -- called [bedsider.org](http://bedsider.org) where young adults can go to get all kinds of information, including where the nearest clinic is.

MR. HUTCHINS: JoAnn, did you have something you wanted to say about this?

MS. HSUEH: I did want to add something. So just in terms of thinking about the cost benefits of some of these interventions, I think if we change the lens of are we making a system-wide kind of effort to intervene and raise the quality, so system-wide change versus merely investing in an individual. So if we look at something like early childhood education and we say we're investing in the infrastructure of professional development and training for teachers, that training in a teacher will not affect only the cohort of children that are in her classroom or his classroom at that moment in time, but also subsequent classrooms that are coming through.

So I know that's difficult to monetize, but at the same time it's a different lens in terms of thinking about the cost benefits of some of these kinds of interventions, whether or not it's an individual versus a system change.

MR. HUTCHINS: So we're in Washington in the  
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shadow of the Capitol so we have to talk about politics for a minute here even though Bob who parented the Hamilton Project at precisely the right time, by the way, says we're not licensed to practice politics.

So, Belle, maybe you can talk a little bit before we open up the panel, a little bit about the political obstacles. Because even though you're not a political type, you've been around this town long enough and you've served in government, too, the political obstacles and the political feasibility of getting these things done.

MS. SAWHILL: Well, I just talked about the fact that because this is very low cost that makes it more politically feasible. However, I would be the first to admit that when you start talking about birth control, you get into trouble very, very fast. Linda's already said this.

MR. HUTCHINS: She talked about this, yes.

MS. SAWHILL: It's an issue in the political system, a huge issue, witness the Congress trying to

defund the entire Planned Parenthood operations all around the country. It's an issue because of cultural and other sensitivities. It's an issue because we are great big prudes in this country and we don't like to talk about sex and we don't like to talk about birth control. My friend, Sarah Brown from the National Campaign to Prevent Teen and Unplanned Pregnancies, says everybody thinks about the "ick" factor when they think about sex. I don't why. I always thought sex was kind of fun myself.

MR. HUTCHINS: I'm going to avoid expanding on that.

MS. SAWHILL: You asked me to talk about it. It's getting late in the day.

MR. HUTCHINS: I know, I know, but it didn't cross my mind there might be some sensitive moments for me here today. Now, where was I?

And let's think a little bit more broadly about not just your proposal, but the political feasibility and obstacles of all three of these proposals.

MS. GIBBS: Unfortunately, nothing's getting done in Washington, right?

MR. HUTCHINS: Right.

MS. GIBBS: Even if people agree, they won't approve anything that Obama proposes even if there's agreement because they don't want him to have a success. So by definition, everything is just totally stalemated, totally road blocked, and it's stunningly, stunningly, frustrating. And so what I see is that the solutions are coming at the state and local level.

MR. HUTCHINS: Anybody want to add anything to that? I mean part of the problem -- and this is where the discussion always goes -- is we can't get anything done at the national level. It has to be done at the state and local level or public/private partnerships or foundations or what not, that sort of thing, right? Is that kind of where we are in terms of the feasibility of getting any of these things done? Has either of the other two authors thought about this? Yours doesn't cost very much and you propose a funding source for it.

MS. KALIL: We want to think more broadly about one of the questions I posed, which is sort of philosophically what role does government at any level want to play in asking parents to do something differently than what it is they're already doing. I think that's a challenge we have to confront. I don't know -- I certainly would not know how to do that or how much it would cost or how long it would take, but I think that's a very important challenge to be solved for the kind of work that I think needs to be done in this area, hampered by the fact as it turns out that parents don't listen to experts when it comes to parenting. They listen to experts when it comes to thinking about things that are health related for their kids, but not for their parenting behavior -- how they should talk to their kids, how they should discipline their kids.

So I think we have to think about also a different model delivery in terms of is this a government program or is this a community-based program, what form do some of these parenting

interventions need to take.

MR. HUTCHINS: Gotcha. We have I'd say only about 10 or 12 more minutes so I think I might go to some of the questions from the audience.

JoAnn, you mentioned that "there's an interaction between early education and parenting intervention. Can the panel say more about that," maybe starting with you?

MS. HSUEH: I don't actually have a whole lot more to say about that except I think it's intriguing. I mean I think what we know is that this kind of model, or we suspect is that this model of a one-time kind of inoculation is not going to be enough. I don't know, you might --

MS. SCHANZENBACH: Yeah, a little more just to say there's evidence that the parenting component of Head Start improves parenting and it makes a lot of sense to sort of incorporate Ariel's proposal into an expansion of pre-K. And especially as we evolve and we see potentially Head Start moving towards more three-year olds with a more expanded four-year old



preschool proposal, that might be natural time to fold this in. Now, I know Ariel wants to start even earlier than three years old, but we do at least have some infrastructure and some evidence that harnessing the infrastructure works.

MS. SAWHILL: Isn't there a parenting component in early Head Start?

MS. SCHANZENBACH: Yeah, and I think we want to expand early Head Start even more.

MS. HSUEH: Well, I think that one of the challenges that Ariel nicely brings up in her proposal is that even though early Head Start might provide something like that, the challenge is that parents don't necessarily take it up in the numbers that we would need them to to kind of bring about those benefits; even though we suspect that having synergies across what children are learning at home and doing at home and what they're doing in early childhood education settings can be beneficial. And so I think that that's the kind of challenge for the field there.

MR. HUTCHINS: This one says "for Ariel

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Kalil mainly.” “Please specify how parenting interventions can be used to also promote family mental health and social emotional development, especially interventions like home visiting programs.”

MS. KALIL: So the typical kind of parenting intervention that I'm imagining actually does touch on a variety of things. Promoting parent wellness and parent mental health is the first step in effective and positive engagement with children. So I see those kinds of things as going hand in hand. I mean there are very discreet kinds of parenting interventions where we might simply want to focus on book reading or talking, for example, to your kids before they can talk to you. This is critically important. But there's a whole range of family and parent interventions broadly defined. And let me also just say there are many different types of caregivers in the home with whom children interact. So I'm not just talking about a biological parent or a mother in particular, I'm talking about the possibility of a set of important caregivers. So I don't -- this is a part

of what I'm thinking of, not anything I would exclude.

MS. GIBBS: There's a really cool program going on in Providence. I think it's called Providence Talks and it's thinking about how technology can be an opportunity for experimentation. It's essentially a word monitoring system that's used at home. So somewhere embedded in the baby's clothes is a little microphone and it's recording the number of words the kid hears over the course of the day and it's showing a parent on a daily basis what the gap is.

MR. HUTCHINS: I betcha there's an iPhone app, too.

MS. GIBBS: Right! You get to like match yourself and then there's games involved. You want to think about it like a hackathon. Well, why not a policy hackathon, but how also can technology come into this? And so this is being tested. It's a sort of really interesting thing, but it's sort of new ideas and different approaches to tackle this. And it has to be tied to a home visiting program because

there's a coaching component, but why not create a coaching app? So play around. Let's figure it out.

MS. KALIL: Some of this coaching can be done virtually actually. There's some very interesting innovative programs that are trying to do this by outfitting families with Webcams and interacting virtually with a coach.

MS. GIBBS: We can do our doctor's visit by Skype. We can do a coaching by Skype.

MS. SAWHILL: Yeah, and sex education for the 21st century, by the way, is all going to be online.

MR. HUTCHINS: Interesting.

MS. SAWHILL: And it's going to be much more effective than that very boring, dumb health class you got in 8th grade.

MS. GIBBS: And Belle's going to be teaching it!

MS. SAWHILL: In my second life.

MR. HUTCHINS: I might sign up! "Diane," it says, "some would argue universal pre-K programs are

effective for low-income kids because they are universal because middle- and upper-income students also attend. How might targeting to low-income kids alter impacts?"

MS. SCHANZENBACH: That's a great question, and one that I'm not sure that we have the research base to really answer adequately. It might be the case that having the middle class invested in preschool either makes it politically palatable, or having those moms involved in the system makes sure that the quality is consistently high, or it could just be the peer effects that happen in the classroom, having middle class kids in the classroom, as part of the treatment there.

I just don't think we've got great evidence on, especially this modern era, preschool expansions to really tease the issue out. But we do know that the Perry Preschool, which was very targeted, did not include the middle class. Of course, that wasn't scaled up. The things that have been scaled up also included the middle class.

MR. HUTCHINS: So in reading your piece, the Perry Preschool was from 1960-something?

MS. SCHANZENBACH: That's right.

MR. HUTCHINS: Well, how come -- and there was some Head Start data -- but how come nothing's been done in 50 years to try to measure those sorts of things?

MS. SCHANZENBACH: I mean that's a great question. There is a lot of evidence from the Head Start program that happened subsequent, and there are pieces here and there. The Abecedarian came a little bit later than that and so on. So I think the evidence is sporadic until maybe starting in the mid-1980s.

MR. HUTCHINS: Interesting, okay.

MS. SAWHILL: If I could just add to that, I think one of the problems we face is that we're all very committed to having hard evidence about the effectiveness of these programs, including their long-term impacts. But it takes 30 or 40 years to get the long-term impacts and in the meantime a whole

generation has grown up and several new generations have been born. So this is really not all that feasible as the only way to decide what works and what doesn't over the longer run. And that was what motivated me to build a lifecycle model at Brookings, which is a very data-rich model. It's not as good as a randomized control trial over 40 years, but you can do it today instead of waiting 40 years to get the answers. And so even though the answers are a little rougher, they're a lot better than nothing. And they allow us to test drive these kinds of interventions to see what their impacts might be on the lifetime incomes of the children and do an apples-to-apples comparison of comparing these different interventions in terms of their impact on lifetime incomes.

MR. HUTCHINS: This work that Belle's done is really terrific. I recommend people have a look at it.

MS. SAWHILL: Thank you.

MR. HUTCHINS: So this next question reminds me of something Bill Clinton once said, which is

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"Governments don't raise children, parents do." So for Ariel and Diane, "What is your take on how involved the government should be in home life? Where is the line?" And then there's a parenthetical here at the bottom, which I think I get this right. "So, for example, what about paying people not to have children and the cost benefit of that versus government overreach?" I didn't ask the question; I'm just reading it.

MS. SCHANZENBACH: Another one of my favorites that the Clintons like to say is "It takes a village."

MR. HUTCHINS: Right, that was the other Clinton.

MS. SCHANZENBACH: So I think it certainly makes sense that lots of different people have different stakes in this and no one's talking about required preschool here. This is a voluntary endeavor, and I think that's very important, and you can always ignore the parenting advice as well. Ariel?



MS. KALIL: Well, let me just say also President Clinton mentioned Hillary Clinton's "Too Small to Fail" initiative, which I'm a big fan of, and is trying to kind of create a framework for thinking about supporting parents to promote children's opportunities. One of the key things they're doing is simply promulgating information. There is a big information gap -- forget about the behavior gap and the challenges of changing behavior -- but in a sort of basic understanding of child development, of the importance of and the rapidity of early brain development, of the importance of cognitive stimulation as I said before children can even talk, the importance of communicating with them verbally. One of the things many different actors can do is promote good solid information to families who don't have it. I don't think that's controversial.

MR. HUTCHINS: Not with me.

MS. KALIL: Okay.

MR. HUTCHINS: Anybody else on this? Belle?

MS. SAWHILL: I would first of all totally

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reinforce what Ariel is saying about lack of information. And we forget that information is very necessary and very valuable. In the area that I'm talking about, I've been surprised after we've looked at the data on how much misinformation is out there. I mean there are a lot of young people out there who believe you can't pregnant if you have sex standing up. There are a lot of people who believe that if you had sex once or twice and you didn't get pregnant, that means you can't get pregnant. I mean we always thought everybody knows about the birds and the bees; that's not the issue. But it is the issue as it turns out or at least part of the issue.

MR. HUTCHINS: That's interesting. So I'm going to take the moderator's prerogative here and ask --

MS. SAWHILL: Listen to the tittering. You see, that's what I'm talking about.

MR. HUTCHINS: Exactly. We'll have to continue that conversation over a drink later tonight.

So one question: Over the course of these

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two days, we're going to be talking about a bunch of different kind of policies and interventions supporting disadvantaged teens, providing adults with skills, et cetera. We focused here on young children and parenting. For those of us who are parents, we realize that parenting never stops. It's not just when they're young; even when they're out of college, you kind of are still hard at work in very different kinds of ways. So isn't this really a continuum of interventions that we have to do? And how do you think about that mix? And how do we decide given that lifetime continuum of interventions and policy actions where we place our bets, where we put our scarce resources?

MS. GIBBS: I'd diversify the economy: Long term, short term, preventive, and treatment. And so you want to prevent adolescent criminality, but you also want to treat it and prevent a lifetime of criminality. You want short-term fixes that can get you quick results as you invest in proven things that take longer to show results. And sometimes,

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particularly when you're working in a political environment when you have to deliver a political agenda, those short-term wins are really important to get the credibility and to continue to sort of sustain the public support as you wait more patiently for the other things that need more time to prove themselves.

MR. HUTCHINS: Anybody else thinking about that?

MS. SAWHILL: I would say we need it all to say the obvious, but there some evidence that earlier is more important than later simply because success through the lifecycle is cumulative. And we have pretty good evidence now that if you're successful -- if you're school ready, for example, at age 5 and our model that we developed shows this -- if you're school ready at age 5, your chances of being successful at age 10, being able to read, do math, and have socially appropriate behavior at age 10, are doubled if you're school ready at age 5. And so if we can -- and it goes on up the ladder so that the more that you can do earlier, the easier the job becomes later. That

doesn't mean you should ever stop. It just means that I think -- and also our rough cost-benefit estimates have the different interventions through the lifecycle suggests the earlier ones tend to be more cost effective. But I hate to be too general about that because there's always going to be some examples that that doesn't fit. But as a generalization, I'm comfortable with it.

MR. HUTCHINS: JoAnn, didn't you cite some evidence about some of these benefits or other evidence that when the kids get older, it shows no benefit from the actions taken?

MS. HSUEH: I think there are some landmark studies that actually show that there are long-term benefits of some of these early interventions. And I think one of the things that would be really interesting to see from Belle's work is whether or not prevention of unintended pregnancies can change outcomes for families like their educational attainment, their employability, their earnings. And I think that's kind of like the --

MS. SAWHILL: We have a brand new paper on that.

MS. HSUEH: Yeah, I would love to see it. So it's kind of like that game changing evidence that I think is needed to kind of understand that. And I think right now we don't have that evidence quite yet.

MR. HUTCHINS: So 4:00, I'm trying to bring this in on time. I recommend that everybody read these three papers. They're terrific, well worth reading, and I think they're available in the back somewhere. So no excuse, you can take one home with you.

So I'd like to congratulate the three authors for your papers and our two discussants. So this concludes the first day of our summit. Tomorrow we'll have two additional panels, one on "Social Program Designed Delivery" and the other on "Work Sharing and the Minimum Wage Policy." Registration begins at 8:30 a.m. Tomorrow's panel begins at 9:30. Thank you for coming.

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