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National Economic Recovery Strategy: Invest in the American Youth Human Capital Sector

Invest in Kids Working Group
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The US economic downturn ...



Clearly, economy is worst since the
Great 1930s depression..!

US needs to save and invest more,
and borrow and spend less.

Obama policy needs to reshape
America for sustained growth and
job creation.



The future is bright but we need to act early..!



- ✓ US needs to retool and invest resources in what is best for the long-term.
- ✓ Larry Summers and others have said human capital is essential for future US growth and job creation.
- ✓ We know early child development and education has the highest return of all human capital investments.



Is Youth Human Capital right for a Recovery Plan?



- ❑ Larry Summers says the recovery plan needs to be “Speedy, Substantial and Sustained”
- ❑ Does investing in the Youth Human Capital Sector meet these tests? Let’s find out....



Just how big is the US Youth Human Capital Sector?



Youth Human Capital Sector (YHC) includes all people, goods and services involved in raising a child from prenatal to age 18

There are two ways to estimate the size of a sector – buy-side and sell-side

The buy-side approach includes all money spent to raise children

The sell-side approach includes all money spent to produce everything kids need



A simple buy-side estimate of the YHC Sector?



- ✓ Private spending by families for children prenatal to 18 totals a little over \$900 billion
- ✓ Public state and federal education spending totals about \$467 billion
- ✓ The total YHC sector is at least \$1.367 trillion ...!!



How big is \$1.367 trillion?



- ✓ Total of all US domestic spending is GDP -- \$14.4 trillion
- ✓ The total of just family spending for all purposes and govt spending for elementary and secondary education is \$1.367 trillion.
- ✓ The prenatal to age 18 YHC sector is at least 9.45% of GDP...!



How big is the prenatal to 5 YHC sector?



- ❑ Total of family spending for prenatal to 5 children is about \$258 billion or 1.8% of GDP
- ❑ 2.5 million paid caregivers
- ❑ \$56 billion annual payroll for care and vendor employees
- ❑ In total, about 37 million people – parents, care providers, and vendors of everything from food to safety seats



OK, we're big. How do we fit in a recovery strategy?



Summers says recovery spending needs to be “**Speedy, Substantial and Sustained**”

Summers says “Speedy” because the country needs spending support immediately



OK, we're big. How do we fit in a recovery strategy?



Summers says “**Substantial**”
because the US needs massive
spending support, and growth
sectors need huge amounts of
resources – education, health,
energy and infrastructure – to
boost future growth



OK, we're big. How do we fit in a recovery strategy?



Summers says “**Sustained**”
because it will take years to get
out of this downturn, and to
recover, resources will need to
go into growth and
productivity enhancing sectors
for a long time



OK, we're big. How do we fit in a recovery strategy?



Should investing in kids be in a recovery package?

Yes. The Youth Human Capital Sector is our future workforce. What you invest in it you get back in greater productivity, competitiveness, economic growth and job creation.



OK, we're big. How do we fit in a recovery strategy?



Can Youth Human Capital spending meet the “Speedy” test?

Yes. The prenatal to five portion certainly can. In cities and counties across the country there are acute shortages of quality facilities and personnel for pre and post-natal family support, infant and toddler care, and quality early education. Money to meet these needs could be put to work immediately....!



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OK, we're big. How do we fit in a recovery strategy?



Can Youth Human Capital spending meet the “Substantial” test?

Yes, certainly in prenatal to five.

This portion is at least \$300 billion or 2% of GDP. It could easily put \$30 billion to work immediately in cities and counties across the country..!



OK, we're big. How do we fit in a recovery strategy?



Can Youth Human Capital spending meet the “Sustained” test?

Again, yes. The YHC sector is \$1.4 trillion, almost 10% of GDP. Investing in kids can be fast, substantial and it certainly should be sustained. On a sustained basis, \$100 billion a year in all aspects of child care, health, and education is quite feasible...!



OK, we're big. How do we fit in a recovery strategy?



Are there any tests we don't meet?

Yes. There are two ways we fail.

1. We're not organized.
2. We can't document our presence in states and Congressional districts



OK, we're big. We qualify. Now what do we do?



If White House and Congressional leaders do not think we are organized, they will not have confidence that we can put national resources to work effectively – and they shouldn't....!



OK, we're big. We qualify. Now what do we do?



If we can't document our presence in every state, county and Congressional district, we will not be able to compete for resources against established sectors which can, – defense, construction, agriculture, etc.



Our national and historic responsibility...



We have a national responsibility to make our case...!

In the coming deep downturn, millions of children will slip from middle income into poverty and from poverty into deep poverty.

If we fail to make our case, these **millions of economically devastated children will fail to become productive citizens and workers.** Our nation will bear this economic burden for generations into the future.



What we need to do now...!



Here are our tasks –

1. **Create an effective child advocacy coalition** of parents, providers and business. CLC is a great. Needs to be deepened and expanded. PAES and CED are making progress. Much more needs to be done.
2. **Document the location, employment and spending** of every prenatal to five child service site in America – everything from pediatrician offices to safety seat stores.
3. **Make tough choices ourselves** about what programs should be funded. **Adopt Telluride Principles and lay out how we put \$30 billion to work for kids prenatal to five in cities and counties across the country..!**





At the September meeting participants unanimously adopted the Telluride principles developed over the previous year to provide a context for discussing ECE policies and programs for business, government and service providers



Telluride Summit and Principles



Long-term US economic strength and fiscal sustainability depends on our future workforce. Investing in children is a vital economic growth strategy and a priority of business, government and philanthropy. Private and public resources are limited and should be allocated based on evidence of effectiveness.

To provide a framework for understanding and discussing how to allocate resources for investing in children, the Telluride Summit adopted the following principles on September 22, 2008.



Telluride Principles



- 1. Maximizing the life success of every American child is our highest priority.**
- 2. Involvement of parents, family and other loving adults is crucial to a child's life success.**
- 3. Children are helped most and the economy is made strongest when resources are allocated on the best evidence of what will lead to positive child outcomes.**
- 4. Sound performance evaluations can ensure goals are attained.**
- 5. Child development programs that use private and public incentives and are scalable will be stronger.**



Investing in Kids as a National Recovery Strategy



Prenatal to Five YHC investments can support the economy near-term and have high growth returns long-term

Prenatal to Five is big – certainly more than \$300 billion – at least 2% of GDP

Prenatal to Five is committed to funding only what works (Telluride Principles)

