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A Compassionate Conservative Agenda: Addressing Poverty for the Next Millennium

*The Honorable Rick Santorum**

I. Introduction

The term “compassionate conservative” attracts derision from both conservatives and liberals. However, I believe it represents a historic component of American political thought, manifest, in part, in the Republican Party tradition.

“Compassion” may be generally defined as sharing the suffering of another, together with the inclination to give aid or show mercy to the vulnerable and helpless. Compassion motivated the abolition of slavery, the creation of economic opportunities for the less fortunate, the restoration of individual dignity through welfare reform, and fuels the continuing fight to protect the unborn.

“Conservative” may generally defined as preserving traditional values and restraining challenges to those values. It is conservative to fight for the rights of the individual over government, for protection of private property, and for the fundamental values of truth, personal responsibility and human dignity upon which this country was built. It is also a fight against the encroachment of the federal government into local, personal, and economic affairs and against the onslaught of moral relativism.

John J. Dilulio, Jr., Fox Leadership Professor of Politics, Religion, and Civil Society at the University of Pennsylvania and a senior fellow at the Manhattan Institute and the Brookings Institution, refers to compassionate conservatism as *subsidiarity conservatism*¹. In 1991, on the one-hundredth anniversary of Pope Leo XIII’s encyclical *Rerum Novarum*, Pope John Paul II issued the encyclical letter *Centisimus Annus* in which he addressed the principal of *subsidiarity* by stating that:

[a] community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to coordinate its activity with the activities of the rest of society, always with a view to the common good.²

The Pope goes further to address the damaging role of the State when it seeks to replace the role of family and community in caring for those in need:

By intervening directly and depriving society of its responsibility, the Social Assistance State leads to a loss of human energies and an inordinate increase of public agencies, which are dominated more by bureaucratic ways of thinking than by con-

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1. John J. Dilulio, Jr., *The Political Theory of Compassionate Conservatism*, THE WEEKLY STANDARD, August 23, 1999 at 10.

2. Pope John Paul II, *Centisimus Annus* (May 1, 1991), reprinted in *Origins*, NC Documentary Serv., Vol. 21: N.1, May 16, 1991.

cern for serving their clients, and which are accompanied by an enormous increase in spending. In fact, it would appear that needs are best understood and satisfied by people who are closest to them and who act as neighbors to those in need. "It should be added that certain kinds of demands often call for a response which is not simply material but which is capable of perceiving the deeper human need." One thinks of the condition of refugees, immigrants, the elderly, the sick, and all those in circumstances which call for assistance, such as drug abusers: all these people can be helped effectively only by those who offer them genuine fraternal support, in addition to the necessary care.³

Often, responses to social breakdown and economic decline have fallen into one of two extreme categories. At one extreme are those which advocate broad government intervention. Such intervention is characterized by over-arching, bureaucratic social programs which are little more than income transfer efforts or liberal social engineering experiments enacted through the compulsive power of the state. These kinds of programs leave little room for the intangibles of human experience, such as compassion, commitment, spirituality and hope. These intangibles, however, are the critical components of any effort to rise above poverty. At the other extreme are those responses which advocate the withdrawal of any governmental role and instead place the responsibility entirely on individuals and on an unencumbered "civil society" to lift people and communities out of poverty and despair.

There is another solution — one that acknowledges a role for government, but an intentionally limited one. Compassionate conservatism acknowledges that the answer is not the withdrawal of government, leaving communities to fight the battle against poverty and social decay. This "compassionate conservative" approach recognizes that government must work as a "silent partner," enabling communities, organizations and individuals to be innovative in rescuing those for whom American prosperity is so elusive. As a United States Senator, I believe that Congress has a great deal to offer those who have been left out of the enormous opportunity of this country, but we must not supplant successful community efforts to combat poverty. We must embrace legislative initiatives that lift greater numbers of the disenfranchised out of poverty while strengthening families and communities by increasing their social support structure and opportunities. This is compassionate conservatism.

Over the past several years a number of members in Congress have worked to codify such an approach into legislative policy, specifically as a means to end poverty in the United States. I have identified four hallmark principles of a compassionate conservatism's platform to address poverty:

- (1) remove the regulatory and liability barriers between individuals in need and mediating institutions such as family, charities and volunteer groups and seek to reconnect communities to individuals in need;
- (2) seek to economically revitalize our devastated urban and rural communities;
- (3) seek to return resources which empower individuals and allows them to control decisions affecting their lives, neighborhoods, and communities;
- (4) increase wealth creation for low-income families and communities.

3. *See id.*

II. Regulatory and Liability Barriers

To address poverty concerns we must first remove the regulatory and legal barriers between individuals in need and mediating institutions such as family, charities and volunteer groups. These institutions are equipped and engaged to address holistically the social pathologies manifest in communities and the lives of families. Often, it seems that there is hostility from the federal government towards innovative poverty fighting programs in our local communities. We must recognize the crucial role that churches, charities, and volunteer groups play in combating poverty and social problems.

In 1999, as Cochairman of the Renewal Alliance, a bicameral working group dedicated to combating poverty and urban decay, I introduced that Charity Empowerment Act.⁴ Through this act, we seek to strengthen the role of churches, charities and volunteer groups. One aspect of this initiative expands the charitable choice provisions enacted as part of the 1996 welfare reform legislation to include a range of charitable and faith-based organizations that may compete for contracts or participate in voucher programs on an equal basis with private providers.⁵ Both the religious character of faith-based institutions and the religious freedom of beneficiaries will be preserved. Currently, charitable choice applies primarily to Temporary Assistance to Needy Families (TANF). Our expansion would allow for competition in programs such as housing, substance abuse prevention and treatment, juvenile service, community development block grants, abstinence education, and child welfare services charitable choice.

Under charitable choice expansion, individuals with substance abuse problems would receive vouchers to be used at a drug treatment facility of their choice, religiously affiliated or not. Thus, participation in a religiously affiliated drug treatment program will be voluntary, not mandatory.

The U.S. government, through regulatory and bureaucratic burdens, often acts as a barrier to the lifeguard seeking to save a family from drowning. In 1988, Mother Theresa sought to turn a previously burned out building in the South Bronx into a homeless shelter for men. However, the New York City building code required that the nuns install an elevator in the building in order receive the permit needed to operate the shelter. For lack of a cost-prohibitive elevator, the shelter was not constructed.⁶

Liability concerns have also acted to stifle charitable giving. Such concerns were the overriding reason why unsellable, but otherwise wholesome food is often destroyed rather than donated to charity. In 1996, the Good Samaritan Food Donation Act was enacted to protect businesses that donate food to charitable organizations from frivolous lawsuits.⁷ This legislation eased the threat of lawsuits against restaurants and supermarkets that made good faith donations of unused food to shelters for the poor. Donors are still liable under criminal and civil laws if they give food to a nonprofit organization for distribution and know or are negligent that the food is not suitable for safe consumption.

4. S. 997, 106th Cong. (1999).

5. Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, § 104, 110 Stat. 2105, 2161 (codified as amended at 42 U.S.C. § 604a (1994)).

6. Rory Quirk, *How Law is Suffocating America*, ATLANTA JOURNAL AND CONSTITUTION (April 23, 1995) at 12M.

7. Bill Emerson Good Samaritan Food Donation Act, 42 U.S.C. § 12672 (1994).

In the following Congress, I supported the Volunteer Protection Act, which protects volunteers from frivolous lawsuits.⁸ Volunteers are protected from legal liability unless their conduct is reckless, grossly negligent, or criminal. Limiting liability for volunteers increases the likelihood that people will consider offering their services to nonprofit organizations and governmental agencies.

The next step is to limit liability for businesses that seek to donate resources to charity. The Charity Empowerment Act, which I introduced, also addresses this issue by limiting the civil liability of business entities that (1) donate equipment to nonprofit organizations; (2) provide facility tours to nonprofit organizations; (3) make available the use of motor vehicles or aircraft to nonprofit organizations; (4) provide the use of their facilities (meeting spaces) to nonprofit organizations. This legislation will remove one of the most significant disincentives to the donation of goods and services for charitable purposes by raising the legal standard of liability, thereby reducing the consequent threat of frivolous lawsuits.⁹

III. Economic Revitalization

A compassionate conservative program to help the poor seeks to restore the shattered economies and improve living standards of inner-city neighborhoods and poor rural communities.

Through targeted tax and regulatory relief and savings incentives, the American Community Renewal Act, also known as ACRA, creates 100 "Renewal Communities" with targeted, pro-growth tax benefits, regulatory relief, savings accounts, Brownfield clean-ups, and homeownership opportunities.¹⁰ To qualify, a "Renewal Community" must reduce local tax rates and fees, eliminate state and local sales tax, and waive local state occupational licensing regulations and other barriers to entry, except those explicitly needed to protect health and safety.

In return for making such commitments, Renewal Communities are eligible for federal tax benefits aimed at encouraging small business creation and survival. These include increased expensing for purchases of plant and equipment, wage credits to employers who hire qualified, low-income residents, and expensing of costs incurred in abatement of environmental contaminants. As new businesses are encouraged to locate in these communities, residents gain access to increased employment opportunities. The vetoed Taxpayer Refund and Relief Act of 1999 (H.R. 2488) would have designated 20 Renewal Communities.¹¹

The provisions in the 1996 welfare reform policy were designed to teach people about making choices and changing behavior. Its provisions, such as time limits and a work requirement, were meant to have a compounding effect, each building on the other toward the goal of greater work retention and family stability. Supporters of this new welfare law were committed to providing adequate supports so that welfare recipients would be able to respond to the built-in incentives in the law and move into paid employment. Effectively addressing urban poverty requires policies that are integrated as well as targeted.

8. Volunteer Protection Act of 1997, Pub. L. No. 105-19, 111 Stat. 218 (codified as amended 42 U.S.C. §§ 14501 to 14505 (1994)).

9. S. 997, 106th Cong. (1999).

10. S. 463, 106th Cong. (1999); H.R. 815, 106th Cong. (1999).

11. H.R. 2488, 106th Cong. (1999). [hereinafter Taxpayer Refund Act].

Helping people find employment is critical. As we work to encourage employment and job creation, we must address the fact that the suburbs often have an abundance of job openings. Providing funding for initiatives such as reverse commuting should be viewed as part of our commitment to support the efforts of those moving from welfare to independence.

For many who are making the transition from welfare to work, thoughtfully crafted transportation policy can provide that vital bridge between unemployment and employment. In the 1998 comprehensive transportation bill (the Intermodal Surface Transportation Efficiency Act - ISTEA) I worked to ensure that a "reverse commuting" pilot project was funded in order to address this issue.¹² This pilot authorizes the Department of Transportation to make grants to states, local government, and private nonprofits to provide access — through the use of vans, buses, or train routes — to suburban employment and job training opportunities for residents of poor urban and rural areas.

Many of those moving from welfare to work rely heavily on public transportation, significantly increasing the demand on that resource. The Reverse Commute Pilot Program can help give this population greater access to opportunity while encouraging them to conceive of opportunity beyond the confines of urban life. Because such a program can increase the employment rate among inner city residents, it also brings an element of social stability to that region. Poor rural communities, generally without any access public transportation, benefit as well by gaining access to employment in the suburbs.

We must also recognize that long-term financial stability requires the acquisition of skills that place people on the road to a career with advancement opportunities. Private career colleges are responsive to the needs of the job market and train people for technical and service sector careers. In order for men and women in our inner cities and poor rural areas to gain access to such educational opportunities, we must remove any governmental barriers preventing these schools from operating in the communities where they are most needed.

Because low income areas tend to have a higher default rate than others, the Department of Education has penalized many career colleges located in these communities by revoking the eligibility of their students to participate in the federal student loan program. As a result, those who are genuinely seeking to move themselves permanently out of poverty lose access to quality educational opportunities. In 1998, I introduced the Federal Accountability and Institutional Reform in Education Act to alleviate this situation. Several key provisions of the Act were later included in the Higher Education Programs Authorization Extension Bill (P.L. 105-244). These provisions empower career colleges to better scrutinize and participate in the development, release, and review of defaulted loan information so that they may take the necessary steps to address default rates by working with the banks that service their students' loans and the Department of Education. In addition, the Department of Education is required to appoint a career college liaison to ensure that the Department is aware of and responsive to the needs of these schools. Government must not stand in the way of private sector efforts to provide opportunity.

Access to safe and affordable housing is also a significant concern for low-income Americans seeking to pull themselves out of poverty. ACRA, which is part of the Renewal Alliance's legislative package, encourages renovation of unoccupied or substandard homes in Renewal Communities by allowing community development corporations seeking to provide housing opportunities to low-income families to purchase such prop-

12. 23 U.S.C. § 133 (1994 & Supp. V 1997).

erties owned by the Department of Housing and Urban Development (HUD).¹³ Finally, the vetoed Taxpayer Refund Act would have also provided elderly and low-income Americans with greater access to safe and affordable housing.¹⁴ The Low Income Housing Tax Credit provides federal tax credits to investors who agree to rebuild or renovate affordable rental housing units.¹⁵ This legislation increased these credits by 40%, giving preference to projects that take families with children on public housing waiting lists, and use existing housing as part of community revitalization plans.

Healthcare and child-care are also serious concerns for individuals making the transition from welfare to work. The Taxpayer Refund Act provided a deduction for workers whose employers do not provide health coverage, a deduction for employees who must pay at least 50% of their employer-provided health insurance deductible, and offered full deductibility for the health insurance costs of the self-employed.¹⁶ It also provided a deduction for Medicare beneficiaries' insurance premiums that are earmarked for prescription drugs. In addition, the vetoed tax bill increased the dependent care tax credit, making it easier for families to afford child-care.

IV. Resources

A poverty focused, compassionate conservative legislative agenda seeks to return resources to individuals so that they can make their own decisions and improve their lives, their neighborhoods and their communities.

Religious, nonprofit, and volunteer groups seek to re-weave the social fabric of inner-city neighborhoods. I have long been a supporter of a charity tax credit — whether at the state or local level. A charity tax credit allows people closer to the problem to decide how to provide charity, and substitutes individuals' decisions for government decisions.

The Charity Empowerment Act, mentioned earlier, includes a charity tax credit.¹⁷ This voluntary state-based charity tax credit could allow individuals to receive tax credits for direct donations to private, anti-poverty charities, including those that are religiously based. The credit would permit states to use up to fifty percent of any existing federal welfare block grants to fund charity tax credits.

The Charity Empowerment Act also includes an IRA charitable rollover provision. Under this provision, individuals would be allowed to roll assets over from an IRA into a charity or a deferred charitable gift plan without incurring any income tax consequences. A donation would be made to charity without ever withdrawing it as income and paying tax on it. Such donation could be made as an outright gift, charitable remainder unitrust, pooled income fund, or for the issuance of a charitable annuity. Donors would not receive charitable deductions.

Members of the Renewal Alliance have also introduced the Educational Opportunities Act which recognizes that improving educational opportunities for children will require concerted efforts by parents, local communities, public schools, and state and federal government.¹⁸ The Act provides publicly funded scholarships for poor children to provide hope for students and spur the competition necessary to improve public edu-

13. See *supra* note 10.

14. See *supra* note 11.

15. S. 1336, 2400, 106th Cong. (1999).

16. See *supra* note 11.

17. S. 997, 106th Cong. (1999).

18. S. 1719, 106th Cong. (1999).

cation. States and localities would be able to use existing federal funds (Title VI)¹⁹ to run a low-income public and private school choice program. These scholarships would be available for children from families whose income is at or below 185 percent of the poverty rate to cover the costs of tuition at public, private, or parochial schools in impoverished neighborhoods.

The Act also offers a \$1,000 tax credit to parents of children in grades K-12 for costs incurred to enhance their children's education. The tax credit would apply to the cost of books, educational computer software, supplies, tutors, teaching aids, tuition and other products that will enhance a child's ability to learn. Both initiatives target empowerment zones and empowerment communities.

V. Wealth-Creation

For the long-term, a compassionate conservative agenda seeks to create opportunities for wealth generation which families and communities need in order to permanently rise above economic instability.

Even as our economy flourishes, the gap between the rich and the poor continues to expand. Measured among Americans who reach age seventy, the top ten percent of Americans own more wealth, on average, than the bottom ninety-percent.²⁰ How do we address this inequity? Initiatives that encourage individual wealth creation are imperative to closing the gap between rich and poor.

I support the Savings for Working Families Act, bipartisan legislation introduced by Senator Joseph Lieberman of Connecticut, which will give low-income families a chance to increase their savings and will have far-reaching impact in strengthening their communities.²¹ Senate Bill 895 creates Individual Development Accounts (IDAs) through which individuals will learn how to gain financial independence, and have a real opportunity to accumulate financial assets for such goals as home purchase or a better education.

The Act complements current state administered IDA programs by allowing for the creation of IDAs by federally insured banks. When a person deposits money into an IDA, they receive dollar-for-dollar matching funds toward the purchase of a first home, education, job training, or business start-up. Money in these accounts will accrue tax-free until withdrawal. The federal government will provide tax credits of up to \$300 per account to financial institutions to reimburse them for providing matching funds for IDAs. Before an individual can use money from an IDA, he or she must complete an economic literacy course that will be offered by participating banks and community organizations.

Reform of our social security system is also critical to wealth creation in this country. For example, African-Americans traditionally receive lower social security benefits than members of American society. In fact, because of higher mortality rates, African-American men actually get less out of the system than they currently put into it through their taxes. Furthermore, as a result of the 1960 Supreme Court decision, *Flemming v. Nestor*,²² individuals have no legal claim to either their accrued contributions or their anticipated benefits.²³ So, those who do not live as long — generally the poor and minorities — are again disadvantaged. Upon the death of a family member, survivors can-

19. States and localities would be able to use existing funds under the Title VI "Innovation in Education: block grant of the Elementary and Secondary Education Act (ESEA). Title VI received \$310 million for FY 1997.

20. JAMES P. SMITH, *UNEQUAL WEALTH AND INCENTIVES TO SAVE*, RAND CORP. (July 24, 1994).

21. S. 895, 106th Cong. (1999).

22. 363 U.S. 603 (1960).

23. See *id.* at 608, 610.

not claim property rights to an inheritance. Thus, after years of hard work and paying into the social security system, African-American and lower-income families disproportionately run the risk of receiving little to no social security benefits.

Personal Retirement Accounts offer the opportunity for wealth creation and ownership. Personal Retirement Accounts, or a vehicle by which a portion of an individual's Social Security (FICA) tax is diverted into private investment, would yield far greater rates of return through compound interest. These accounts belong to the individual not the government. Should an individual die, this account could be passed on to children or grandchildren. Thus, Personal Retirement Accounts would ensure— and expand— the promise of retirement security that was critical to the original vision of the social security program. It would promote the intergenerational transfer of wealth that provides each succeeding generation an opportunity for success. All workers will then have the chance to accumulate real wealth.

VI. Conclusion

We live in an era of unprecedented prosperity. Steady economic growth and low inflation are yielding some of the best of economic times for America. Sadly, the tide of prosperity has left many behind. Millions of our fellow citizens who live in the inner cities continue to be overwhelmed by social breakdown, economic decline and educational failure. We believe this urban crisis demands a national response that encourages local reform efforts.

For more than three decades, the federal government has tried to re-build urban areas from the top down. Liberals declared war on poverty— and poverty won. Compassionate conservatives have not only rejected the failed model of the past that combined too much money with too little wisdom and wreaked devastation in inner-city communities, but we have also rejected the "hands-off" approach that believes the best federal urban policy is no policy at all.

The policies promoted by compassionate conservatives achieve results. And the results are not numbers, but they are people. In other words, when we talk about lowering taxes, educational reform, free trade, welfare reform, and healthcare, we cannot and should not assume that voters know why such policies merit their support. Indeed, these policies only merit their support insofar as they provide greater opportunity and security for greater numbers of Americans — Americans often left out of the American dream.

I believe that compassionate conservatism can be a beginning in a new era of social policy. It brings a decisive legislative voice to the problem of urban poverty. Even more importantly, it establishes a commitment, on the part of those who create U.S. law, to those whose needs have remained unmet by either well-intentioned, but poorly conceived social policy, or by no policy at all.