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POLICIES TO PROTECT WORKERS AND FAMILIES:
RETHINKING SOCIAL INSURANCE

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**A Conversation Between David Kamin and Robert
Greenstein:**

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P R O C E E D I N G S

MS. EDELBERG: Hello. I'm Wendy Edelberg, Director of the Hamilton Project at Brookings. Today's event is the last installment of a series from the Hamilton Project that has offered ambitious ideas to rethink and improve critical areas of our social insurance systems.

Over the last few months the Hamilton Project has published proposals to rethink the workforce training system, unemployment insurance, paid leave, childcare, and the social insurance system that offers support for homeowners and renters. And today the Hamilton Project published a framing paper describing the critical role that the social insurance system plays in all of our lives, even in those moments when its main role is to reassure us that it's there in case we need it. That paper also describes many Hamilton Project proposals to improve the system.

Today's event has two panels. First we will hear brief introductory remarks from former health and human services secretary, Sylvia Burwell. Sylvia is currently president of American University. Then she

will take some questions about her experiences and observations with regards to the social insurance system from Jason Furman, former chair of the Council of Economic Advisors and now professor of practice of economic policy at Harvard.

Our second panel will be a conversation from THP's very own Bob Greenstein, who is also a Visiting Fellow at Brookings. He will be having a conversation with David Kamin, deputy director of the National Economic Council. David has graciously stepped in for Brian Deese, who was original scheduled to join us, but Brian has to be on The Hill, and we are thrilled to have David here.

So, with that, let me turn things over to Sylvia.

MS. BURWELL: Wendy, thank you. Thanks so much, Wendy, for that, and great to be here with Jason and great to be a part of these sessions on social insurance.

And I'll just do a few brief remarks and then turn to the questions that Jason and I will do together.

In terms of opening, just a couple of things

as I continue to think about it, will speak a little bit to the healthcare, but as we think about the social insurance work and how we think about putting in the broader framing and context that I know has been an important part of this entire effort, just I think continuing to remember to think about the questions that we're discussing, both in terms of crisis periods and non crisis periods. And I think that's become incredibly clear and important during the last 16 months that we've been through.

I think the other thing as I think about these issues, I really do think about what are we talking about in terms of outcomes. And there are outcomes in the specific areas, all the areas that these papers and conversations have been on. But there also the questions of the outcomes for our overall economy, the economics of individuals, and the social outcomes for individuals. And those get to some of the specific areas.

Another thing as we have this conversation is I think there is an evolving context and how people are thinking about work, about flexibility, and about

families. And that there has been an acceleration of the change in how people think about these things because of COVID. A global staffing firm recently did a survey and 49 percent of the people surveyed said that they preferred hybrid working. And in this survey 1 out of 3 said that they would quit their current roles if that weren't offered. And I think that's going to be important context for how we think about our social insurance.

And now shifting a bit to the Affordable Care Act, just want to make a few points about that. And when I think about Affordable Care Act and looking backwards, I think as we look back at the Affordable Care Act there are both very positive things as we think about the social insurance and the importance of what was provided in the Affordable Care Act in terms of being something that people could join in as they had changes in circumstances, that there would be periods of open enrollment. I think we also saw though the limitations in terms of some of the subsidy issues and some of those issues that we saw were fixed when the American Rescue Plan came into being. And we saw that

within two weeks, 200,000 more people had signed up for healthcare.

So as we think about the ACA and what it meant as a part of social insurance during this period and a look back, it is a very important tool. It is a tool that we need to continue to maintain the strength that we gained here in this recent period. It is a tool that helps those in transition. I myself actually was a part of the marketplace when I was between being secretary and being at American University, so it's transition, it's for those that are self-employed, and it definitely does work during periods when we are having crisis and more and more people are having transition.

So just a few comments to set the context for some of the Q&A that Jason and I will now do.

MR. FURMAN: Great. Thanks so much, Sylvia. It's great being with you. And this has been a terrific series from the Hamilton Project. All the policy papers are worth reading, and the framing paper that Wendy, Lauren, Bob, and others -- sorry to not have everyone else's name there -- did is excellent and really is a great resource on what social insurance we have now and

what the holes are in that social insurance system. So I commend that to all of you.

Sylvia, the President is very committed on healthcare, but didn't put forward a specific plan. President Obama didn't put forward a specific plan for the Affordable Care Act either, so I don't think that's a big problem, but if you were advising him, what would you recommend that he prioritize? There's so many things we could do, but if we can't afford to do all of it.

MS. BURWELL: If we can't afford to do everything I think the two primary things that I would focus on in terms of thinking about how we can get the most in terms of affordable, accessible, quality care are two things. And one is that continued maintenance of the increase in subsidies that we saw and that we have seen, we saw what that meant in terms of the numbers, the incredible growth that we've seen in terms of people who are accessing their healthcare through the Affordable Care Act. And the second thing is continuing on our path to Medicaid expansion. And that's something that we spent a lot of time working on. It was a

specific priority and we made some progress, but certainly that is a place where one can make incredible progress that impacts so many people's lives. The numbers are large, the impact is great, there are constructs in place to make it happen. And so those two things we're very far along on making them happen. We've already done it in the temporary form on the subsidies. And we have things in place to do it in terms of Medicaid expansion.

So those would be the two things that I would prioritize.

MR. FURMAN: Great.

And then a different question. You've been at this since at least the 1990s. In some ways some of what you see now is a continuation of the work. The child allowance is an expansion of the child tax credit and the refundability that you were involved with in the Clinton Administration and the Obama Administration. In other ways it's a different philosophy in that it doesn't require any work at all as opposed to some of the work oriented EITC and the like.

How do you think about the social safety net?

The role of it encouraging work, discouraging work, should it require work, not? How do those different pieces fit together in your mind and has your thinking changed and has policy making changed?

MS. BURWELL: So I think the question of the encouragement of work is a positive concept in and of itself. The concept of providing things like healthcare also are important concepts. And I think the question of work related issues actually comes out in and is best thought about in specific terms and what the specific issue is. So in terms of healthcare, that is a place where I think we've always believed and felt that it should not be a requirement, that that is not -- in terms of the fundamental need for providing healthcare -- that that's not a place where we would be. Does that not mean that you can't do things that encourage work as part of the process? No.

And that's why when having these conversations I think it's actually really important to get to the level of detail about what are the types of things and kinds of things that you can do, that can encourage work, but do provide parts of the safety net that we

believe are important and at times, and certainly in the case of healthcare, need to not have conditions. That is why we got rid of preexisting conditions in terms of how people get healthcare.

And so finding ways that you can combine what many do believe is an important concept, which is encouraging work, but do it in ways that you can make progress on that objective. And that's the other thing that much of the analysis and getting into the detail, what are the tools that really do encourage that. And that is that strong underpinning of the system that is about the training, the connection to work, the supports for work, and whether that's transportation or issues of childcare, which you just mentioned, in terms of the tax credit. So it needs to be thought of in specific terms and in its entirety.

MR. FURMAN: And I want to get your view on another big philosophical debate in this social insurance community, which is how much do you want to emphasize universality -- everyone gets something -- maybe that makes it simpler, gives everyone a stake in it -- versus targeting, which lets you get resources to

people that need it the most. And if you're budget constrained, you know, it can be quite important. Again, that debate sort of runs over and over again through the debate people are having on the child tax credit now, the checks recently, and the like.

Do you come down somewhere? How do you think about that question?

MS. BURWELL: You know, Jason, I hate to -- you know, I actually find that large philosophical actually have to be informed by specifics and substance on times. Because the reason that I think there's such tension between them is because there are legitimate thoughts and points of view on both sides, and that's why getting to the specifics and the details are quite important.

And I think you mentioned one of the important details, which is what are your resource abilities in terms of ability to do it. And I also think it applies to different categories of things in terms of how one thinks about the different elements of the social safety net. I was thinking about issues like SNAP. Would you think about that applying to everyone in a similar way

versus things like healthcare? How do we think about that. And we did put -- there are bands in terms of -- income bans, in terms of the eligibility for Medicaid.

And so I think the question actually comes down to what is the specific issue you're looking at, what are the constraints that you have financially, and what are some of the important elements that are incentives in how people think about the particular issue. Social security obviously is one of those that is in a different category historically as we thought about it.

MR. FURMAN: Great. And, you know, I guess related to that is the question of the politics of all of it. You know do you view Medicaid as sort of vulnerable and it just goes to poor people and it's always about to be block granted? Or is this a successful program that manages to get more expanded than not? Are programs for the poor, poor programs, politically are they unsustainable? How do you think about the political dynamics, particularly SNAP, Medicaid, any other program?

MS. BURWELL: I think in a number of these

programs, and we've seen the importance of Medicaid in terms of health, in terms of economics, in terms of any number of outcomes, including the relationship of education and health. And so I think the concept of Medicaid -- I would answer yes to your question in the sense of view these as successful programs. Do we always need to constantly be listening and hearing where there are valid criticisms of the programs? Yes. But the overall, in terms of Medicaid, it is a successful program. The question of its political vulnerability is very real and I think we continue to have to make sure that we hear and understand that political vulnerability.

And I think that the root of the political vulnerability comes with the question of the economics and the question of the cost to states. And I think that is what drives much of the issue and the political vulnerability in terms of how people think about those monies and those funds.

I think there are those who make it politically vulnerable for the reasons you stated, programs around poor people, but I think the thing we

need to think about and focus on are these issues that are issues that governors face and states face with regard -- how are we thinking about that. And I think the Affordable Care Act thought about it very well in terms of making sure that the burden was going to borne in a much deeper way by the Federal Government in terms of that burden on the states and trying to think through the solutions for how you think through what it is that is causing.

What I do believe is something that I still worry about in terms of the question of moves to block grant Medicaid, which I believe is not a good idea in terms of trying to provide affordable, accessible, quality healthcare.

MR. FURMAN: Yeah. And I --

MS. BURWELL: And, Jason? I'm just going to throw one right back at you.

MR. FURMAN: Okay, good idea.

MS. BURWELL: Jason, you've spent so much time on issues of unemployment and unemployment insurance, and I just wanted to ask you, because I thought it would be important for David and Bob's conversation, you know,

what would you say are the three most important lessons as we look back and we think about unemployment insurance as we're thinking about the go forward, which I know David and Bob are going to focus on?

MR. FURMAN: Yeah. So we've spent about \$5 trillion responding to the pandemic. The number one best tranche of money we spent was anything related to health, especially what got us the vaccines that we have now, the tests, and the like. Number two is unemployment insurance. It did a remarkable thing of creating a disconnect between the income losses and GDP losses that people were experiencing in the market and protecting them. It didn't protect enough people, it didn't protect as well as it should have, but it did a remarkable thing. So I think it was the second most successful thing that was done in responding to the pandemic, second only to the health response.

There are debates about whether it should have triggers and should have phased down and what it should be at this exact moment. That in some sense is much less important than stepping back and looking at the success over the last year. It's also less important

than the other important lesson of unemployment insurance, which is that prior to the pandemic it was inadequate. It had too low a replacement rate, especially for lower income workers, it was too hard to get, in part because of changes in our economy and changes in the way people worked, and even if we never had a pandemic, we should have been thinking hard about how to reform unemployment insurance.

So there will be a really noisy debate over the next couple of months. It's an important debate to have over the next couple of months, but the big picture, successful response to the pandemic and it needs to be reformed to expand coverage and expand replacement rates permanently going forward.

MS. BURWELL: Thank you, Jason.

MR. FURMAN: And why don't I just do one last question to close it off for you, Sylvia. How do you think the Administration is doing in pursuing these goals so far? And, you know, any advice?

MS. BURWELL: No, I would not dare actually to give advice, because the one thing having served, and I know you know this too, Jason, is the context and

knowing the facts and the up to the moment is really, really important to getting to the right answers. And so I won't offer any advice. I think it's always best that you're asked for that advice. If there is something that people in the Administration wants or needs, they will come.

But I will say I think the Administration has done an incredible job and I think we have to focus on what job one was. And as former secretary of health and human services I know this is about social insurance, but everything for the Nation's health and the Nation's economy revolved around getting us to a much better place in the pandemic. And I think focusing on where we are now, it is a year later and where we are now as a Nation with regard to the pandemic, both in terms of the health, whether that's mortality, hospitalizations, illnesses, and the spread of the virus, including new variants that much more virulent in terms of their transmissability, and the place where we are with the economy and what we are able to do. The fact that I'm sure that many people on this call line conversation have been out and done things that they haven't done in

a year, and so my view about the Administration's work first and foremost is about that. At the same time, I think the Administration has been very aggressive on putting out proposals and trying to make movement on any number of issues, including the ones that we're focused on today in terms of social insurance, but also in the areas of the environment and the work -- the reason that Brian is not here with us today in terms of important infrastructure work.

So I feel that, you know, doing a good job moving many, many issues forward, the Nation is challenged and challenged in many substantive ways, like what you just said on unemployment insurance, but I also believe that there are challenges that relate to the strength and agility of our democracy. And so there are many, many issues and challenges to work on, but good progress is being made.

MR. FURMAN: Great. I agree with that. I like the plans that have come out. I'd love to see even more prioritization in the families plan going forward, which I think is also a jobs plan. If you enable more people to work, you will have a higher level of

employment coming out of that. I know Washington you can't always do everything simultaneously, so The Hill right now is -- and I think that's Brian Deese is up there talking about is the jobs plan, getting to the families plan and the issues we're talking about. I am very hopeful it is coming.

So, Sylvia, I want to thank you so much and hand over now to two of our good friends for the next conversation, Bob Greenstein, who I had the honor of working for at the Center on Budget about 15 years ago as a Senior Fellow. The best thing that happened to me at the Center on Budget was I hired straight out of college a research assistant. He spent the first month of his time there assisting me and the next 11 or so months of his time there teaching me, and has been teaching me ever since. He'll now be teaching all of you, and that is David Kamin.

So we look forward to your conversation.

He's also deputy director of the National Economic Council when he's not teaching people things.

MR. GREENSTEIN: So let's go a head with our discussion.

David, you have been working on these issues for close to 20 years now, going back to when Jason hired you in 2003, as I recall. What do you see as some of the most consequential developments in our social insurance system over this period? And, in particular, looking forward as the Nation and its policy makers move from a focus on immediate relief from a pandemic and recession to ongoing reforms in the social insurance system for the longer-term. What do you see as some of the most important reforms for the period ahead?

MR. KAMIN: Thanks so much for the question.

And also I wanted to thank the Hamilton Project for organizing this session and focused on obviously such a critical issue for the country, the importance of social insurance and how we should be strengthening it going forward.

You know, I think there have been a number of key developments over the last several decades, a number of which of course you have been involved with, Bob. And so I wanted to name two off the bat and then we should discuss more as the session goes on.

One that I wanted to discuss is the role of

our tax system and especially the child tax credit, but also the earned income tax credit, in providing key social insurance for our Nation's families, helping families out of poverty, and also and increasingly, serving as a steady stream of income which can help reduce the kind of volatility that too many families face in their incomes each year.

Of course, these expansions have happened over time, they have been hard won. You know, obviously the most recent expansion when it came to the child tax credit was in the American Rescue Plan when the child tax credit was increased from \$2,000 to \$3,000 for those with children over age 6 and to \$3,600 for those with younger children, and also very importantly, the child tax credit was made fully refundable. So all families, irrespective of whether they have low earnings, can get the credit.

You know, there is over this time and in parallel to the expansion of that credit, an increasing body of research showing the importance of that kind of support to families and their children. Evidence around how an increase in income of that kind increases test

scores, increases the probability of attending college, increases future earnings. This may have been well worth doing unto itself, but it is evidence of how that kind of support has very direct results in terms of the outcomes for their families and their children looking ahead.

I also want to talk to about it in terms of income volatility, because it's not just that families face low-incomes to many and that is, of course, a major problem and one that we are seeking to address. But it's also that their incomes can vary widely year to year and during the year. So, you know, right now 64 percent of low-income households see either a spike or a drop in their income of over 25 percent relative to the average across the year in at least one month. So, you know, the majority of low-income families are seeing their incomes go up or down by 25 percent at least one month, 40 percent it happens for at least half the year where they're bouncing up and down relative to the average.

That's really hard on a family. It's especially hard in a family if you don't have savings in

order to buffer and allow you to spread out and make sure that you can provide food and clothing and books and so on for your kid over time.

The CTC in its expanded form, and the fact that it is now being delivered monthly and in a fully refundable fashion, now provides a key form of social insurance allowing people to know that they will get a check every month starting July 15 from the child tax credit. You know, just to give an example, let's say you had a family with \$20,000 in earnings before we had a child tax credit and let's say their earnings, because of a drop off in someone's job, you know, fall in half. Obviously it's a 50 percent drop. With the child tax credit in place, if they have three kids there would still be a large drop in earnings from \$29,000 to \$19,000, but it's about a third drop in their income, not a half. It's a big difference for a family. And that's what we're fighting for, that's why we want to continue the child tax credit with the President proposing they continue the full expansion through 2025, want to work with Congress to make that permanent. But also with full refundability, we're proposing that to be

permanent, for that to happen this year and for it to be made permanent as part of a push in congress.

The second area that I wanted to touch -- and I know we're going to talk about more, and obviously it comes straight off of what Sylvia and Jason were just discussing, is healthcare. Now, we did not learn in the last couple of decades that we had a problem in our healthcare system. It was known for decades before that that our healthcare system did not serve well many Americans, and especially those in the individual market who found it difficult or impossible to get insurance that was overpriced with, you know, a variety of conditions set on that care, which simply meant that millions of Americans were unable to purchase quality and affordable health insurance.

You know, when it came to people who were small business owners, six in ten of the Nation's uninsured prior to the Affordable Care Act were self employed or working in small businesses and were not able to take advantage of pooling at an employer. That was -- like that system was broken. People had known it for decades. And one thing we learned, starting with

the Obama -- President Obama's push working with Vice President Biden was that we could fix it, that we actually did have the will to come up with a reform to the system that could make a difference in millions of people's lives and provide coverage to 30 million Americans. That obviously was I think one key takeaway from the Affordable Care Act.

But then we also learned now after it. I think we've learned about some of the ways that this has improved health and economic outcomes form American. Recent research shows that -- and you might think this was intuitive, but this is sort of a newfound research that health insurance has actually reduced mortality, you know, saving lives as a result. There is, you know, significant evidence also now around the kind of economic benefits that families have received, reduced bankruptcies and so on, which too often families suffered from before the Affordable Care Act. We've also learned that it can be improved and expanded. And that happened as part of the American Rescue Plan, where there was significant expansion in the tax credits that allow people to buy into that market. President Biden

has proposed to make that permanent and that would help millions of additional Americans get health insurance.

So those are two things that I wanted to say is like huge developments over the last couple of decades, both reflecting ways I think that we have improved our social insurance and where we now have more work to do, and the President has called for more work immediately.

I obviously also want to talk about a number of the areas that I know you want to touch on -- unemployment insurance and so on, which is so key, but I'll stop there and I'll turn it back over to you for questions.

MR. GREENSTEIN: So let's indeed dig into a few particular important parts of the social insurance system. And I want to come back to the child credit and the EITC later, but let's start with the pillars of social security and Medicare, two critical programs that as you know both of which face an approaching insolvency in years or decades ahead.

Can you briefly outline how the Administration thinks about that issue?

MR. KAMIN: Yeah. And, you know, here I also want to connect -- you know, I think some of the learnings of recent decades, the way the Administration is approaching those programs and social security and then discuss Medicare as well. You know, I think one important lesson of research in recent decades, which will come as no great surprise, is how challenging it is for people to save for their retirement, how social security and having a system which provides a guaranteed source of basically savings for retirement and also for times when one becomes disabled or loses a loved one. It's very hard to replicate outside social security. Obviously we have other parts of the system, including retirement savings accounts and so on, which are key parts of providing social -- basically, you know, encouraging people to insure themselves against their future needs. But social security is a key one. That's why the President has called for strengthening it, expanding it on the campaign trail. You know, he spoke to issues around things like widows benefits, which too often people are falling into poverty, you know, benefits when it comes to some of the lowest income,

retirees, as well as looking at broader strengthening and expansion of the system.

You know, so that's number one. Like we know these systems are key and that Americans from low-income to middle-income have trouble seeding for retirement. And this will be a key pillar and should be strengthened and expanded.

So another key thing in terms of your approach here is also recognizing the fact that there are two sides to this coin. We need strong systems, strong social security and Medicare systems, and they need financing over time. And a key part of that financing is making sure we reform how we tax some of the highest income Americans and making sure they are contributing what they should to those systems. So part of, for instance, President Biden's budget and as part of the American Families Plan was, for instance, addressing one significant loophole that right now exists in the tax system, which is that high-income Americans don't always pay Medicare taxes. And that's because of the system that allows it. It's allowed currently. You're allowed to set up structures in order to not pay self employment

tax which go to Medicare. And we believe that we need to change that. And it raises significant revenue when it turns out you make sure you can't set up structures to try to avoid it.

And, you know, because of that the budget extends the life of the HI Trust Funds, the Medicare Trust Fund from 2026 to 2040. So, you know, that is a significant change in solvency. Because of that one measure addressed at one loophole in the tax system.

Obviously, we have many more things to say about the ways in which we should all be making sure that the largest corporations and highest income Americans contribute. And we will I know get to that more later in the conversation.

MR. GREENSTEIN: You know, David, if you asked me to identify what I might think or find some number of the most significant but not widely known facts about president Biden's budget -- you've covered two of them already -- one that he does propose to make permanent, the full refundability of the child tax credit and, second that the budget would extend by 14 years. The solvency and the Medicare, Part A, hospital insurance

trust fund.

But let's go to unemployment insurance. Boy, the pandemic and the recession really exposed pretty severe weaknesses in the unemployment insurance system. You know, in 2019, before the pandemic and the recession, the system was -- in average month of 2019 only 28 percent of the unemployed were getting unemployment benefits. If you go back three or four decades, it used to be significantly higher. And as you know, after the last recession, during which a number of states had to borrow funds from the Federal Unemployment Trust Fund to continue paying regular state unemployment benefits as unemployment climbed, when those states had to pay the loans back to the Federal Government after the last recession, some of them responded by cutting back benefits and weeks even further. And there's a risk that could happen again in the years ahead.

I note, parenthetically, given the discussion Jason and Sylvia had, that what's happened to unemployment insurance over the last 40 years indicates that being universal does not make a program immune from pretty significant cuts.

So my question to you, David, is where should the UI system go? I want to be clear, I'm not talking about the next two or three months, or between now and September, but even after we're out of the pandemic and the recession. For the longer-term, where should the system go? And in particular is the Administration interested in reforms that, for example, might set some minimum federal standards for eligibility and benefits accompanied perhaps with increased federal financing for the UI system?

MR. KAMIN: Yeah. So, you know, this is obviously such an important question. It goes to a number of comments you just made, Bob, some of the comments that Jason made earlier about the role of the UI system, which we obviously have known over the years plays a key role. The pandemic was yet further evidence of that where millions lost jobs, you know, just in a matter of two months. And one of the key ways that those families did not end up suffering with kind of economic destitution, but so many would have, is because of unemployment insurance. We've not seen personal income fall during the pandemic in significant part

because of unemployment insurance. It has played a key role during this pandemic, but as you have said, Bob, the pandemic -- and we knew it before it -- has also illustrated the very real limitations of the program and the ways in which the program needs to be strengthened and improved looking ahead.

You know, and I really do think that right now this is the moment to be thinking about that. You know, we are beginning to thankfully exit the pandemic. There are still many, many people hurting, there is still an important role for unemployment insurance right now, but as the economy exits and we get towards something that looks more like normality from before the pandemic, that is the time to begin to focus on the kinds of reforms to the system that are really needed over the long-term.

Now, I'll just talk to some of the ways in which the system was revealed to have real shortcomings, even as it has played such a key role.

You know, we saw that the IT systems of the states suffered basic breakdowns and unable to handle volume as you enter a crisis. Obviously the pandemic was a unique crisis, but the whole idea is that the

system is meant to actually be most important in a crisis. And we will probably sometime in the future have a situation where we are entering such a crisis again and the system should be ready.

You know, regular state benefits are, as you said, Jason, are low. The replacement rates are low. Obviously we have during the pandemic helped address that with an emergency boost to weekly benefits, but we need to think about what the system looks like over the long-term and how to make sure that we have sufficient replacement rates so that the system can provide on a forward going basis the kind of insurance it should for workers.

There is a challenge when it comes to the number of weeks available. As you were saying, Bob, since the great recession we've seen many states cut the number of weeks available to those on unemployment insurance. We have again in the pandemic addressed that by just basically creating federal weeks. So we have not so far faced that in this recession.

But on a forward going basis, when states are cutting the number of weeks below 26, we need to look

towards having a system where we try to make sure that there are enough weeks across the country for Americans.

Final thing I would say -- actually two more things -- we also saw that entering this crisis that the system is too narrow in scope. Self-employed Americans do not regularly get access to unemployment insurance benefits. In the crisis we created the PUA program in order to fill that hole. It has played a very important role given the fact that so many people were hurting and would otherwise not have had access to unemployment insurance benefits. But we need to look towards long-term reforms in order to try to make sure that that kind of population has access to an unemployment insurance system.

I said there were two more -- I have so much to say about it, but I actually have two more points. You know, one more point when it comes to pandemic unemployment insurance, you know, we have also seen -- I think we need to be realistic -- in part because we stepped in with emergency measures, but also because the underlying IT systems were not strong enough, we've got real problems when it comes to program integrity during

the crisis. It started last year, you know, as we were entering the crisis going into this year. We need to do more in order to create a strong unemployment insurance system going forward that gives people the access they deserve, but also make sure, you know, frankly organized crime rings are not able to take advantage of the unemployment insurance systems that we create. We can do that, but it requires thinking ahead and building robust systems going forward.

You know, as part of that the Administration has already asked congress and gotten \$3 billion to help modernize unemployment insurance systems, just sort of underlying IT systems and response. But we now want to work with congress in order to address a number of the things I was just talking about, whether it's the number of weeks, replacement rate, the fact that self employed don't get access. These are areas that we really want to work with congress on.

MR. GREENSTEIN: David, do you see some of those areas as possible candidates for the upcoming reconciliation bill?

MR. KAMIN: Well, so as we've been saying, we

are pursuing multiple routes to get legislation done right now. Obviously there is a set of ongoing bipartisan negotiations, which one can read about in all kinds of papers, but there is also -- and importantly the President has asked both speaker pelosi and leader schumer to start the process on the budget resolutions. And we are pursuing all avenues. You know, unemployment insurance was called out as priority as part of the American Families Plan and obviously we'd love to work on a bipartisan basis with folks to get things done. That's reflected in the current ongoing negotiations. But we also believe things do need to get done and that's also why we have multiple tracks, a budget resolution, which can produce a reconciliation bill as well.

MR. GREENSTEIN: So I want to turn next to another area that I would argue is in crisis, and that's housing, and in particular affordable rental housing. I mean we had a rental housing affordability crisis even before the pandemic and the recession. I'm sure, as you know, only one in every four low-income renters who qualifies for federal rental assistance gets any of it

because the resources are so short of need. And in many areas there are years long waiting lists to get any kind of rental assistance. In my view, policy makers in Washington have too long under-weighted rental assistance relative to homeownership. And I was very please to see during his campaign that President Biden set a goal of ultimately getting rental assistance to the point where, as we do with things like Medicaid and SNAP, any eligible low-income renter who applies could be helped. But we're a long way from that. The moratoria on evictions will begin to expire -- already have expired in some areas. Some people are worried about a pretty acute rental affordability crisis even in the months ahead before the end of this year.

So I know your budget calls for funding 200,000 new rental vouchers in the year ahead as a first step through the appropriations process. And I hope I'm wrong on this, but appropriations bills require 60 votes and I worry that it's going to be an uphill battle to get that or anything close to it. And as I know you know, some members of congress are now thinking about the possibility of via reconciliation bill creating new

mandatory funding stream for low-income rental assistance to supplement the funds through appropriations, just as in childcare and PELL grants. They have over recent decades created mandatory funding streams to supplement inadequate appropriations.

In any event, can you talk a bit about these issues and housing and, in particular, how important does the Administration view it and how do we get more rental assistance resources starting in the months ahead given how acute this problem has become?

MR. KAMIN: So it is a major priority for the Administration. We do have a major challenge in the country of housing affordability. Eleven million families right now pay more than half their income on rent with the disproportionate number of them being renters of color. We have too little housing and it is unaffordable.

So we are addressing it along two dimensions. One is getting more housing, because part of addressing the affordability challenge -- and there's a very real challenge in this country -- is making sure that we have enough housing, and particularly for historically

disadvantaged communities. So that's why as part of the American Jobs Plan the President proposed \$200 billion in direct funding and also about \$100 billion of new and expanded tax credits meant to directly encourage an expansion of housing supply and affordable housing supply and modernizing that housing across the country.

So that includes, for instance, expanding access to federal subsidies that will enable construction or rehabilitation of a million affordable housing units, investing \$2 billion to build and rehabilitate housing across rural America. And we're also very much focused on the fact that one reason that housing is unaffordable and also has a legacy which has especially affected communities of color, is because of exclusionary zoning rules. So that gets directly addressed as part of the American Jobs Plan, where we have \$5 billion to incentivize states and localities to enact local zoning reforms and eliminate exclusionary land use policies that have too often blocked development of affordable housing and kept low income Americans and people of color out of many communities.

It is a significant priority. The Council of

Economic Advisors actually recently wrote a blog post sort of detailing the effects of exclusionary zoning on housing affordability and how it also has left a legacy which has especially disadvantaged communities of color. So one side of it is housing supply and it is a historic investment. And I think it doesn't get enough attention. And as part of the American Jobs Plan it is something we are fighting for. It would be a historic investment in our housing supply, in fact the largest single investment in housing supply and in our housing since World War II.

But you're also right, we should also be addressing on making it affordable. That's why as part of the budget and as a downpayment on expanding housing vouchers, the President has proposed the expansion that you said. And we want to work with congress on both sides, both when it comes to housing supply, because that is obviously key thing in getting people the housing they deserve and lowering prices for them and also on providing the support they need to pay rents through programs like our voucher program.

MR. GREENSTEIN: So, David, we solicited

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questions from our audience and there was one I was about to ask you as a follow up, but you've already answered it. We had an audience question about is the Administration prepared to take action? What is doing with respect to exclusionary zoning? So you anticipated that and answered it.

And I now want to come back to an issue you talked about in your answer to my first question, and that is the child tax credit and in particular and also the EITC.

As you and I'm sure many of our participants today know, the child credit expansion in the American Rescue Plan is estimated to reduce child poverty just by itself by over 40 percent, but it's only in effect for 1 year. And as you and I have alluded to in discussing this a few minutes ago, the American Rescue Plan expansion of the child credit really had two fundamental components, getting rid of a whole series of restrictions that today result in something like 27 million of the lowest income children in the country getting nothing or only a partial credit before the American Rescue Plan.

And then the other part is raising the credit amount per child from \$2,000 to \$3,000 and \$3,600 for kids under 6. What I'm not sure people realize is this more than 40 percent poverty reduction comes from the combined synergistic effect of both of those components.

And that if the politically easier part were done on its own just by itself, that is raising the \$2,000 to \$3,000/\$3,600, if you didn't also make the changes at the bottom, the reduction in child poverty would be zero. Not small, but zero. Nobody at the bottom would get anything.

So you noted that the President's American Families Plan and your budget propose to make permanent now the former fundability provisions at the bottom, extend the increase in the credit amount through 2025, when a number of the 2017 tax cuts also expire, presuming there would be a big tax bill then.

Look, I'd love to see -- and your earned income credit expansion, also as we discussed briefly, important. I mean it's just remarkable to me that we continue to tax more than 5 million workers into or deeper into poverty each year. Something this would

remedy once and for all.

My concern is that if the news reports are correct, there is a substantial risk that the amount of revenue the Administration has proposed raising will come down. And if it does that the size of the Family Jobs Plan package together could come down. All of which is to say -- not that I'm wishing for this at all or you are, but there may come a time in coming months where some very tough priority choices have to be made. And I don't know what you can say publicly, and it's early I recognize, but it's certainly my hope that your proposals to make permanent at least the full refundability provisions of the credit and the small EITC expansion for workers not raising children, it is certainly my hope that they are at the top of your priority list or will be. In the absence of that, I can't think of anything else under consideration in the package that you have proposed that comes close to having the reduction in child poverty of the magnitude that the child tax credit changes do.

So let me throw it back to you to comment. I know there are months of negotiations ahead and it's

early, but as someone who has worked on this stuff for almost 50 years, I must say I never thought I'd see the day when it was a real possibility to make the child tax credit fully refundable permanently. And if we don't do it now, frankly I don't know if the opportunity will come again in my lifetime.

MR. KAMIN: So, you know, first, I can obviously speak to the priority that we have given the child tax credit, the earned income tax credit a number of policies as part of the American Families Plan. And that the President is fighting for.

You're right, obviously, about the importance of the child tax credit to low-income families and also not just the expansion of the full refundability, which, as you said, that the combination alone cut child poverty by about 40 percent relative to where it was before the pandemic.

Obviously the earned income tax credit for childless adults, another key expansion that goes to millions, including many essential workers.

You know, in terms of looking at what -- you know, how this comes together, you know, the President

had proposed swida (phonetic) policies and wanted to try to both do as much as we could for families and also for investment as part of this package while also matching that over the long-term to the amount of revenue that we were proposing. You know, we can get to it in a moment, but the President has put forward a bold package. I think modest in many ways, but still bold in terms of raising revenue on the highest income Americans and the largest corporations. And, you know, that peace for the American Families Plan, American Jobs Plan over a 15 year period. And, you know, it pays for things like the child tax credit, the permanent earned income tax credit, you know, a fundamental reform to childcare, making it affordable, family leave, and so on.

You know, in terms of some of the specifics on timing, you know, the American Families Plan poses the child tax credit expansion, the increase of the \$3,000 and \$3,600 through 2025, we obviously would like to make that permanent over time. We have said that. But, you know, within the framework, basically the amount of revenue we felt we could raise right now, that was what we thought we could do, but as you said, Bob, there are

two pieces to the child tax credit expansion. There's the increase in the dollar amount, which is very important. There's also full refundability. And as part of the American Families Plan we propose making that permanent, and which we did think, you know, based on the amount of revenue we had we can finance. The same is true when it comes to the earned income tax credit for childless adult and a number of other policies, including childcare, family leave, and so on.

Now, you know, I think looking ahead, the rule of the road -- and I'm not saying, you know, they -- but they are -- the rules that govern, you know, legislation will begin to potentially bite in terms of what's possible. Now, obviously, we have said there are multiple routes to get legislation done. You know, some would be -- and we are pursuing as much as we can on a bipartisan basis -- some potentially would be pursued through the budget resolution reconciliation. One rule that just governs reconciliation is that permanent costs need to be paid for with permanent savings. And so I think that one reason that -- I mean there are a number of reasons -- but one reason we are as focused as we are

on also making sure we fundamentally reform how we tax the highest income Americans and largest corporations, that is both because that is worth doing unto itself, but also because if you are in that world of a budget resolution and reconciliation, what can be made permanent will be defined by what can be paid for over the long-term, not -- I mean we could have discussions back and forth about whether that makes sense or not and so on, because Biden has said we should pay for long-term priorities. But in the end, that is kind of commentary relative to the fact that it will be governed by that rule, which means that you are constrained by the amount of revenue you have over the long-term. And so I just think that really just says, you know, to your point, Bob, making permanent some of these key measures, full refundability of the child tax credit, the EITC, childcare expansion, family leave, and so on, will really be a function of embrace of some of the kids of reforms the President has put on the table on the revenue side.

MR. GREENSTEIN: So just to elaborate on that, you also in a sense anticipated and partially answered

my last question, and that was if you're someone who is really focused on strengthening the social insurance system, how important to that is revenue raising? Or stated another way, should people who favor significant reforms and strengthening of our social support system see revenue raising as integral to that mission?

MR. KAMIN: So, yes, we think so. You know, it's part of the reason why the President put forward the plans he did, which fully paid for the American Jobs Plan and the American Families Plan over a 15 year period. But, you know, to our discussion we were just having, you know, whatever you might think about the long-term distance trajectory, whatever we might think, we think that it makes sense to have that kind of revenue over the long-term. We know just based on the way legislation can get done, given the rules in place, that one of the routes through the budget resolution and reconciliation requires you to have that long-term revenue in order to pay for key priorities. And, you know, I should say that is one reason to -- you know, be for these kinds of revenue raising measures the President's put forward.

But I also just want to say there's reason to be for them, irrespective of that too. You know, this isn't just about raising rates though. That is part of it and a part of having large corporations and the highest income Americans pay their fair share, but it also about fundamentally changing how we tax the larges corporations and the highest income Americans. The system by which we do it right now doesn't work particularly well. We have a corporate system which raises relatively little revenue at the same time as it does quite a bit to encourage offshoring of profits and jobs. The larges corporations report 60 percent of their foreign profits in 79 countries that make up less than 4 percent of global GDP. The highest income Americans too often never pay any tax on their capital gains. We would change that. We have reforms to the rules of the road to do that. We also have reforms that would mean we would successfully enforce our tax laws, which are too often avoided and evaded by large corporations and the highest income Americans. And we would then devote that revenue to the very kinds of expansions in the social insurance system and key

investments that we have been discussing here.

MR. GREENSTEIN: So thank you, David.

This brings us to the end of the hour. Before we close, David, thank you so much for making the time to join us. I'd say for me, personally, as someone who remembers when you came right out college to be a research assistant at the Center on Budget and Policy Priorities in 2003, it is a thrill to see the contributions you are making to our country today and the service you're providing.

I also want to really thank Jason Furman and Sylvia Matthews Burwell, my colleagues at the Hamilton Project, and in particular our audience, all of you, for joining us today.

Thanks everyone. I hope you found this a productive hour and have a great afternoon.

That's it for our program today.

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