



THE AMERICAN DREAM INITIATIVE



PRESENTED AT THE



2006 **NATIONAL
CONVERSATION**

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ABOUT THE AMERICAN DREAM INITIATIVE

At the 2005 national conversation in Columbus, Ohio, DLC Chair Gov. Tom Vilsack asked Sen. Hillary Clinton to lead a year-long project to shape an economic opportunity agenda for the country. Over the past year, the American Dream Initiative has engaged political, business, labor, civic, and intellectual leaders in an effort to address the central economic challenge of our time—saving the American Dream.

The recommendations of this Initiative, presented at the DLC's 2006 National Conversation in Denver, Colo., are the work of many of the brightest leaders and thinkers in the Democratic Party and the country. Under the leadership of Sen. Clinton, DLC Vice Chair Sen. Tom Carper, and Gov. Vilsack, a broad and unprecedented coalition of progressive think tanks took part in developing this agenda: the Democratic Leadership Council, the Progressive Policy Institute, the Center for American Progress, NDN, and Third Way. In addition, this coalition solicited input from other groups focused on the future of the American Dream, including Hope Street Group, a nonpartisan public policy network of private-sector professionals.

Over the past six years, America has seen far too much politics and far too few ideas. When our leaders fail to provide an opportunity agenda, the whole country pays the price, from businesses struggling to create good jobs to the hard-working American middle class struggling to provide a better life for their children.

The American Dream Initiative is a challenge to the nation to remember what too many of our current leaders forgot. America's strength in the century to come rests on the strength of the dream that got us this far. America will be a richer, safer, smarter, and stronger nation when everyone willing to work for it has the chance to get ahead.

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THE STATE OF THE AMERICAN DREAM

For 230 years, Americans have been united by the common dream of a future even greater than our past. The promise of American life, handed on through a dozen generations, rests on this basic bargain: Each of us should have the opportunity to live up to our God-given potential, and the responsibility to make the most of it. In America, anyone willing to work for it deserves the chance to get ahead.

In the 20th century, that basic bargain built the greatest middle class the world has ever known. The expansion of opportunity in return for hard work and sacrifice made us the richest, safest, strongest nation on earth. It gave us the will and the means to improve our way of life for all here at home, and to conquer fascism and communism abroad. Our values, our culture, and our politics became part of a common quest to make tomorrow better than today.

We ended the last century with America's economic might at its zenith, with Americans at their most optimistic, and with nearly all who endeavored to make the most of their opportunities and talents getting ahead in life. Yet over the last five years we've taken a different direction—one that offered the greatest help to those with the most wealth under the mistaken belief that when the wealthy do even better, the middle class will eventually get their share. A policy of fiscal discipline and budget surpluses was abandoned for one that racked up record debt and proclaimed that deficits don't matter.

That misguided economic philosophy has shortchanged America, and shaken the foundations of the American Dream. For the first time ever, we've had four straight years of rising productivity and falling incomes. Many Americans are earning less, while the costs of a middle-class life have soared: In the past five years, college costs are up 50 percent, health care up 73 percent, and gasoline more than 100 percent. Rising housing costs have driven people farther and farther from their work.

The increasing costs of health care, transportation, and retirement are holding our economy back. U.S. companies and workers have to compete against companies and workers from countries that have made education the top national priority, take energy efficiency seriously, and spend half as much on health care as we do, with better results. Squeezed by rising costs and rising pressures of the global economy, American employers struggle to keep up their part of the bargain to create jobs and help workers do better.

As Washington has piled on over \$1 trillion in new debt, many families have also been forced to borrow more at higher interest rates and have stopped saving altogether. From a period of confidence and affluence only six years ago, Americans are now saddled with record debt, and the savings rate last year was negative for the first time since the Great Depression. A lot of Americans can't work any harder, borrow much more, or save any less.

These trends are not just a burden on our economy and on middle-class families. They undermine our way of life, because middle-class strength and growth have been the backbone of America.

Together we can face that challenge. Throughout our history, America has responded to new challenges with a new faith in our basic bargain. The world has changed over the past 50 years, and the terms of our basic bargain must keep pace.

The chance for every American to get ahead, regardless of background, is the engine of America's economic growth and social progress. A growing economy and a growing middle class go hand in hand. After World War II, the investments America made in the American Dream—from sending millions of veterans to college on the GI Bill to making housing affordable through the FHA—spurred economic growth and enabled ordinary people to take advantage of that growth. Today, as then, the key to expanding the middle class is both increasing economic growth and increasing ordinary Americans' opportunity to make the most of it. The fiscal discipline in this agenda provides a firm foundation for economic growth. The investments in the American Dream will increase innovation, expand job creation and income growth, and help every American take advantage of the nation's economic progress.

To remain strong in the world, the American Dream must be strong and alive here at home. And as we continue to navigate through these changing economic times, restoring the promise of the American Dream is the central economic issue of our time. We will not stand for a national government that would let the American Dream just fade away.

The American Dream Initiative is an opportunity agenda for the middle class and all who aspire to join its ranks. Our vision is straightforward and clear: to leave our children a richer, safer, smarter, and stronger nation than the one we inherited. We believe that every citizen should have the opportunity to secure the pillars of the American Dream: a college degree, a home, a secure retirement, and the chance to get ahead in a growing economy.

A NEW OPPORTUNITY AGENDA

Here are the pillars of a new opportunity agenda:

- **Every American** should have the opportunity and responsibility to go to college and earn a degree, or to get the lifelong training they need.
- **Every worker** should have the opportunity and responsibility to save for a secure retirement.
- **Every business** should have the opportunity to grow and prosper in the strongest private economy on earth, and the responsibility to equip workers with the same tools of success as management.
- **Every individual** should have the opportunity and responsibility to start building wealth from day one, and the security and community that come from owning a home.
- **Every family** should have the opportunity to afford health insurance for their children, and the responsibility to obtain it.
- **In order to expand opportunity for all Americans**, we must demand a new ethic of responsibility from Washington: to put government's priorities back in line with our values—and its books back in balance—by getting rid of wasteful corporate subsidies, unchecked bureaucracy, and narrow-interest loopholes; collecting taxes that are owed; clamping down on tens of billions of dollars in improper payments and no bid-contracts; and restoring commonsense budgeting principles like pay-as-you-go.

An opportunity agenda that gives everyone the chance to get ahead offers the best formula for economic growth. College and training are the key to individual advancement, and a workforce of college graduates and highly trained workers is the key to giving America a competitive edge in the world economy. Producing more college graduates will make our economy grow faster by driving more innovation and attracting more high-value, high-paid jobs. Reducing health care costs and giving individuals the tools to prepare for a secure retire-

ment will not only provide individuals a better life, but will unleash American business to grow faster by reducing a major competitive disadvantage in the global economy. Expanding homeownership creates jobs even as it strengthens families.

Demanding fiscal responsibility bolsters long-term economic confidence and helps lower interest rates. Cutting corporate welfare helps the economy grow faster by putting our faith in free markets, instead of special favors, and by ending unproductive investments in narrow interests so that we can invest in productive efforts to help the whole economy grow.

An opportunity agenda to save the American Dream is the strongest economic agenda for the 21st century. The best way to help America get ahead is to give Americans the tools to get ahead.

A NEW ETHIC OF RESPONSIBILITY IN WASHINGTON

To provide opportunity for all Americans, we must first hold Washington accountable for the Responsibility Era this administration promised but never even tried to deliver. Over the past five years, the national debt has more than doubled. The Bush administration ushered in runaway spending and tax cuts for the wealthy, putting us deep in debt to our economic competitors even as we must fight a prolonged war on terror.

Prolonged deficits and the fiscal laziness they encourage are themselves a threat to the American Dream. A country built on its belief in the future shouldn't be doling out special interest favors that will leave us worse off down the road.

If we are willing to restore accountability to government, we can cut the deficit and make important long-term investments at the same time:

- **Cutting Wasteful Corporate Subsidies.** This administration and Congress have turned Washington into a cash machine for narrow interests. The U.S. now spends scores of billions every year on unnecessary business subsidies that distort the market and discourage competition. We need to create an independent, non-partisan commission to scrutinize and propose the elimination of wasteful, outdated business subsidies. By presenting its recommendations to Congress for an up-or-down vote, this commission would produce \$200-\$250 billion in savings over 10 years.

- **Cutting Unnecessary Federal Consultants by 100,000.** The number of federal consultants and contractors has exploded to more than 5 million. Cutting 100,000 unnecessary federal consultants and contractors would save \$50 billion over 10 years that could go toward more opportunity and less bureaucracy.
- **Third-Party Reporting of Capital Gains.** According to *Tax Notes*, the United States is losing billions of dollars in revenues from underreported capital gains. It is bad enough that the Bush administration has given the wealthiest Americans capital gains tax cuts they do not need; it is worse to see even those shrinking obligations go unpaid. We should require securities firms to report to the IRS not only the sale of assets, but the amount of capital gains. This change alone would produce \$250 billion in new revenue over the next decade.
- **An End to Spending and Giving Away Money We Don't Have.** We need to restore pay-as-you-go rules so Congress can not enact new spending programs or tax cuts without offsetting savings to pay for them. Congress must restore annual caps on discretionary spending. We also need to make sure we are collecting taxes that are owed and that we're clamping down on tens of billions of dollars in improper payments and no-bid contracts. In addition, we should increase transparency over government by making information on contracts and grants available to the public so they have a better sense of whether their tax dollars are being spent wisely.

A COLLEGE DEGREE

When we think of the pillars of the American Dream, college is the most desired and least attained. About 70 percent of Americans own their home. About 85 percent have health care. An estimated 42 percent own retirement accounts. But only 30 percent have achieved the dream that can do the most to make other dreams possible and put other worries to rest: a college degree.

From the land grants of the 19th century to the GI Bill after World War II, opening the doors of college built the great American middle class. Today, thanks to those

efforts, the U.S. is blessed with the finest colleges on earth. But that will not be enough to sustain either the middle class or our economy unless we give every American the chance and the challenge to go to college and to graduate. College and training are the key to whether America will get ahead in a competitive world, and whether we can expand and strengthen the middle class here at home.

The United States used to rank first in the world in the percentage of young people with a post-secondary degree. Now we have fallen to seventh. While we have made progress in sending more students on to college, we lag well behind in graduating them.

Over the past three decades, virtually all economic and income gains in the United States have gone to college graduates. The income gap between college graduates and high school graduates has more than doubled since 1980. Those with some college education but no degree enjoy little of that advantage and have seen little gain.

Today, a college graduate earns nearly twice as much as a high school graduate—an extra \$20,000 per year. For today's 22-year-old, a college degree will mean a million-dollar bonus over the course of their working lifetime.

Too many students do not go to college because it costs too much, and too many who do go do not finish. Many students graduate from high school without adequate skills, and many colleges put too little emphasis on graduation. But the most overwhelming obstacle to finishing college is the cost of college. As the importance of a college degree has increased, the cost of college tuition has exploded. Between 1980 and 2005, college tuition costs increased faster than inflation every single year. One-half of all full-time public college undergraduates take out student loans, averaging \$5,600.

Over the past 20 years, the United States has made some progress in the percentage of young people who go to college: 63 percent of high school graduates go to college right away; 80 percent go on to some form of college within eight years. But college graduation rates have stayed flat: About 9 million students attend four-year colleges full-time, roughly two-thirds of them at public institutions. Each year, approximately 1.4 million of those students graduate—900,000 from public institutions, 500,000 from private ones. About 500,000 students a year drop out of four-year colleges.

The current Republican majority in Washington cut student assistance and made college harder to afford. President Bush abandoned his campaign promise to significantly increase Pell Grants.

If America's success in the global economy depends on our success in producing college graduates, we need a bold new strategy that both provides more oppor-

tunity and demands more in return. We have to make college affordable again, challenge every young person to attend, and hold the system accountable for producing more college graduates. We want young people to leave college with a degree, not a debt burden to carry through much of their lives.

We offer a plan to produce 1 million more college and community college graduates a year by 2015—so that within a decade, America will be a nation in which more than half the young people finish college with a degree, and any student willing to work part-time or perform community service can go to four years of college tuition-free.

- **The American Dream Grant.** Seven score and four years ago, Abraham Lincoln and the national government gave states land grants to build the finest public college system on earth. Today, we must act in the same spirit, by giving states grants to make public colleges more affordable and produce more college graduates.

With college so crucial to America's economic future, states and communities cannot and should not have to bear the burden alone. For the last two decades, state budgets have been burdened with the soaring cost of health care, and state appropriations for higher education have come up short. That left parents and students to pick up the slack: The percentage of overall revenue that comes from tuition has risen from 26 percent in 1990 to 36 percent now, and the average annual tuition at a four-year public college has gone up about \$2,000 in the past five years alone.

We propose a new, performance-based American Dream Grant that will award states money each year based on the number of students that attend and graduate from their colleges and universities. Over the next decade, this block grant will provide states \$150 billion to increase graduation rates and reduce the cost of college. This grant will complement initiatives already under way in the states and enlist the national government as a partner in an effort that is vital to the nation's economic interest.

Each year, states will receive money based on the number of students who attend two- and four-year colleges, universities, and community colleges, and the number who graduate. In return, states will agree to maintain their current spending on higher education, hold tuition increases to the overall rate of inflation or less, and spend the block grant funds on two purposes—making college more affordable and increasing the number of graduates.

The block grant will provide states an average of roughly \$2,000 per student, which—in combination with the new \$3,000 college tax credit outlined below—will make tuition nearly free at the typical four-year public college. With the block grant, states will be able to make four years of college tuition-free for students willing to work part-time or perform community service.

- **A Single, Refundable \$3,000 College Tuition Tax Credit.** To help students and families pay for college, Washington has layered one new tax break upon another and created a confusing, often contradictory system. Under current law, there is no uniform definition of qualifying education expenses, there are different income limitations for different incentives, and much of this assistance comes with massive bureaucracy attached.

If we want college to become as universal as high school, college aid needs to be simpler and more generous. We should simplify the tax code by replacing the HOPE tax credit, the Lifetime Learning Tax Credit, and the higher education deduction with a single, refundable \$3,000 college tuition tax credit to help offset undergraduate and graduate costs for all families. This new credit will cover up to four years of college and graduate school. In addition, workers will be eligible to use the credit for education and training.

- **Holding Schools and Students Accountable for Results.** In return for this unprecedented increase in college assistance, we must raise expectations for colleges and students alike, and address the high proportion of college students who leave without a degree. Students who do not finish college do not earn much more than their counterparts who never entered. We must challenge young Americans to go to college and graduate, and challenge colleges to do their part to make it happen. Colleges need to publish complete data on their success rates, and schools with chronically low graduation rates must present a strategy to increase them.

Colleges should provide truth-in-tuition by setting multi-year tuition and fee levels so that each incoming freshman class knows in advance how much four years of college will cost. We also need to invest in reforming our elementary and secondary schools to put more students on the road to college. That means smaller schools, higher standards for teachers as well as higher pay, and courses aligned with the demands of college and with what employers will demand after that. We should make it easier for students to take col-

lege courses while still in high school, and offer them more rigor and more relevance as they begin to choose a career path.

- **Helping Non-Traditional Students Succeed.** The U.S. Census indicates that every year of post-secondary education raises a worker's annual earnings. But helping these students succeed is not only good for each student and the families that rely on them, it is essential to our economic prosperity. According to the Bureau of Labor Statistics, 42 percent of the new jobs this decade will require postsecondary education, as compared to 29 percent of all jobs in 2000.

Non-traditional students over the age of 25 are slowly becoming the norm on college campuses; the percentage of non-traditional students—excluding those participating in adult education that will not lead to a credential or degree—has increased to 47 percent in 2001 from 34 percent in 1991. These undergraduates are more likely to be balancing school with work (40 percent work full-time, up from just 25 percent) and parenting (27 percent have children, up from 20 percent) than they were 15 years ago. These students face unique challenges to completing their degree that include affording their education; balancing work, school, and family responsibilities; overcoming inadequate academic preparation; and navigating the college environment. We should make Pell Grants available year-round, boost awareness and information about available financial aid, provide financial aid to students who are attending school part time, and expand access to child care for working parents with young children.

A SECURE RETIREMENT

At the core of the American Dream is the proposition that working hard and playing by the rules is the ticket to prosperity and security. Today, many Americans find themselves working longer and longer just to get by—and putting off saving for retirement so they can pay the bills today.

Too many Americans do not have the opportunity to save. Too many of those who have the chance do not take it. And too many of those who do save start too late and do not save enough.

Only one-half of American workers are offered a savings plan. One-quarter of them turn it down. Many workers with retirement accounts change jobs

too frequently to keep up the habit. Fewer and fewer employers offer traditional pensions, once the gold standard of retirement, and too many try to default on them.

To make matters worse, the tax code is upside down, giving the most benefit to the most fortunate—who do not need an incentive to save—and too little to families that desperately need a boost.

An aging society has no choice but to act. Just as FDR ushered in the Social Security system in the last century, we need to make new provisions for economic security in this one. That means asking every employer to give workers the chance to save, and challenging every American to make the most of it.

- **American Dream Accounts.** Americans deserve to know that a lifetime of work will ensure a secure retirement. We need a new approach that requires every employer to open a retirement account for every worker; enrolls workers automatically unless they opt out; increases their contribution automatically over time unless they direct otherwise; gives employees the advice and guidance to allow them to invest wisely; and enables workers to take their pensions with them when they change jobs.

As the Hamilton Project has proposed, we should require every firm with more than five employees to enroll its workers automatically in a traditional defined benefit plan or a 401(k). In addition to automatic enrollment, these plans will automatically increase as workers' incomes increase. Workers will be able to opt out of the program or its particulars at any time.

To minimize the cost and administrative burden to employers, we should provide tax credits to employers for enrolling workers—and give employers the option of enrolling their employees in a payroll-deduction IRA or a version of the federal government's Thrift Savings plan. Workers will be free to withdraw funds from their American Dream Account for retirement after age 65, or at any time for college or the purchase of a first home.

- **Saver's Credit.** Instead of more breaks for those at the top, we should provide saving incentives to hard-working Americans who can least afford to put money aside. We should make the Saver's Credit permanent and refundable so that working- and middle-class families receive a 50 percent matching contribution for retirement savings of up to \$2,000 a year.

A GROWING ECONOMY AND A GROWING MIDDLE CLASS

To reach the American Dream, we need a growing economy and a growing middle class that benefits from that growth.

In the 1990s, the growth of the economy and the expansion of middle class reinforced each other. Americans enjoyed the longest economic boom in our history. The economy created more than 22 million jobs from 1993 to 2001. Across the board, incomes and wealth went up, and poverty went down.

This decade, job growth has been a fraction of previous economic recoveries. In contrast to the '90s, the '00s have set a dubious economic record: the longest stretch on record without an increase in median household income.

The American Dream has always meant rising incomes. But under this administration, Americans have gone four straight years without a raise. In a fiercely competitive global economy, the nation needs a smart approach to economic growth to make sure incomes start going up again. That means a vibrant private sector, cutting-edge investments in research that can lead to high-wage jobs, an education and training system to increase skills, and a strong labor movement. It means reforming the tax code to reward work and help all Americans get ahead, and challenging Congress to raise the minimum wage and the incomes of ordinary Americans before voting to raise its own pay.

The middle class is the backbone of our economy, and the private sector is the engine of economic growth. The national government has a responsibility to help both the middle class and the private sector to grow.

- **An Innovation Economy to Create High-Wage Jobs and New Energy Technologies.** The national government needs a strategy to create an economic climate in which the private sector can create jobs, raise incomes, and increase wealth. To unleash the power of innovation and enterprise, we need to restore fiscal responsibility, open new markets, and make smart economic investments—such as broadband, basic scientific research, alternative fuels, and an advanced research projects agency for energy—that will spur the creation of new, high-wage jobs.

With a smart energy policy, we can create millions of good jobs, ease the burden on middle-class pocketbooks, and lead the way against climate change, all at the same time. To put the United States at the cutting edge of new, energy-efficient technologies, we should create a strategic energy fund

that will sponsor research into the potential of cellulosic ethanol, bio-diesel, and other flexible fuels; support the development of plug-in hybrids, clean-burning diesel, and other high-mileage vehicles; and launch an advanced research projects agency for energy to spur innovation.

For five years, the Bush administration has given special tax breaks to the privileged few and increased the middle class's share of the burden. The country needs a new economic formula of democratic capitalism: The way to ensure prosperity is to build an expanding middle class with a stake in that prosperity:

- **Giving Every Worker the Chance to Get Ahead.** In the global economy, what Americans earn depends on what they can learn. That is a responsibility that individuals, businesses, and government must all fulfill. In the same way, expanding and sustaining economic growth depends on making sure that Americans who do the work share in that growth. Companies need to reward and invest in all their workers, not just those at the top—yet today, most of the reward and investment goes to executives. Just as employers are not allowed to discriminate by providing pension plans only to their highest-paid employees, we should challenge companies to offer training, stock ownership, and options to all workers, not just top management.
- **Shining a Light on CEO Pay.** To give the investing public an understanding of whether a CEO's pay is fair relative to the firm's overall performance, and to provide greater accountability, the SEC should require that public corporations disclose:
 - Total compensation for the company's CEO *and* the average compensation for a company worker, including the percentage of workers who are provided company-subsidized health insurance;
 - The growth in CEO total compensation during the company's prior five years *and* the growth in average compensation for a company worker over the same period;
 - The number of employees over the same period, broken down by U.S. and non-U.S. employment *and* the company's profitability and stock price growth during the same period relative to its competitors.

- **Greater Accountability and Oversight Over Pension and Mutual Funds.**

In the 21st century, middle-class Americans are now investors in the stock market through pension and mutual funds to help secure two of their most important priorities: their children's college education and their own retirement. Their goal is to invest in corporations that generate long-term wealth through the sale of useful products and services. The pension and mutual fund managers who do the actual investing work in financial markets that are obsessed with short-term movements in stock price, sometimes at the expense of investments in corporations that create genuine long-term wealth. These intermediaries should be held more accountable to long-term investors through:

- Public disclosure reform that emphasizes long-term growth rather than accounting gimmicks;
- More effective regulation of financial intermediaries like pension and mutual-fund managers, including a requirement that funds take into account factors such as accounting opaqueness and any potential conflicts of interest;
- Greater oversight over hedge funds, which tend to encourage a focus on short-term factors rather than the long term; the SEC may need the authority to exercise appropriate oversight over hedge funds to ensure that they account for the needs of long-term investors.

A STAKE IN THE AMERICAN DREAM

When Americans have more of a stake in prosperity, our economy, our businesses, and our communities will grow and strengthen. Instead of narrowing the circle of ownership, we need an ownership society for all.

- **Baby Bonds.** The chance to get ahead depends in large part on having the assets to take advantage of it. The United States should follow Tony Blair's lead in Britain by providing a Baby Bond to each of the 4 million children born in America each year. A \$500 savings bond at birth and again 10 years later would give young people from low- and middle-income families a stake in upward mobility. We should give families with incomes of \$75,000 or less the option of directing their existing annual children's tax credit into these

accounts, tax-free. The money could be used for college and training, a first home, and retirement savings.

A home is the most important asset most Americans will ever own and the very definition of middle-class life. Owning a home makes communities safer, helps individuals move up the economic ladder, and inspires people to save for the future. A dozen countries—including Britain, Italy, and Spain—now have higher rates of homeownership than ours. The rising cost of housing stands in the way of millions of Americans' aspirations—especially minorities—and is threatening a vital aspect of our social fabric: middle-class communities. Over the past 30 years, the portion of urban and suburban neighborhoods that are middle class has shrunk by one-third.

To ensure that all can earn a piece of the American Dream, we need to provide those who seek it the opportunity to own a home:

- **A Home Mortgage Deduction for Everyone.** Many Americans cannot take advantage of the mortgage deduction because they do not itemize their taxes. Only one-half of American homeowners itemize, and only one-fifth of the 28 million households with annual incomes below \$50,000 receive any homeowner subsidy. We should make sure the mortgage deduction helps those who need it most—middle-income and working families—by making the deduction available to those who do not itemize their taxes. This would enable an additional 10 million Americans to take advantage of the primary incentive to help individuals purchase homes.
- **American Dream Down Payment Grant for Homebuyers.** Owning a home is the biggest “prosperity escalator” into the middle class, yet many American households are missing out because they cannot afford the first step. As Hope Street Group has proposed, we should provide a \$5,000 refundable tax credit for down payment assistance, which over the next 10 years will make homeownership possible for 7 million modest- to middle-income home buyers with good credit who would otherwise slip into the higher-interest rate subprime mortgage market or be rejected for a mortgage altogether. The credit would be available to home buyers earning up to 120 percent of their area median income. This program should work in conjunction with similar programs offered by state and local governments, financial institutions, and employers. We also should spur the construction of affordable homes by

offering an Affordable Homes Tax Credit patterned after the successful Low-Income Housing Tax Credit. Finally, we should build on the model offered by the Federal Home Loan Banks, by creating an affordable housing fund to increase the stock of affordable housing.

- **Higher FHA Levels.** Middle-class families should not lose out on the chance to own a home just because they live in a region where the cost of living is higher. We need to raise the FHA loan limit to 100 percent of the area median home price, so that families in areas with high housing costs are not priced out of affordable, secure FHA mortgages.
- **Housing America's Workforce.** Police, firefighters, teachers, and other middle-class families should not be penalized for living and working in areas of the country with high median housing prices. Employer-assisted housing helps attract and retain workers and enhance the economic stability of communities. We should give employers a 50 percent tax credit for qualified employee housing assistance programs, and let working families exclude such housing assistance from their taxable income.

AFFORDABLE HEALTH CARE

No factor does more to hold back America's economic growth and keep American workers from earning as much as they deserve than the soaring cost of health care. The United States already spends twice as much on health care as our nearest competitor, a terrible burden to carry in the global economy. And we are not getting what we pay for, since our health outcomes and longevity are no better than many countries that spend half as much. Employers and employees alike bear the brunt of double-digit premium inflation. If we cannot hold down the cost of health care, we will never be able to restore rising paychecks—a centerpiece of the American Dream—or achieve our goal of universal, affordable care.

We must do much more to stop the premium spiral, from improving the way we care for people with chronic illness, to modernizing the way health care does business, to helping small businesses obtain more affordable coverage for their employees. American businesses and American workers deserve real, immediate steps to reduce their health care tab:

- **Harnessing the Power of Health Information Technology.** While the health care sector has taken advantage of the latest medical breakthroughs, it has failed to keep up with the Information Age. Its reliance on paper records makes it inefficient, slow, and more costly than necessary. We can transform the health care system by doing away with 20th century bureaucracy and harnessing the power of 21st century information technology instead.

It is time to pass bipartisan legislation to develop a secure, interoperable health information infrastructure that makes patient privacy paramount. We can reduce redundancies and waste and make our system safer and more accountable, while empowering patients to become partners in managing their care. Under a 21st century health care system, doctors and patients will have real-time access to patients' medical records, test results, and the latest clinical guidance. Each year, it is estimated that almost 100,000 people die of preventable medical errors. A fully interoperable health technology infrastructure will pay dividends in research and performance, saving money and saving lives—and we can reinvest those savings so our system reaches more people with better quality care.

- **Small Employers Health Benefits Plan.** Small businesses, which create most of the new jobs in America, face the highest costs when they try to provide health care. Because their workforce is small, if one of their employees becomes ill, they feel it in next year's premium increases. They do not have the negotiating power they need to get more affordable health care.

Small businesses need access to stable, affordable health insurance so they do not have to worry whether they can provide coverage from year to year. We should allow small businesses to pool their workforces—much like large businesses—so they have the power to obtain cheaper health insurance for themselves and their employees.

It is time to give small business employees access to the same kind of health care as members of Congress. By pooling small businesses across America into one risk and purchasing pool, this plan will allow employers to reap the benefits of group purchasing power and streamlined administrative costs, as well as access to more plan choices. Instead of haggling with insurance companies every year, small businesses should be able to get back to what they do best—running their business.

- **Universal Children's Health Care.** As we save money by reining in the cost of health care, we will be able to afford the next big step toward universal coverage: making sure every child in America has health insurance. First, we must reauthorize and increase funds for the State Children's Health Insurance Program so that all eligible children are covered. This program has made tremendous strides in solving the problem of the uninsured by covering nearly 5 million children. But there are still 9 million children in this country who remain uninsured.

We should take a step further and ensure that all children have health insurance. Health insurance for children should be a shared responsibility: parents should make sure their children are covered and government should provide adequate subsidies to make coverage affordable for lower-income families. We should encourage employers to provide dependent coverage and reward and help businesses that do the right thing. No child should be without quality, affordable health insurance, and America has a responsibility to make sure their parents can afford it.

- **Giving Americans the Tools They Need to Make Healthy Choices.** Good health includes not only good health coverage but also making healthy choices. This starts early in life. We need to make sure that our schools serve healthy meals, that kids learn the value of physical exercise, and that we do everything we can to keep young people from smoking.

More than 64 percent of adults and 15 percent of children and adolescents are overweight or obese. We should train health care professionals to prevent, diagnose, and treat obesity, overweight conditions, and eating disorders; provide the resources for community-based programs that promote healthy eating behaviors, improve nutrition, and increase physical activity; and close the loophole on the sale of junk food in schools.

By giving Americans the tools they need to make healthier choices, we can cut down on the rates of diseases like obesity, diabetes, and hypertension—all of which put a financial strain on the health care system. But even those people who live the healthiest lifestyles still get sick. We can help them improve their quality of life and save money by promoting ways to find cures and better manage chronic illnesses.

- **Making a National Commitment to Finding Cures.** Diseases like cancer, AIDS, and Alzheimer's exact a tremendous toll on families and drive up med-

ical spending. By focusing our resources and attention on finding cures now, we can save lives and reduce healthcare spending over the long run. We should create a National Center for Cures that targets and coordinates our research dollars, encouraging better communication within the National Institutes of Health and between the NIH and the private sector. We also need a new federal policy on stem cells that encourages, rather than stymies, life-saving research.

- **Strengthening Medicare for the Long Term.** Strengthening the Medicare Trust Fund is essential to Americans' long-term health and the nation's long-term fiscal stability. Over the past five years, the Medicare Trust Fund's long-term solvency has shrunk by 12 years. Prescription drugs are vital to preventing and treating illness and helping to avoid more costly medical problems. But the greater their role in our health care system, the more important their affordability will become for seniors and the Medicare system. That is why there is broad support in Congress to allow the U.S. Department of Health and Human Services to negotiate lower prices on behalf of Medicare beneficiaries.

THE FUTURE OF THE AMERICAN DREAM

America is not the greatest economy, the oldest democracy, and the strongest nation in history because of our wealth and might. What makes America great has always been the power, persistence, and reach of our mighty dream.

When we demand responsibility, it makes our values, our markets, and our democracy stronger. When our hard work is rewarded, we work harder than any people on earth. When our fate depends not on how well we are born, but on how much we strive to make the most of our God-given talents, there is no limit to how high we will reach or how far we will go. When we have the opportunity to build a better life for our children, we can take responsibility for America's longstanding destiny—to make tomorrow better than today.

The last few years are America's past, not America's future. The American Dream has just begun.