

‘Building the Opportunity Economy’

An American Dream Agenda for the Next President

On April 13-14, 2008, Hope Street Group convened 40 business, civic, and political leaders to develop an economic “opportunity agenda” for the next president of the United States. Faced with a climate of increasing anxiety and pessimism about the future of economic opportunity in America, these leaders, who represent a wide variety of political views and diverse constituencies, discussed the most pressing issues needing reform in the areas of health care, education, savings, and the competitiveness of small businesses. What resulted was the following pro-opportunity agenda that the participants agreed should serve as a policy blueprint for the next President:

1) Ensure a Globally Competitive Education for our Children’s Future:

The United States is continuing to lose ground to countries that deliver a better education. In 2006, American fifteen-year olds ranked 25th out of 30 industrialized countries in math and 21st out of 30 in science. Without education reform that overhauls the way our children are taught, tested and evaluated, our country is doomed to lose its competitive edge.

The next President should commit to the following reforms to our education system:

- **Encourage states to work toward common American standards and assessments** that are voluntarily agreed on by states and based on real-world, global demands and benchmarks, ensuring that a high school diploma will be a genuine passport to college and/or 21st century career for everyone.
- **Allocate federal funding for state comprehensive data systems** that measure progress in student achievement, allowing every parent, educator, and policymaker to know whether a student is on track to meet standards.
- **Help create a vibrant, attractive teaching and school leadership profession** by setting up a National Teaching and School Leadership Fund and supporting National School Leadership Academies to elevate the teaching profession and ensure that there is an effective teacher in every classroom and an effective principal in every school.
- **Challenge all Americans to take a personal responsibility to help all children learn and succeed in school in the Inaugural Address**, and thereby encourage families, communities, businesses, and all institutions of society to live up to this goal.
- **Promote R&D** (including scaling what is working, and supporting systems that put it all together), back integrated system reform, and allocate increased and performance-based funding targeted to addressing high-poverty schools.

2) Contain Costs, Enhance Value in Health Care:

The U.S. spends more of its GDP on health care than any member country of the Organization for Economic Cooperation and Development (OECD), and between 1997 and 2002, the costs of our health care spending grew 2.3 times faster than GDP, with no end in sight. Still, the U.S. continues to fall behind other industrialized countries in important health indicators like infant mortality rates and life expectancy. Cost is the greatest obstacle individuals face when trying to obtain health care and is responsible for the growing number of uninsured in this country. The rate of growth in health care costs is unsustainable – hurting businesses, individuals, and government – and dragging down overall economic prosperity.

The next President should commit to the following reforms to our health care system:

- **Create the political context to move to universal health care coverage** through an individual mandate combined with subsidies. Efforts should focus on leading a coalition of system and external supporters to reach this goal.
- **Establish an independent comparative effectiveness group/authority** that systematically evaluates what treatments, technologies and services works, what does not work, and what cost/quality tradeoffs with various approaches to care. This group should offer recommendations that serve as the basis for both private and public sector coverage decisions, reimbursement, and medical standard-of-care.
- **Launch a national health and wellness initiative**, which would both raise awareness and educate the public about nutrition and physical fitness, but just as importantly, implement policies to support wellness. Programs should include fostering better diet through food policies, exercise by integrating with education programs, and coordinated prevention programs across public and private entities.
- **Change health care payments to reward better quality and higher value health care** by changing fee for service (FFS) reimbursement through rapid cycle experimentation and then implementation of alternatives that could include “medical homes,” global fees (combined hospital and physician), episodes, warranties, risk-sharing, and forms of capitation. Additionally, physician self-referral and incentives to use particular devices or procedures should be eliminated as a quickly as possible.
- **Reform the medical malpractice system** by offering physicians indemnification for those who practice evidence-based standards in return for adhering to comparative effectiveness-derived guidelines and accepting changes in reimbursement. Additional consideration should be given to “no-fault” awards for injuries.
- **Encourage standardized claims forms and processing**, both to reduce cost and errors and to improve quality.

3) Support New Approaches to Increasing Savings and Assets:

Savings are essential for families to get an education, buy a home, retire – in short, to achieve the American Dream. Although short- and medium-term flexible savings are critical to individual and family stability, the U.S. personal savings rate has been declining for decades, sliding from 13.6% in 1984 to -1.6% in 2006 – the lowest among the G-20 countries.

The next President should commit to the following reforms to reverse the nation’s negative savings rate:

- **Encourage universal savings by enrolling all children in a savings account at birth**, promoting financial literacy at every stage in the life cycle, and aligning financial institutions' incentives to serve low-income segments of the population.
- **Allow new players to have greater access to the savings marketplace** by eliminating regulatory barriers to deposit insurance on pre-paid cards and by encouraging broader use of new technology such as cell phones for banking and saving.
- **Encourage employers to facilitate savings among employees** by reducing regulatory barriers to direct deposit, enhancing payroll savings and savings bond options, increasing non-retirement financial education, and requiring that all balances in 401(k) plans be rolled into another retirement account (including an IRA) on termination of employment.
- **Re-establish the preeminence of savings bonds as vehicles for savings**, especially for those without bank accounts, by making them widely accessible in smaller denominations, facilitating their purchase through employers and other non-bank outlets such as retailers, and marketing them broadly and vigorously.
- **Increase asset limits that apply to assistance programs** such as food stamps, welfare, financial aid for higher education and housing subsidies, to stop penalizing low-income households who save.

4) Create a Level Playing Field for Small and Medium Enterprises:

Small and mid-sized businesses are vital to the US economy, employing 50% of all private sector employees and having generated 60% to 80% of net new jobs annually over the last 10 years; they also provide a source of wealth-generation and innovation in good times and bad.

The next President should commit to the following policies and reforms to help small and mid-sized businesses compete globally:

- **Discuss the role of small businesses on our economy in the Inaugural Address**, committing to the ongoing cultivation of an economic environment in which entrepreneurship is encouraged and small businesses can thrive.
- **Give small businesses a visible and meaningful seat at the policy table** by appointing leaders from that sector to key administration positions or by asking leaders from that sector to help evaluate regulatory and tax policies with an eye toward the impact on small business.
- **Make national health care policy reform an immediate priority.** The current employer-centric healthcare system often limits the ability of individuals to start or join small businesses, making it difficult for the small business sector to compete for vital talent.
- **Establish education goals that meet the needs of the business community** by providing high school graduates with the technical knowledge, creativity, personal drive, and conviction to become productive and prosperous, while motivating all Americans to seek opportunities for lifelong learning and professional development.