



Annual Update and Ten-Year Plan

Robert H. Dugger
Advisory Board Chairman
March 6, 2007

Partnership for America's Economic Success

First, thanks...!

Many people and institutions have made possible what we've done so far. For their help, we are deeply grateful. Five special ones –

- James Rohr, Chairman and CEO, PNC Financial Services Group
- Paul Tudor Jones, Chairman and CEO, Tudor Investment Corporation, and Founder, Robin Hood Foundation
- Rebecca Rimel, President and CEO, The Pew Charitable Trusts
- Dan Pedersen, President, Buffett Early Childhood Fund
- Charles Kolb, President, Committee for Economic Development

Partnership for America's Economic Success

The Partnership was established in 2006 as a collaborative community of experts in economics, early care and education, finance and policy

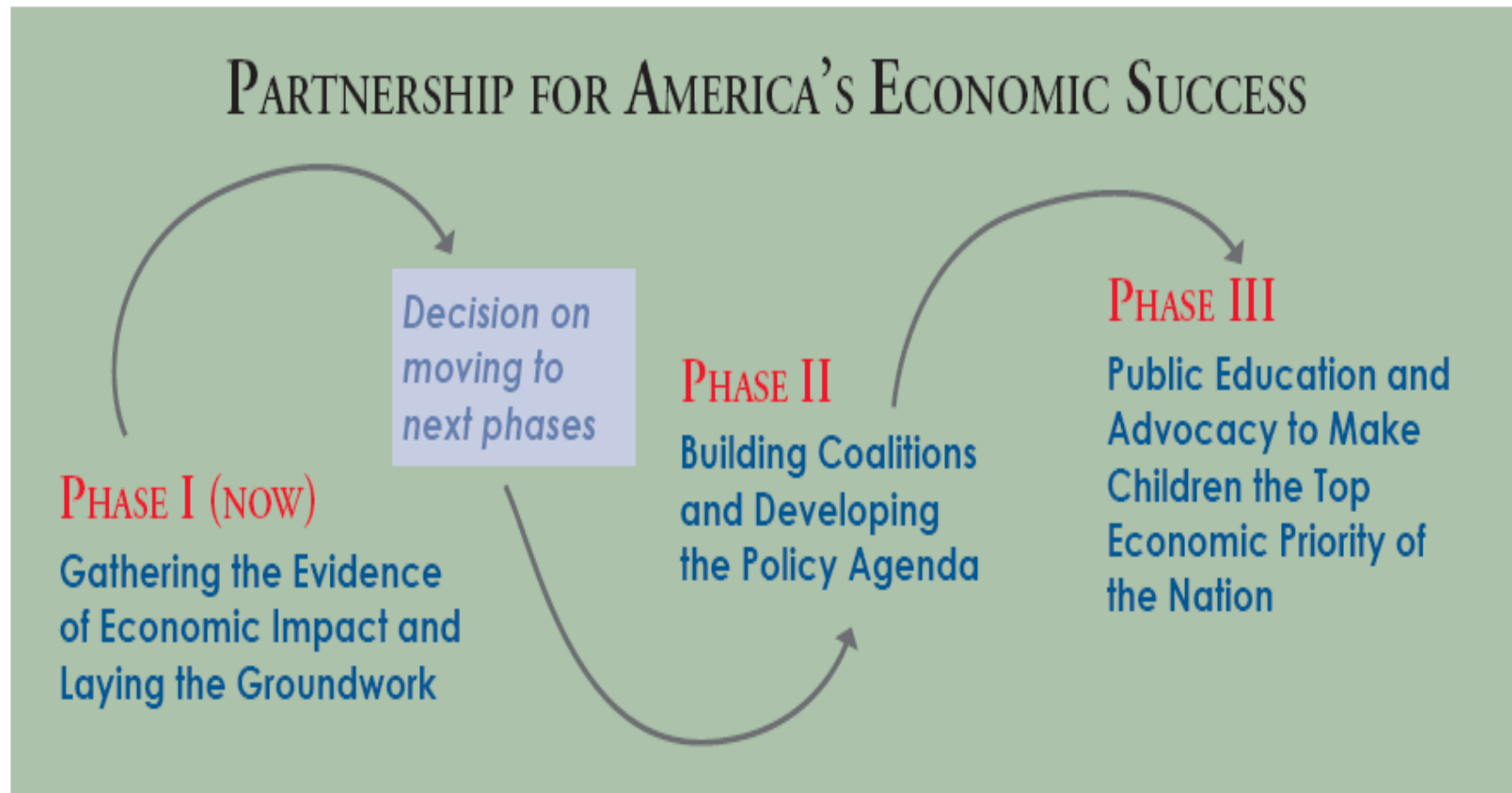
Goal: Strengthen US competitiveness and achieve fiscal sustainability through evidence-based investments in children pre-natal through five years old

Currently in phase I – collecting data. If findings are compelling and partners agree, we will move to phase II and III

Three years ago the Partnership was about 50 people. Now it's over 1,000

The Invest in Kids Working Group of the Partnership meets monthly to discuss key findings and policy issues

Three Stages of Partnership Research, Coalition Building, and Communication



Partnership for America's Economic Success

The Partnership consists of people –

- Partners who care for and educate children and carry the message of investing in kids nationwide
- Partners whose research guides how resources should be allocated
- Partners who provide funding to support this effort

Partnership for America's Economic Success

Established by eleven (now twelve) funders -- business people, PNC Financial Group, and a group of foundations working in conjunction with CED. www.PartnershipforSuccess.org.

Managed by and housed at The Pew Charitable Trusts. Pew staff committing portions of their time to the Partnership include Sara Watson (time donated), Project Director; Beth Gross, Project Manager; Lorie Slass, Public Affairs Senior Officer (time donated).

Partnership Advisory Board

- Robert Dugger, Tudor Investment Corporation
- Lynson Beaulieu, Schott Foundation for Public Education
- Marcia Egbert, George Gund Foundation
- Heidi Hartmann, Institute for Women's Policy Research
- Ron Haskins, Brookings Institution
- James Heckman, University of Chicago
- Paul Hirschbiel, Eden Capital
- Stuart Hoffman, PNC Financial Services Group
- Charles Kolb, Committee for Economic Development
- Barbara Miller, Ohio Children's Foundation
- Roy Miller, Children's Campaign
- George Overholser, Capital One
- Lynda Parmely, Horace Hagedorn Foundation
- Dan Pedersen, Buffett Early Childhood Fund
- Arthur Rolnick, Minneapolis Federal Reserve Bank
- Ada Sanchez, Peppercorn Foundation
- Ann Segal, Wellspring Advisors
- Jack Shonkoff, Harvard University
- Eugene Steuerle, Urban Institute
- Louise Stoney, Alliance for Early Childhood Finance
- Sara Watson, The Pew Charitable Trusts
- Michael Weinstein, Robin Hood Foundation

Partnership Funders

Twelve funders have committed \$3.11 million to assess the economic benefits to the nation of children growing to be successful adults.

Buffett Early Childhood Fund, Robert Dugger, George Gund Foundation, Horace Hagedorn Foundation, Paul Tudor Jones, Ohio Children's Foundation, Peppercorn Foundation, The Pew Charitable Trusts, PNC Financial Services Group, Inc., Scholastic, Inc., The Schott Foundation for Public Education, Anonymous

Partnership Researchers

- William Dickens and Isabel Sawhill, The Brookings Institution
- Jeanne Brooks Gunn, Jane Waldfogel and Katherine Magnuson, Columbia University and the University of Wisconsin, Madison
- Bernard Guyer, Johns Hopkins University
- Sharon McGroder, The Lewin Group
- Jerry West, Mathematica Policy Research
- Dennis Winters, NorthStar Economics
- Greg Duncan, Northwestern University
- Kathryn Kahler Vose, Porter Novelli
- Steve Lehrer, Queen's University (Canada)
- Eugene Steuerle, The Urban Institute
- Monica Rohacek, The Urban Institute
- James Heckman, The University of Chicago
- Louise Stoney, Alliance for Early Childhood Finance
- Betsy Zeidman, Milken Institute
- Pete Davis, Davis Capital Investments

Disseminating Research and Building Business Interest

Annual conference on the economic benefits of investments in young children - March 7, 2007 at National Press Club in Washington, D.C.

Comprehensive website that enables expert discussions and tracks new findings and media mentions.

PAES members make presentations at meetings for a variety of audiences. For example, Family Foundations Conference (Marcia Egbert, Gund).

Presentation at Milken Institute Global conference

One-day West Coast conference with Milken Institute

Forum for business executives in Colorado with Telluride Foundation.

Advisory board members and others are distributing PAES brochure PAES to raise visibility. Letters to the editor, op-eds, and other media activities including regular press and public briefings to release findings as they are available.

Invest in Kids Working Group

The Invest in Kids Working Group meets monthly (except Aug and Dec) under the sponsorship of the Partnership in collaboration with the Committee for Economic Development (www.ced.org/projects/kids.php)

Goals: Engage business and policy leaders, discuss and review emerging findings from the Partnership and others, enable partners to participate

We discuss how to make every American child more literate, numerate, and productive, and how to estimate and achieve economic growth and job creation gains from investing in kids.

CED staff committing portions of their time to the working group include Mike Petro, Vice President; Joe Minarik, Director of Research; and Julie Kalishman, Research Associate.

Invest in Kids Working Group

2006 - 2007 Discussants

Dennis Winters and Teresa Field, NorthStar Economics (February 2006)

Timothy Bartik, Upjohn Institute for Employment Research (March)

Barbara Wolfe and Nathan Tefft, Department of Economics, University of Wisconsin-Madison (April)

Doug Price, Qualistar Early Learning (May)

Mark Ginsberg and Adele Robinson, National Association for the Education of Young Children (June)

James Heckman, University of Chicago (July)

Doug Besharov, American Enterprise Institute (September)

Paul Sheldon, Citigroup (October)

George Overholser, NFF Capital Partners (November)

Rob Dugger and Sara Watson, PAES (January 2007)

Paul Weinstein, Progressive Policy Institute (February)

See www.ced.org/project/kids.php or www.partnershipforsuccess.org for meeting summaries

Why is the Partnership doing this?

Intensifying global competition and steadily growing fiscal imbalances are important American challenges.

Educated, healthy young adults who get along well with others and can work effectively in teams are essential to meeting both challenges.

Evidence is accumulating that the best way to have such young people in the future is to invest in their care, health and education as early in their lives as possible.

US Competitiveness in the Future is Threatened

U.S. support for early-childhood education lags well behind that of other developed nations.

American 15-year-olds perform in the middle of the pack on tests of science and mathematics, with one-quarter performing at the lowest achievement levels.

United States has slipped to 11th among 30 OECD countries in the proportion of 25- to 34-year-olds with a high school degree.

Long a leader in higher education, the United States has dropped to seventh in the proportion of 25- to 34-year-olds with a college degree.

US Competitiveness in the Future is Threatened

**Educational Characteristics of the Labor Force
Aged 25 and Over
1980, 2000, 2020**

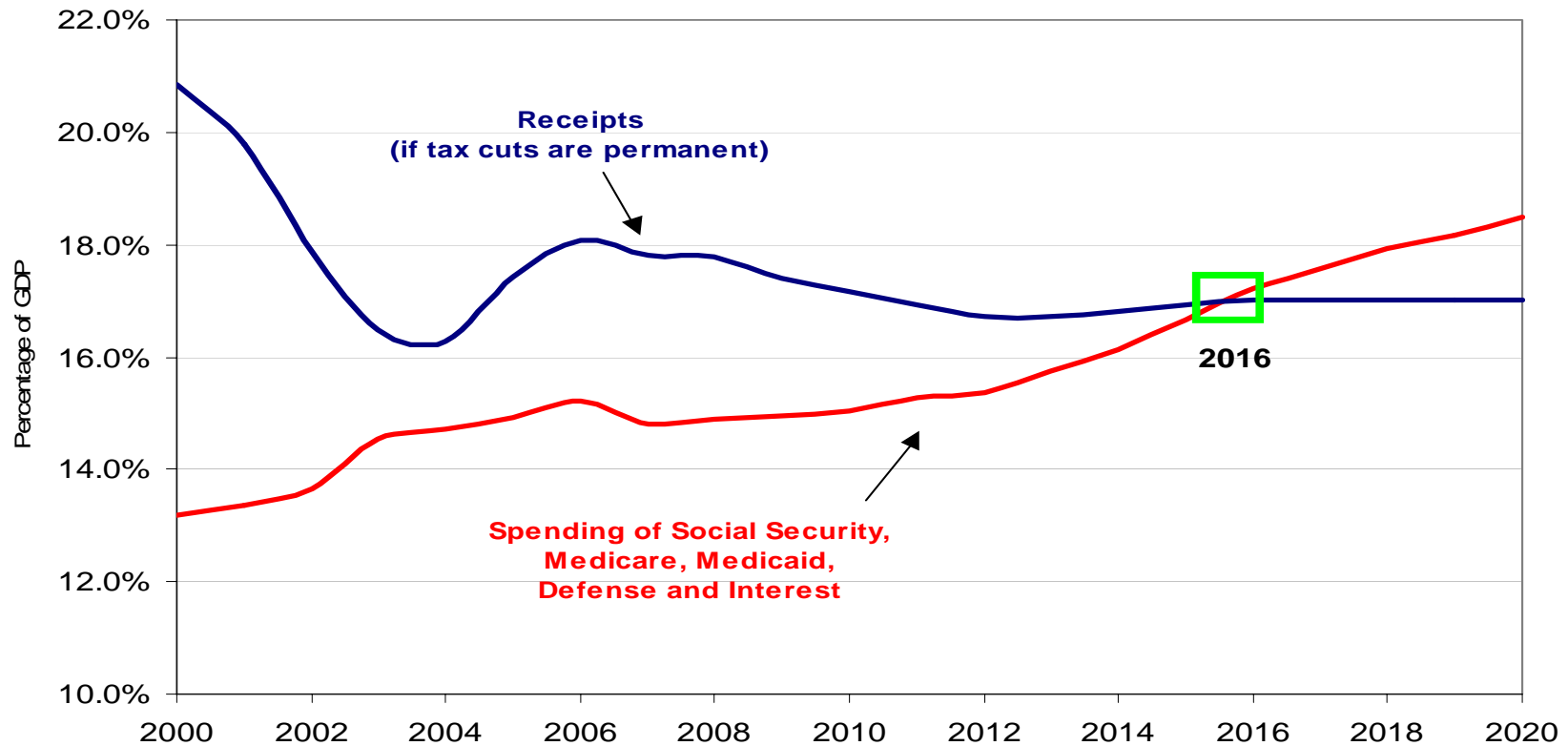
	Labor Force in 1980	Growth 1980-2000	Labor Force in 2000	Growth 2000-2020	Labor Force in 2020
Education					
Less Than High School	17.3	-5.3	12.0	0.9	12.9
High School Only	31.5	6.3	37.8	3.8	41.6
Some Schooling Beyond High School	13.8	19.1	32.9	6.2	39.1
College Degree or More	17.3	18.5	35.8	7.7	43.5
Total	79.8	38.7	118.5	18.6	137.1
% With College Degree	21.6%		30.2%		31.7%

*Assumes that subsequent cohorts have same education at age 25 as the cohort age 25 in 2000.

Source: Ellwood (2001).

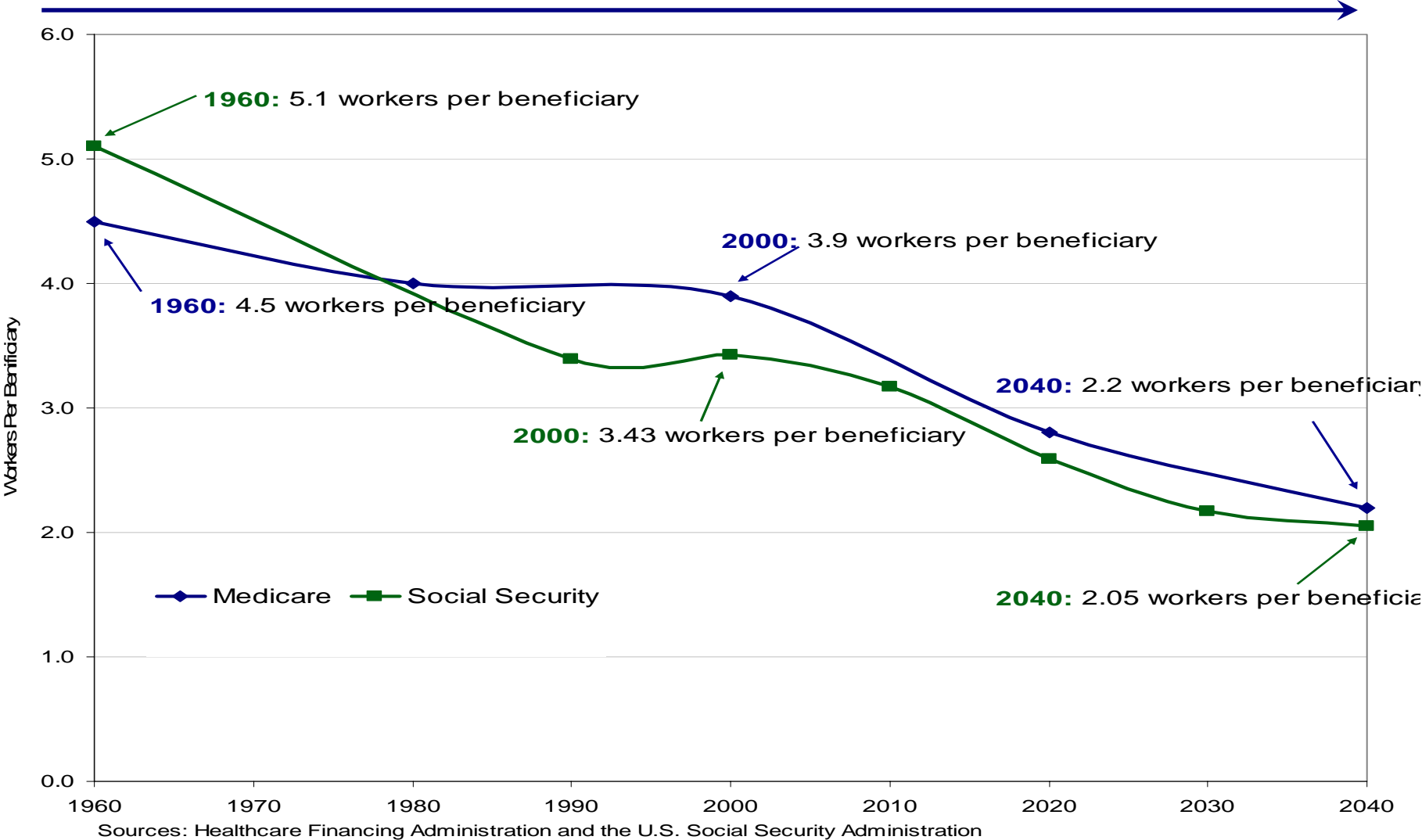
US Fiscal Sustainability is at Risk

A Struggle for Resources is Inevitable

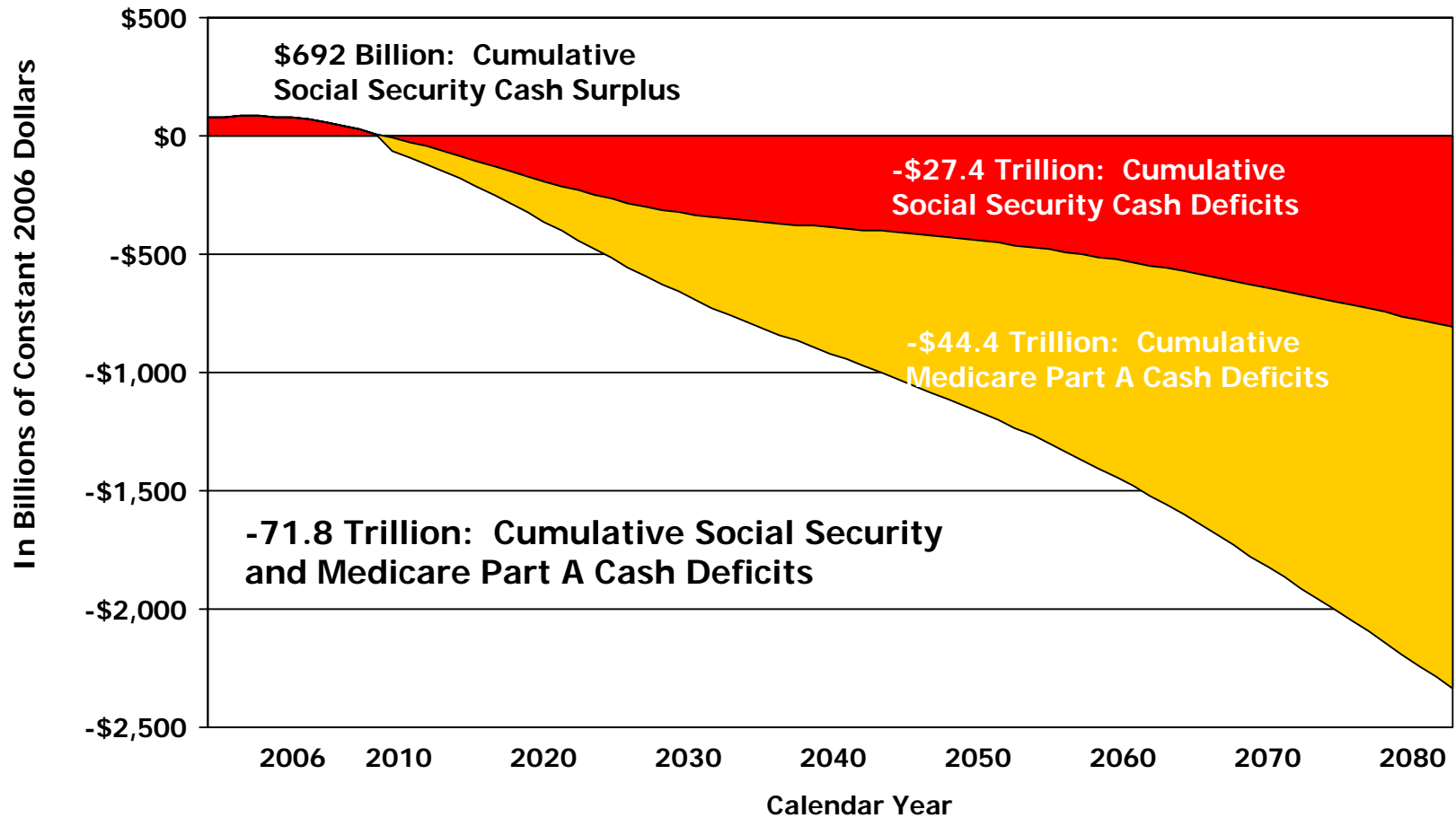


Source: C. Eugene Steuerle, Adam Carasso, and Gillian Reynolds, The Urban Institute, 2006. Authors' calculations based on data from CBO Budget Outlook (August 2006) and OASDI and HI-SMI Trustees Reports (2006).

Productive Future Workers Are Needed to Make Social Security and Medicare Sustainable



Productive Future Workers Are Needed to Make Social Security and Medicare Sustainable



Policy Needs to Focus on the Long-term

To solve America's state and federal budget challenges without large, painful adjustments, we need to move from short-term to long-term thinking and focus on the next and future generations.

Environmental, energy, demographic, commercial, and other long-term, next-generation priorities are hard to predict....

...but all depend on having an educated, family and team oriented, productive and competitive workforce.

Long-term Focus Maximizes Chances of Success

A competitive workforce will reduce crime, strengthen economic growth, and increase job creation, fiscal sustainability, and competitiveness.

How do we get such a workforce? Best evidence says, start early in life. Invest in kids.

Investing in kids does not make budget sustainability easy. It just maximizes the probability of success.

Deeper Issue -- Budgets Reflect Relations Between Citizens

There is a deeper consideration – Budgets reflect relationships between and among Americans by sector, income, and age.

Unsustainable budgets, mean unsustainable relationships.
Resolution is inevitable.

Larger imbalances have more painful and politically difficult resolutions.

Big Budget Imbalances Mean Big Social Adjustments

US budget imbalances are very large.

US imbalances span income levels, private interest groups, and generations.

Resolution of America's budget imbalances will reshape citizen relationships as powerfully as they were reshaped by the 1960s civil rights, the early 1900s women's voting rights, and the mid 1800s anti-slavery movements.

A Principle to Guide the Adjustment is Needed

Resolving unsustainable budget and citizen relationships requires a principle that makes good economic sense and meets American standards of fairness.

Is there such a principle?

We believe so.

The Principle is Put Kids First

If state and federal budget choices are consistently made to maximize the wellbeing of every American child, fairness and long-term economic growth will be assured.

To do this, the lifetime wellbeing of every child needs to be the highest priority of public and private policy.

Which Economic Development Investments Maximize Growth Long-term?

- Good parents and strong families
- Prenatal care *or*
- Health care
- Home visiting/parent support
- Early education
- Subsidies for corporate jets
- Bonds to build sports facilities
- Mohair subsidy
- Corporate shelters for foreign income

Ten Year Path to US Competitiveness and Sustainability

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- 2003 – Rolnick/Grunewald Fed article reframes early education as economic development. Heckman/Carneiro NBER paper lays out “skill begets skill”
 - 2004 – IIK Working Group begins monthly meetings at CED – 10 Year Plan countdown begins
 - 2005-6 – With funds from Pew, CED releases policy statement with new research on economic benefits of pre-k, and co-hosts two annual conferences with Pew and PNC. Other groups start exploring this topic.
 - 2006 – Partnership is formed to explore economic benefits for broader range of investments for children prenatal through age 5
 - 2008 – Partnership research is completed. If data are compelling and partners agree, communication and coalition building begins. Partner numbers grow by tens of thousands
 - 2010 – Communication and advocacy are underway nationwide
 - 2012 – Number of partners reaches one million
 - 2014 – Federal budget process is amended to make the lifetime wellbeing of every American child the highest priority of government.

2006-2008 Partnership Research and Development

Build an evidence-based framework for decision making.

Research the economic effects of investments in children and needed policy changes.

Add members representing communities of color and with expertise in communications, economics, policy advocacy/development.

Release and call attention to evidence findings over the course of 2007 and early 2008.

Research Agenda

Five Areas of Focus

1. **Microeconomics** – What are the net economic gains from specific prenatal through five early care and education interventions?
2. **Macroeconomics** – What are the net economic growth, job creation, fiscal sustainability, and global competitiveness implications of prenatal through five investments?
3. **Sector Analysis** – How big in terms of jobs, GDP, and national income is the “youth human capital development” sector?
4. **Finance Policy** – What are the best ways to pay for increased investments in early care and education?
5. **Communications** – What are the best ways to communicate findings and inform policy discussion?

Research Agenda

1. Microeconomics – Gains from specific interventions

Johns Hopkins University / Women and Children's Health Policy Center

Determining the Relationship among Health Promotion/Disease Prevention Programs, Child Outcomes and Economic Impacts

The Lewin Group

Developmental and Economic Effects of Parenting Programs Prenatally and through Age Five

Mathematica Policy Research

Early Head Start Children at 5th Grade: The Economic Benefits of an Infant-Toddler Intervention

Northwestern University

The Economic Cost of Early Childhood Poverty

Queen's University

The Dynamic Relationship among the Health Sector, Health and Cognitive Achievement

Research Agenda

2. Macroeconomics: Growth, jobs, competitiveness

The Brookings Institution

The Long-Run Effects of Investing in Parents and Children on Economic Growth, Wellbeing and the Federal Budget

Columbia University and the University of Wisconsin, Madison

The Long-Run Economic Impacts of Early Childhood Programs

The University of Chicago Department of Economics (Prof. James Heckman)

Proposed Life Cycle Skill Formation and the Economic Benefits of Early Childhood Interventions

The Urban Institute

The Economic Development Potential of the Child Care and Development Fund: An Estimation of Effects on Parental Productivity and Related Economic Benefits

Research Agenda

3. Economic Sector: “youth human capital sector”



NorthStar Economics

Early Childhood Economy Measurement and Stakeholder Identification Project

Research Agenda

4. Finance Policy: Best ways to pay for early care and education

The Urban Institute

A Children's Budget

Alliance for Early Care and Education Finance

Can Tax Benefits Help Promote and Finance High Quality Early Care and Education Services?

Milken Institute

Using a variety of public and private financing strategies to leverage investments in children

Davis Capital Investment

Options for Changes to the Federal Budget Process That Call Attention to the Economic Impact of Investments in Young Children

Research Agenda

5. Communication: Informing and persuading

Porter Novelli

Communications Campaign

Also intensive work donated by the Trusts' public affairs staff, with experience with the Robert Wood Johnson Covering Kids and Families campaign

To Succeed We Work Together

We work together to spread the message of evidence-based investments to improve the lifetime wellbeing of every American child and strengthen the US economy.

You can help --

- Conduct research or identify researchers for topics to be commissioned
- Identify and secure opportunities for Partnership colleagues to disseminate findings to policy audiences, the public, business leaders, and others
- Comment on draft research through IIK/PAES meetings and disseminate new findings to interested audiences
- Link to PAES website and send items to be posted

We will know success when ---



*The lifetime wellbeing of
every American child
is America's highest priority*