

Proposed State and Federal Resource Allocation Principles

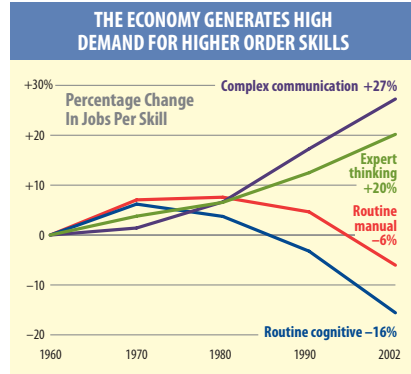
Spurring national economic growth and long-term budget sustainability requires not just smart policy decisions, but a wise framework within which to make them. This set of principles, focused on the centrality of human capital, can help federal, state and local policy makers engage in productive debate and make the hard choices needed to put our country on the path to global competitiveness. We encourage you to adapt them to your needs and to share them with colleagues and your elected leaders.

Human Capital

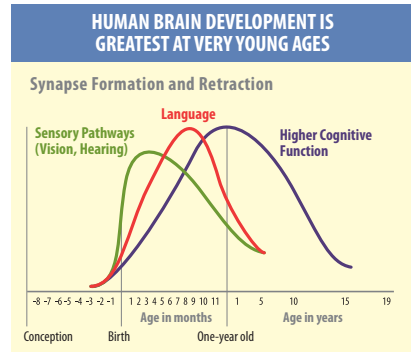
To achieve economic growth and fiscal sustainability, government should emphasize strengthening the skills and capacities of America's workforce.

Young Children

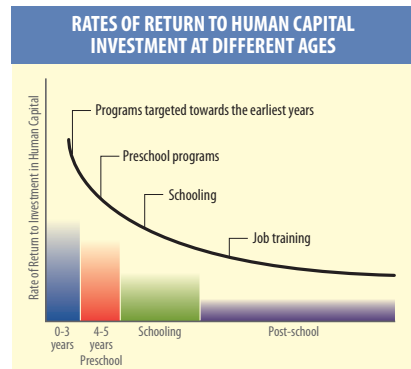
In developing human capital, our nation should focus especially on children, from before birth to five years of age, and their families.



SOURCE: David Autor, Frank Levy and Richard J. Murnane, "The Skill Content of Recent Technical Change: An Empirical Investigation." *Quarterly Journal of Economics*, 118, 4 (November 2003) pp. 1279-1334. Data updated to 2002 by David Autor.



SOURCE: C.A. Nelson in Jack P. Shonkoff and Deborah A. Phillips, eds, *From Neurons to Neighborhoods: The Science of Early Childhood Development*, National Academy Press (2000), p. 188.



SOURCE: J.J. Heckman, "Skill formation and the economics of investing in disadvantaged children." *Science*, 312(5782):1900-2, (June 2006).

■ Evaluation

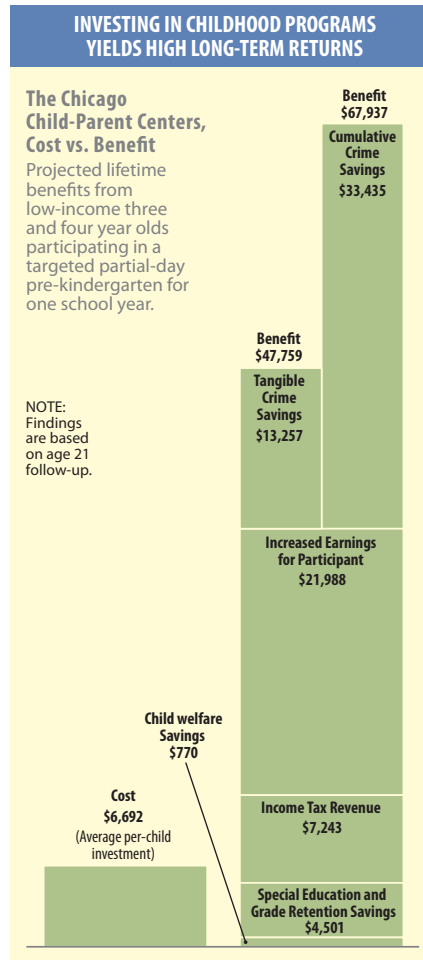
Return on investment should be a key consideration in public resource allocation decisions.

■ Transparency

Government should enable citizens to understand and participate in the assessment of revenue and spending decisions.

■ Sustainability

State and federal budgets should be viable over the long term.



SOURCE: Arthur Reynolds et al., "Age 21 Cost-Benefit Analysis of the Title I Chicago Child-Parent Centers." *Educational Evaluation and Policy Analysis*, 24:267-303 (2002).

The Partnership for America's Economic Success is a collaborative initiative of business, economists, funders, policy leaders and advocates. It mobilizes business leaders to improve tomorrow's economy through smart policy investments in young children today. It is managed by the Pew Center on the States and funded by Robert Dugger, the George Gund Foundation, Ohio Children's Foundation, John D. and Catherine T. MacArthur Foundation, Society for Human Resource Management, The Pew Charitable Trusts and Scholastic, Inc. More information is available at www.PartnershipforSuccess.org.