

WHY WE NEED BUSINESS CHAMPIONS FOR KIDS

**Economic Summit on Early Childhood Investment
Telluride, CO — September 22, 2008**

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Summary

A budget for a declining nation?

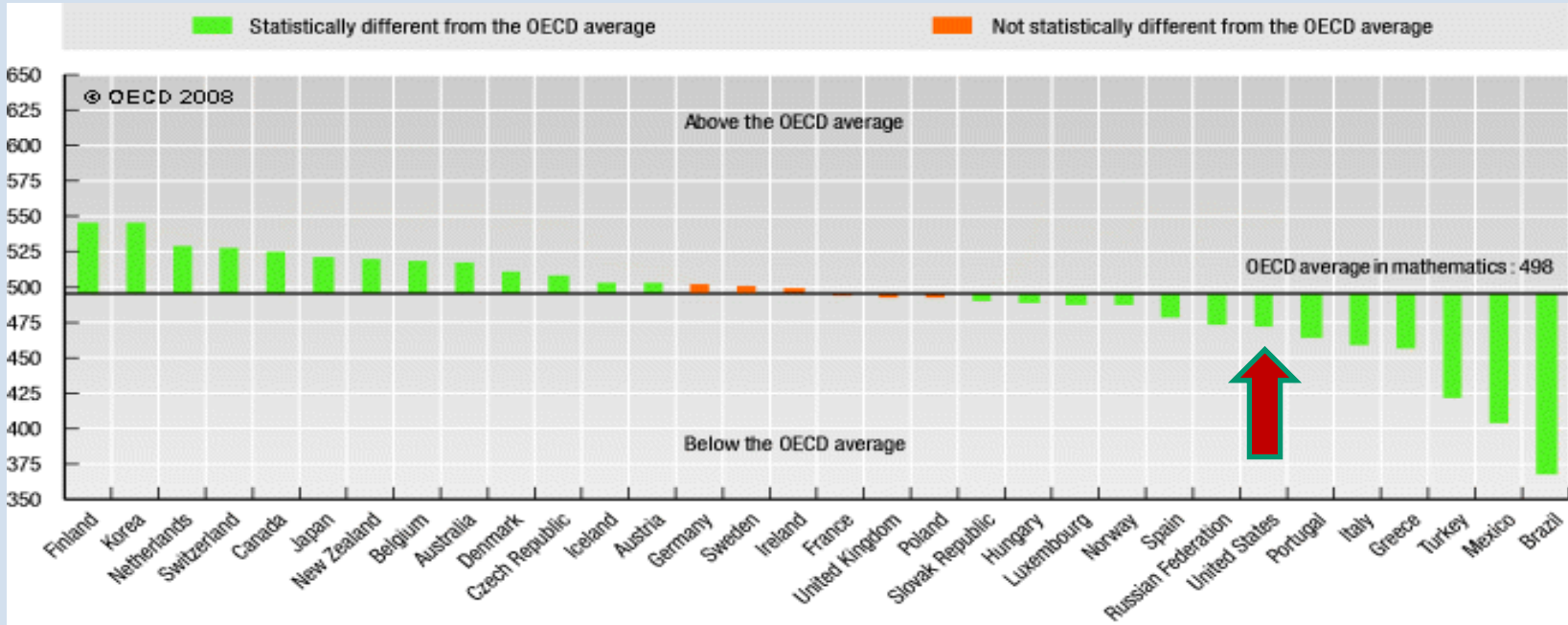
- More consumption & less saving
- Less work
- Reduced investment
- Reduced investment in our children

Where are the business leaders?

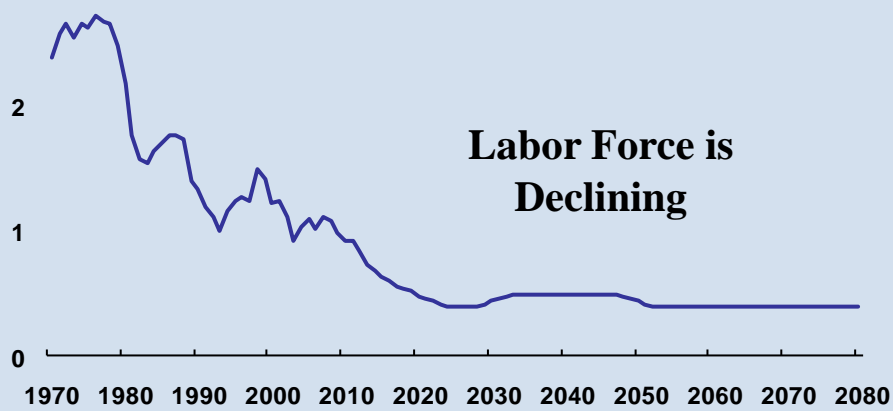
February 20th 2008

The Status Quo

Education: USA ranks 26th out of 32 countries on PISA 2006 Math scores

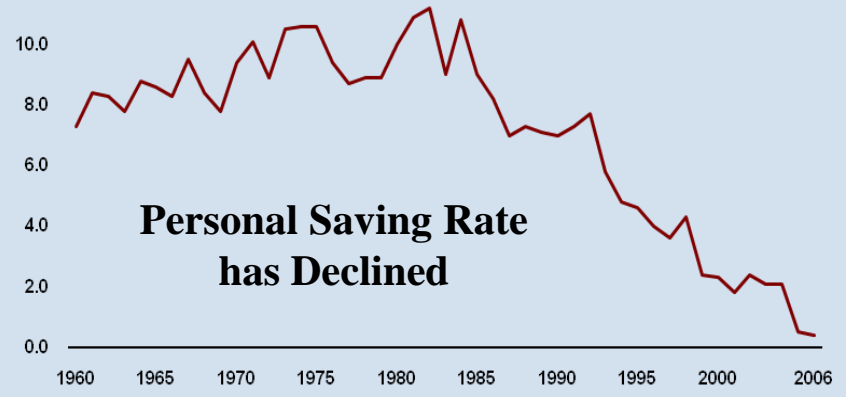


3 Percentage change (5-yr moving average)



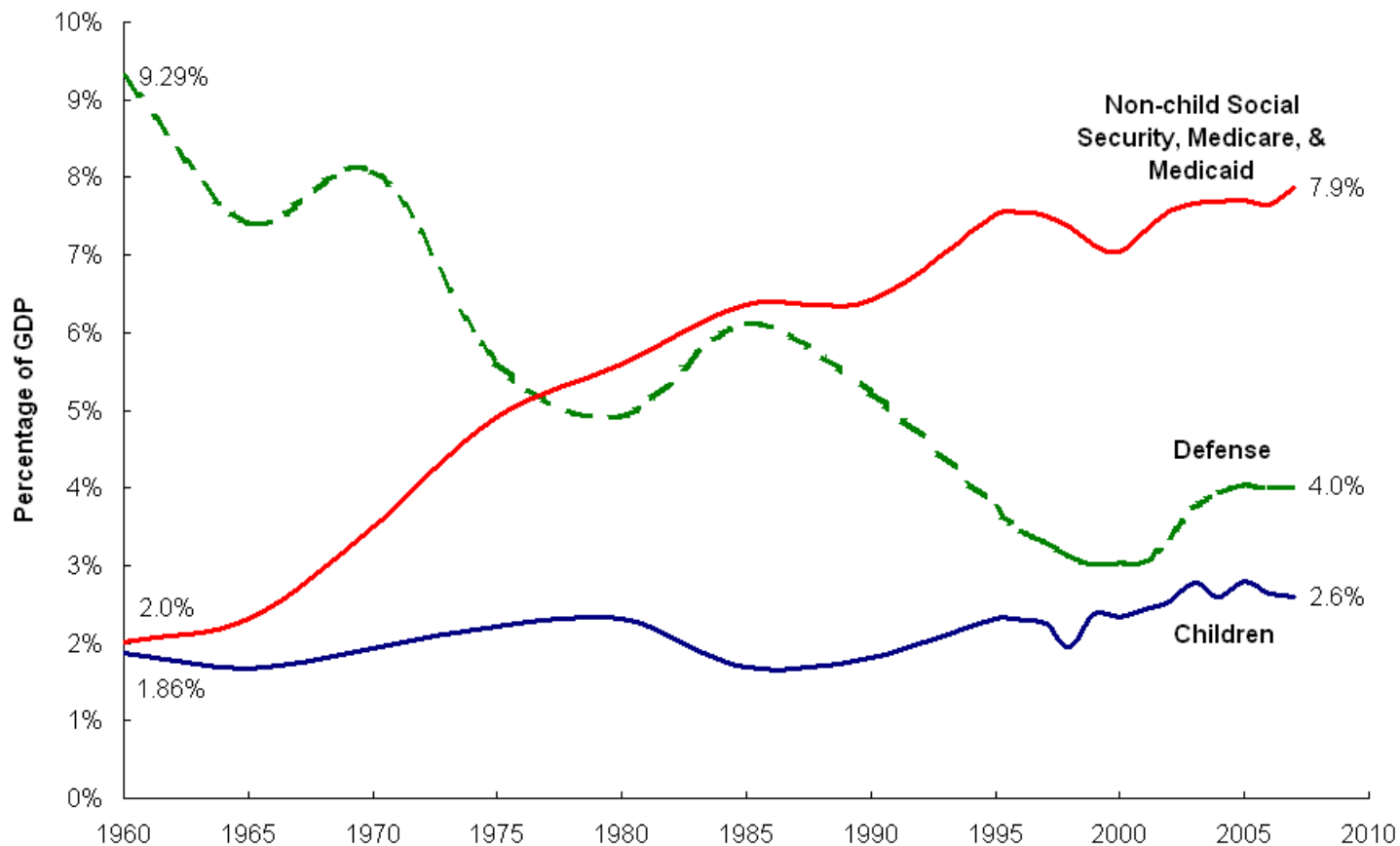
Source: GAO analysis of data from the Office of the Chief Actuary, Social Security Administration. Note: Percentage change is calculated as a centered 5-yr moving average of projections based on the intermediate assumptions of the 2008 Trustees Reports.

12.0 Percent of disposable personal income



Source: GAO analysis of Bureau of Economic Analysis data.

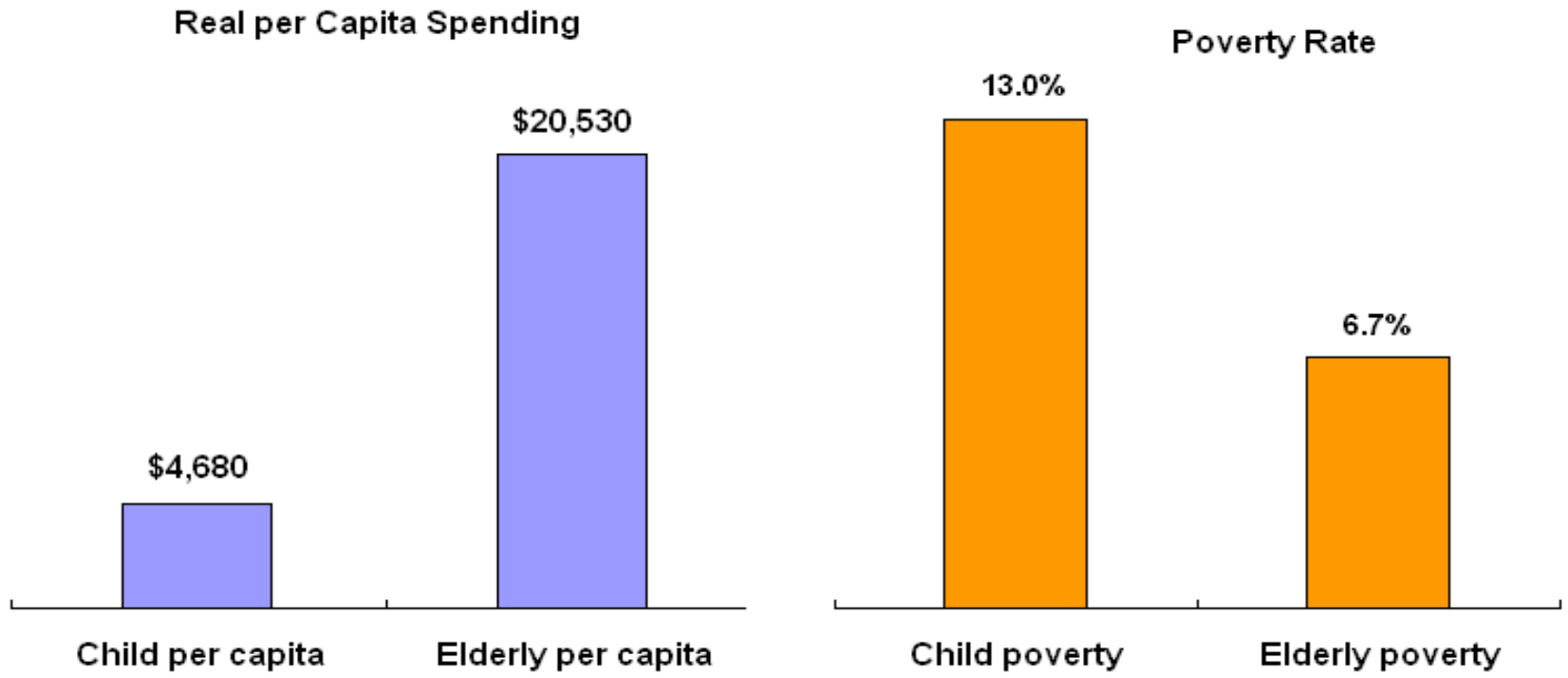
Federal Spending on Children (1960-2007 compared to other major items as % of GDP)



Source: The Urban Institute and The New America Foundation, 2008. Authors' estimates based on the *Budget of the U.S. Government FY 2009* and past years.

Note: Children's spending includes tax expenditures.

Children versus the Elderly (2005)



Sources: The Urban Institute and The New America Foundation, 2008. Authors' estimates based on the *Budget of the U.S. Government FY 2009* and past years; and U.S. Census Bureau, *The Effects of Government Taxes and Transfers on Income and Poverty: 2005*, table A-2, March 2007.
Note: This figure uses an alternative measure of poverty that is post-transfer (does not include the cash value of health care transfers, however). Elderly spending only includes Social Security, Medicare, and Medicaid.

A Snapshot from 2006 to 2007

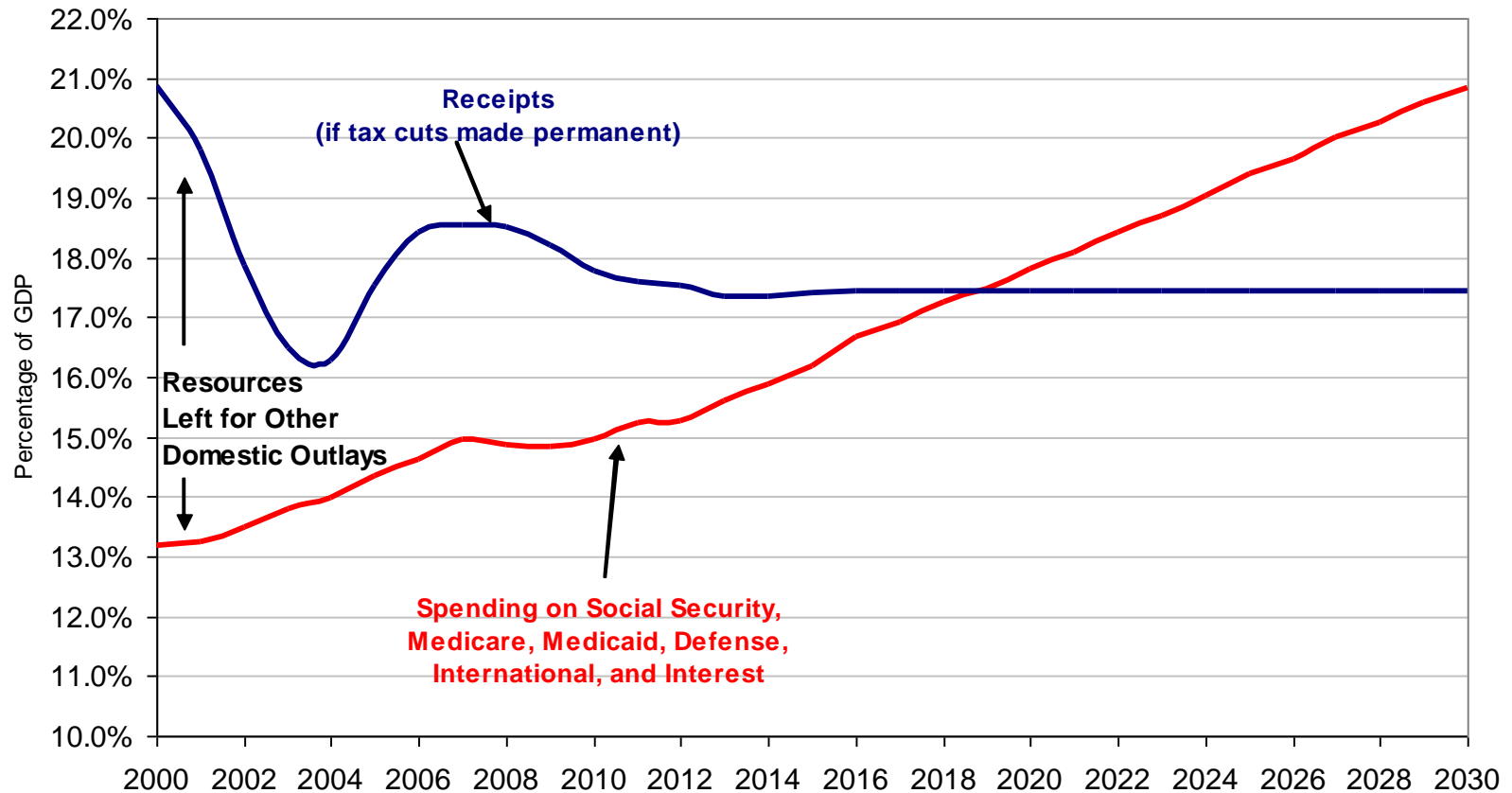
While federal spending on children inched up 0.7% (1.6 points < GDP), the three major entitlement programs grew 5.2% (2.9 points > GDP).

- **Spending on children grew in real terms in:**
 - health (4.5%)
 - housing (1.5%)
 - tax programs (1.2%)

- **Spending on children declined in real terms in:**
 - training (-0.5%)
 - income security (-0.6%)
 - social services (-1.5%)
 - education (-2.1%)

All except health decline relative to GDP!

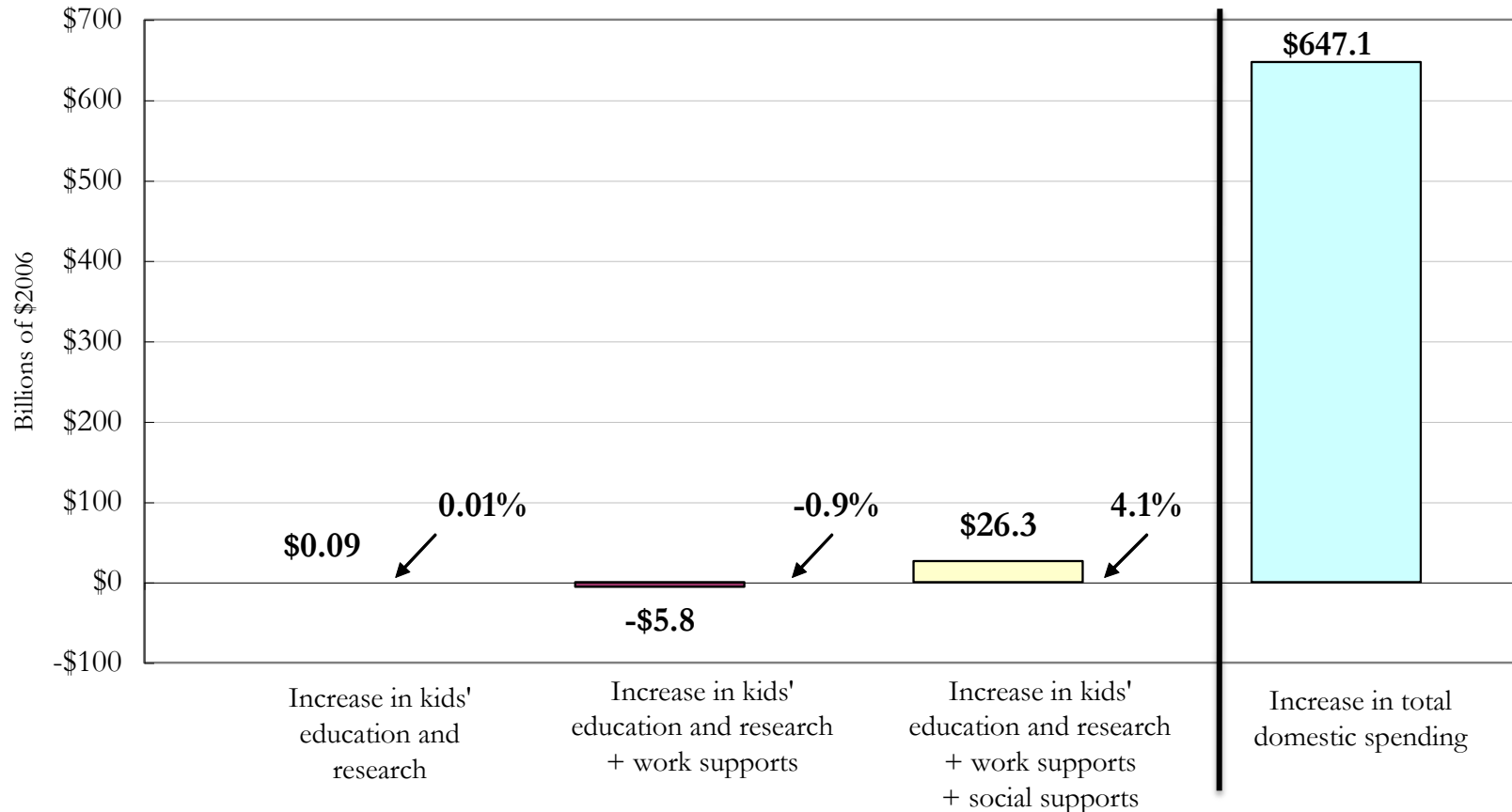
Receipts and Spending as a share of GDP



Source: C. Eugene Steuerle, Adam Carasso, and Gillian Reynolds, The Urban Institute, 2007. Authors' calculations based on data from CBO Budget Outlook (January 2007) and OASDI and HI-SMI Trustees Reports (2006).

How does Investment in Children Compare?

(Measurements from 2006-2017)



Source: The Urban Institute, 2007. Authors' estimates and projections, based on the *Budget of the U.S. Government FY 2008*, its *Appendix, Analytical Perspectives*, and CBO's *Budget and Economic Outlook, 2008-17*.

Conclusions

- **The current budget situation is unique**
 - So much is set in advance
 - Imagine a business contracting today for next 50 years
 - The budget increasingly favors consumption over investment
 - Promised spending exceeds any possible revenues
- **In this world, children fight for leftovers**
- **Business leaders must take a stand in favor of investing in the future and in our children**