



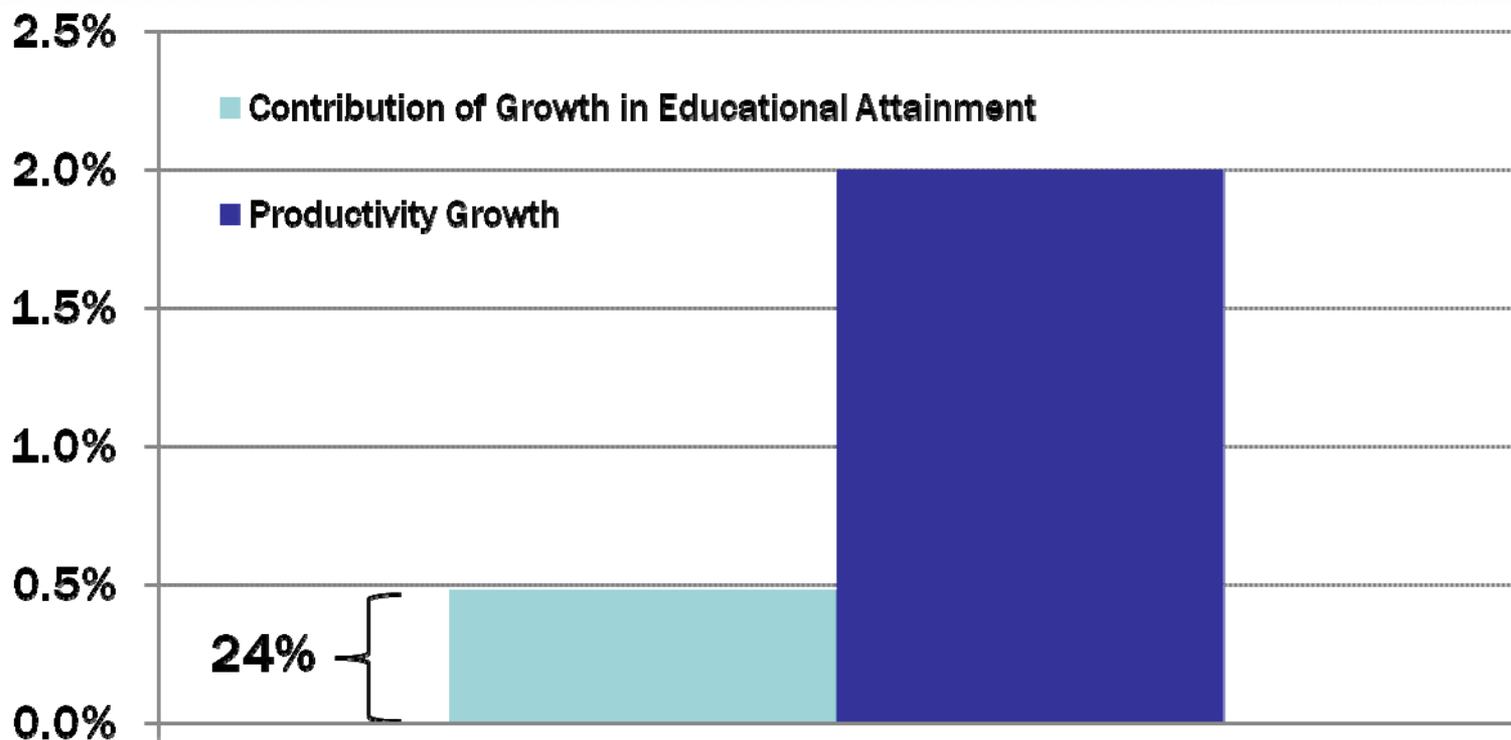
Promoting Efficiency and Reducing Disparities in Education and Health Care

Remarks Before the Association of American Universities

Peter R. Orszag, Director
Office of Management and Budget



Contribution of Growth in Educational Attainment to Annual U.S. Productivity Growth, 1915 to 2005



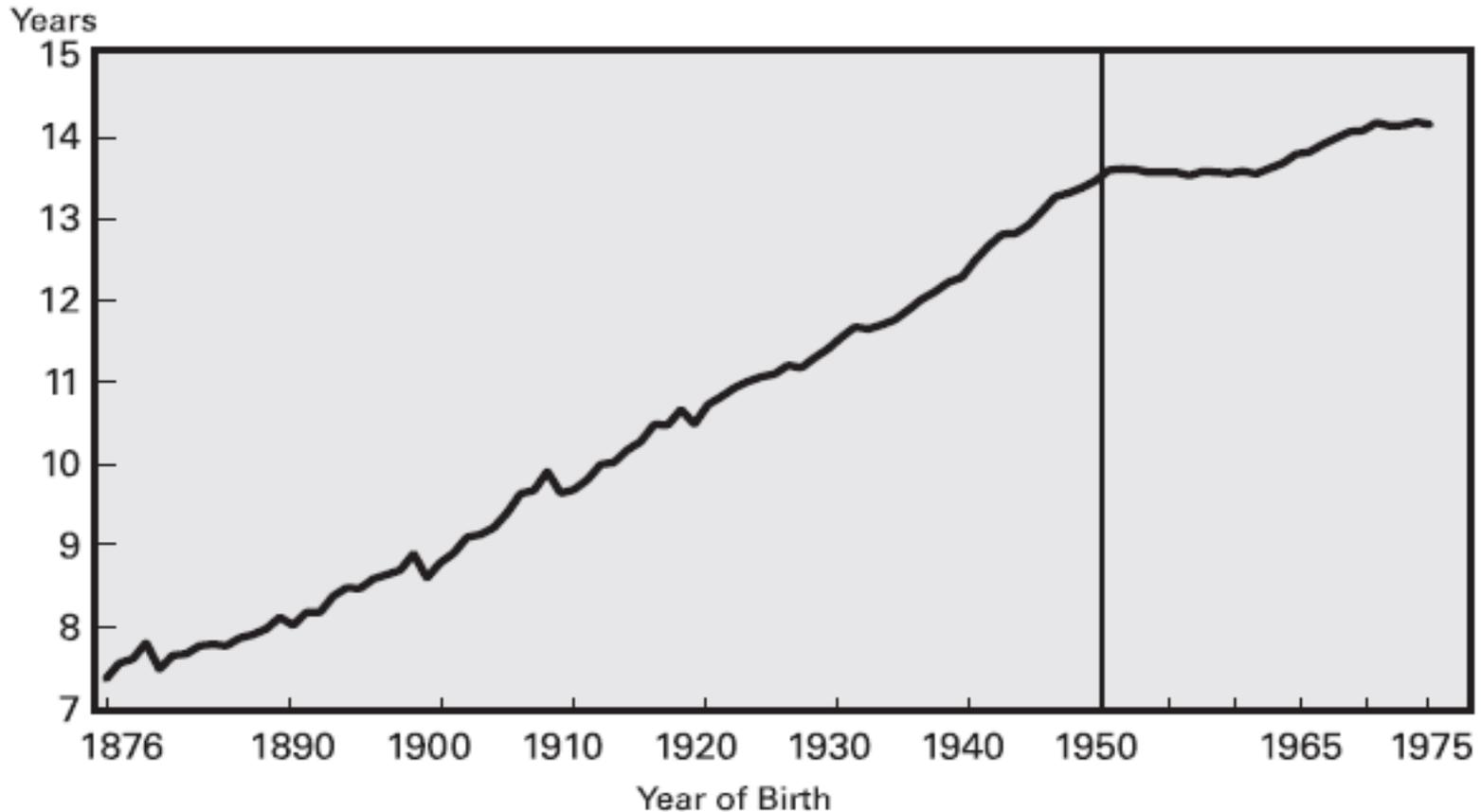
Average Annual Growth Rate, 1915 to 2005

Note: Productivity growth is measured as growth in GDP per hour.

Source: Goldin and Katz (2009)



Years of Schooling for Native-Born U.S. Citizens by Birth Cohort

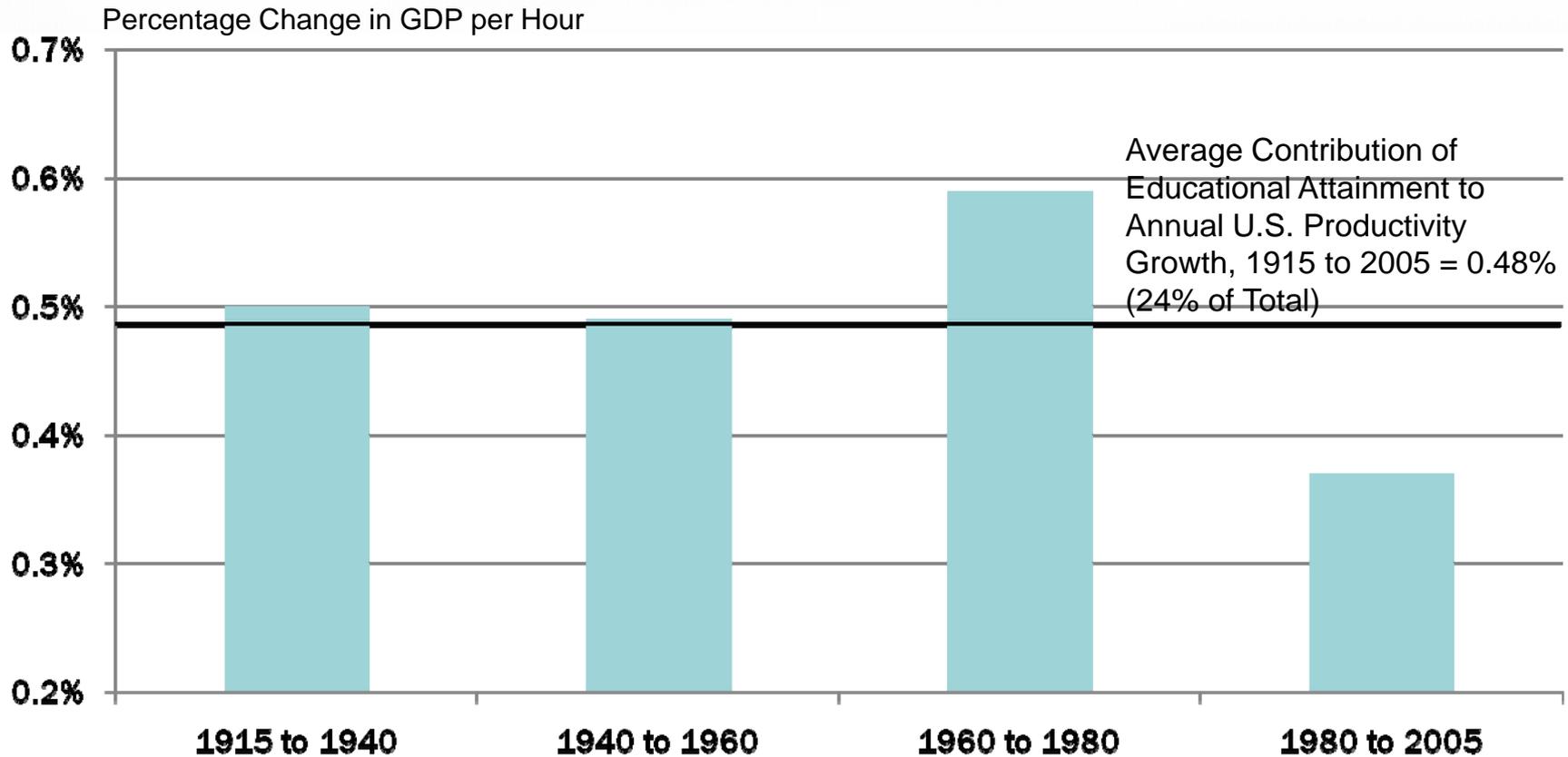


Note: Birth cohorts are normalized at 35 years of age.

Source: Katz (2002)



Contribution of Educational Attainment to Annual U.S. Productivity Growth Over Different Time Periods

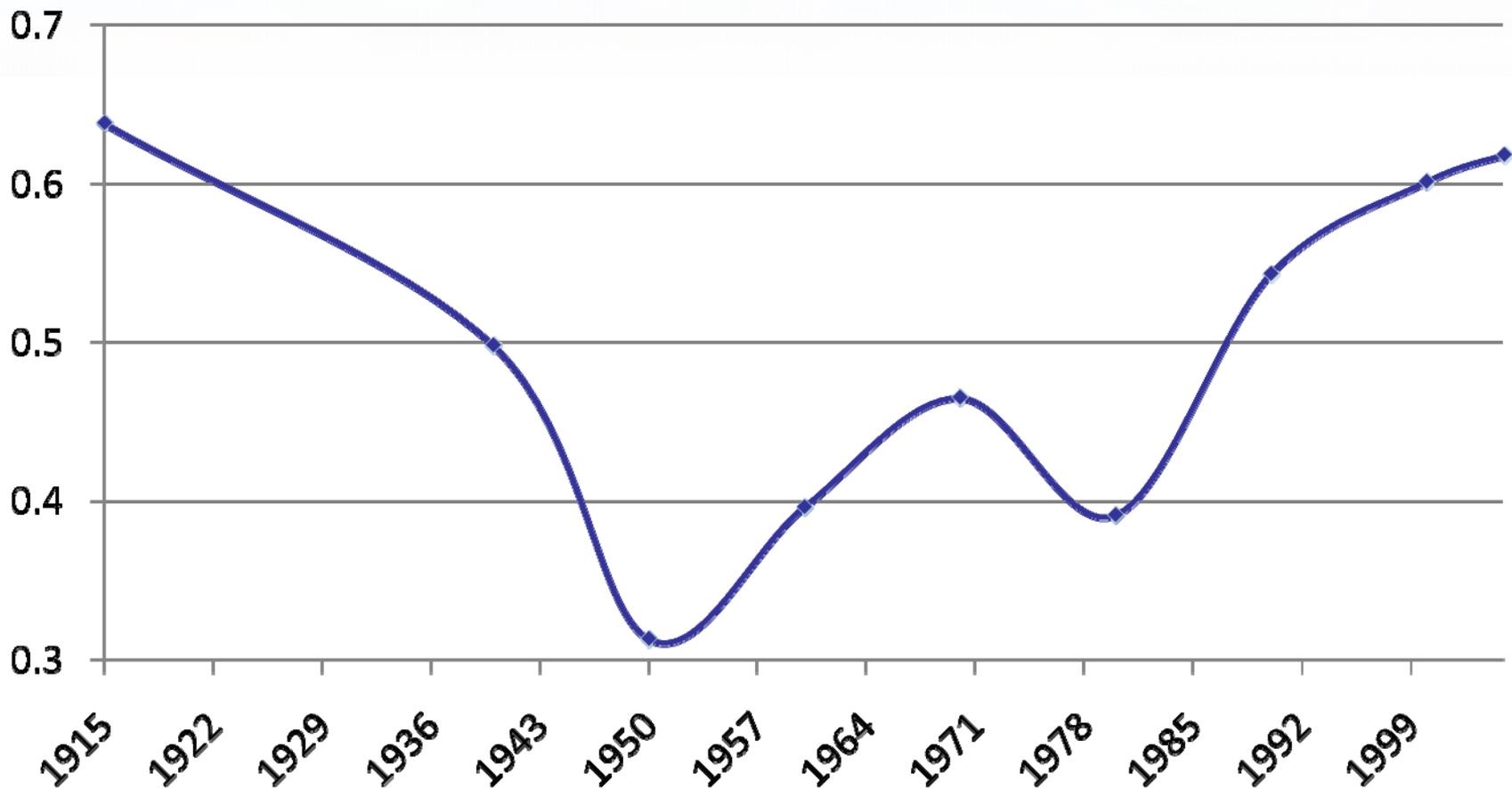


Note: Productivity growth is measured as growth in GDP per hour.

Source: Goldin and Katz (2009)



“Wage Premium” for College Grads

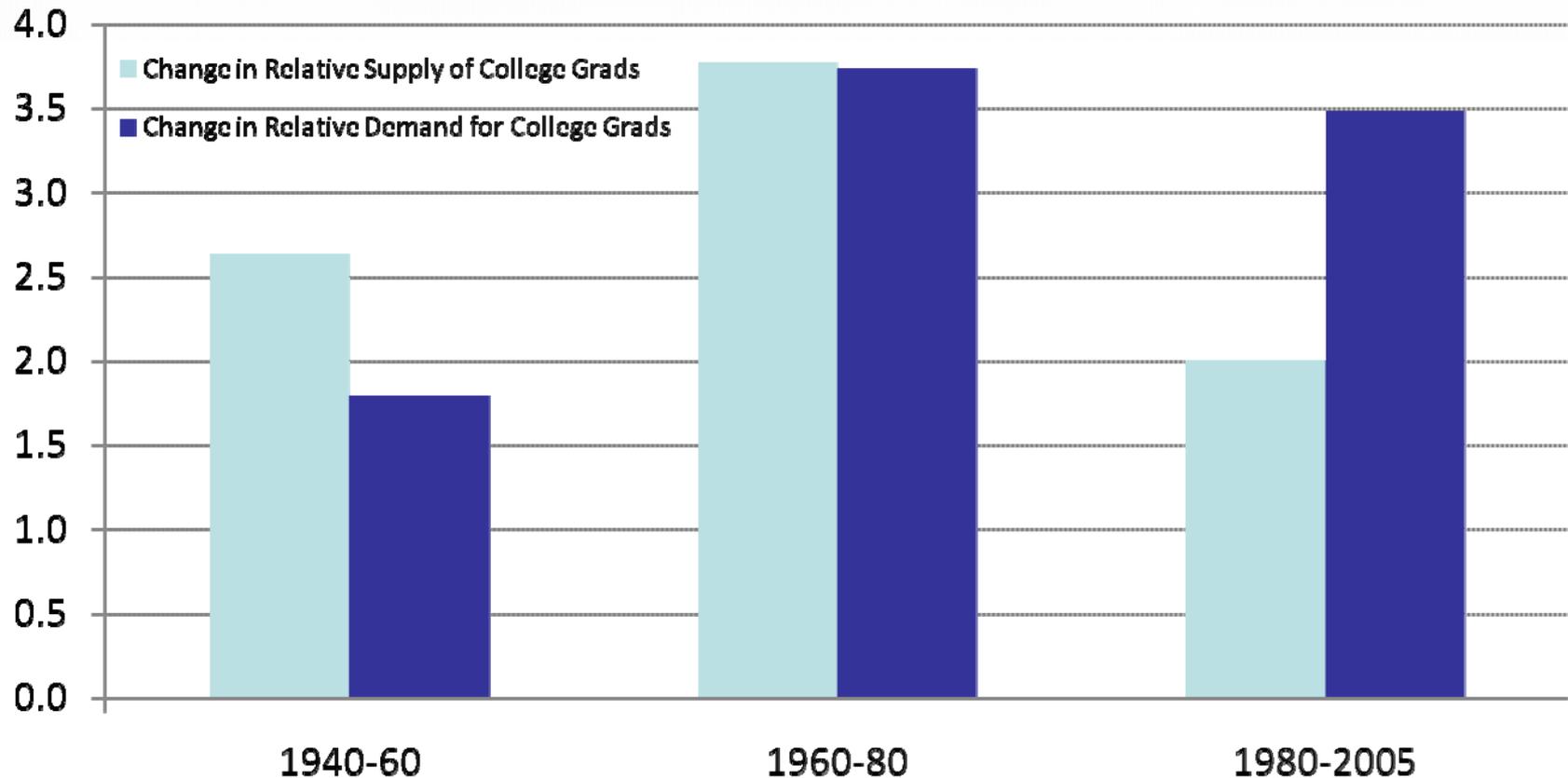


Note: The college wage premium is measured as the log of the ratio between the return to a college education versus the return to a high school education.

Source: Goldin and Katz (2008)



Average Annual Change in Supply of and Demand for College Grads



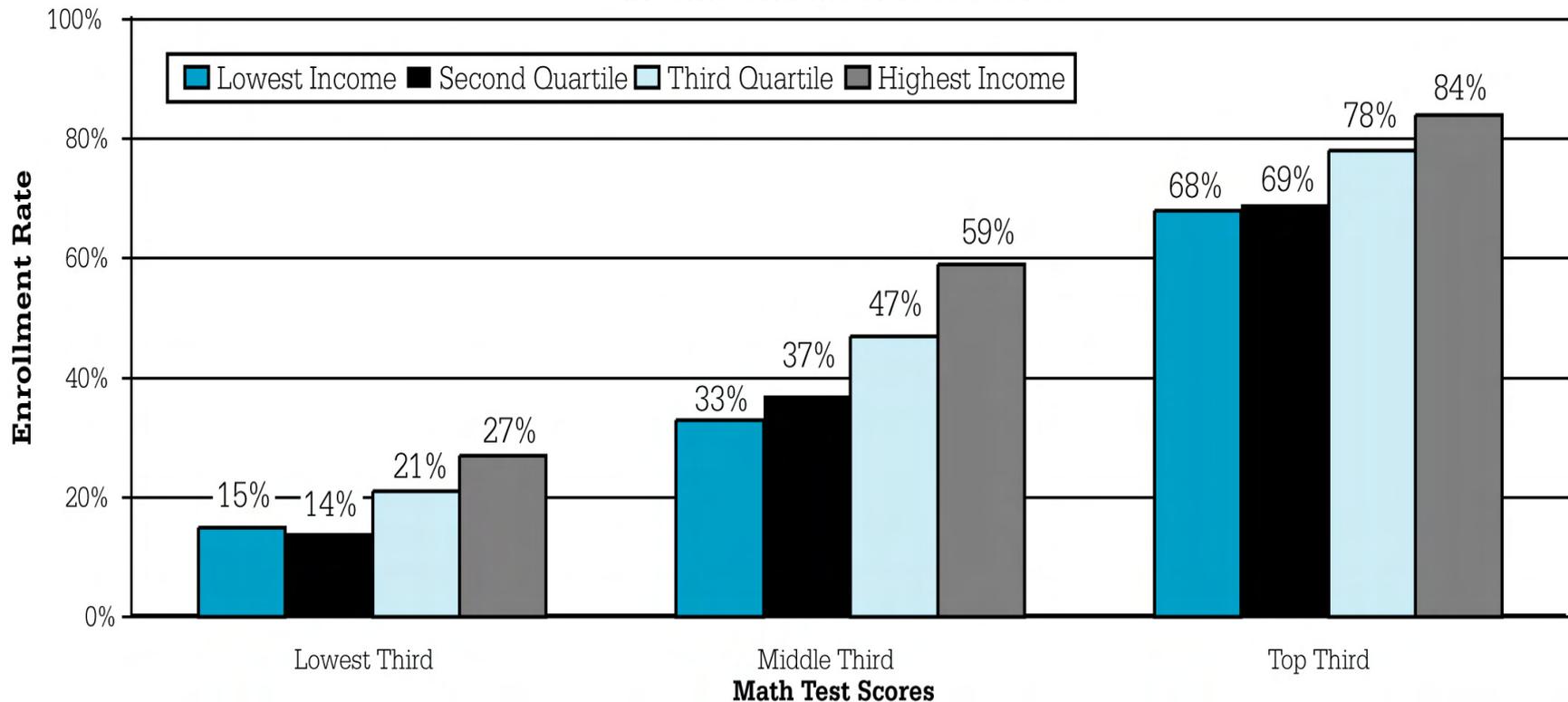
Note: Change in relative supply and demand equals one hundred times the annual log change in relative supply and demand. This is approximately equal to the percent change in these measures.

Source: Goldin and Katz (2008)



Enrollment in Four-Year Colleges Depends on Family Income

Four-Year College and University Enrollment Rates of 1992 High School Graduates by Family Income and Math Test Scores

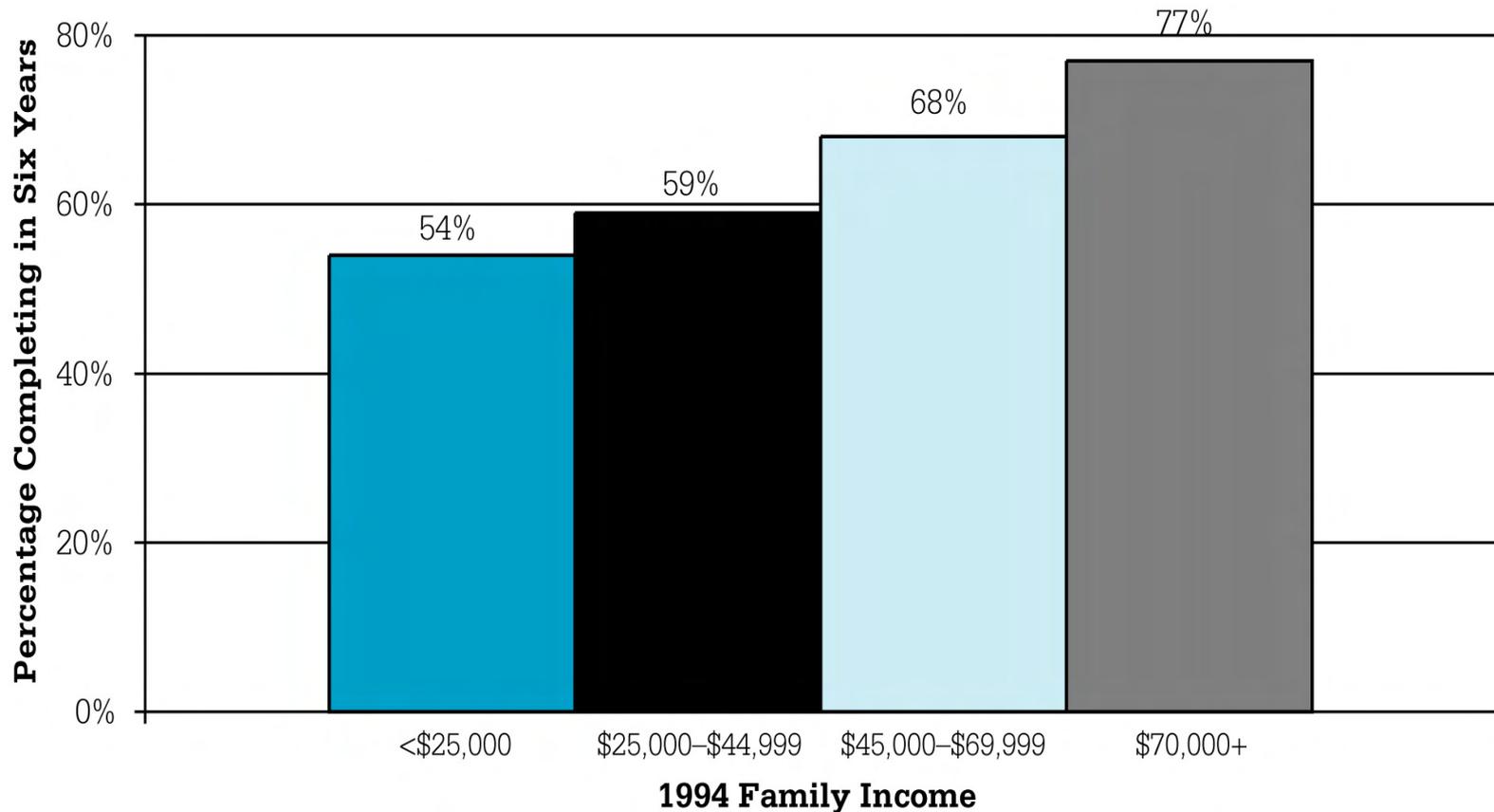


Source: Ellwood and Kane (2000)



Degree Completion for College Enrollees Also Depends on Family Income

Bachelor's Degree Completion Rates of Four-Year College Entrants by Family Income



Source: National Center for Education Statistics (2002).



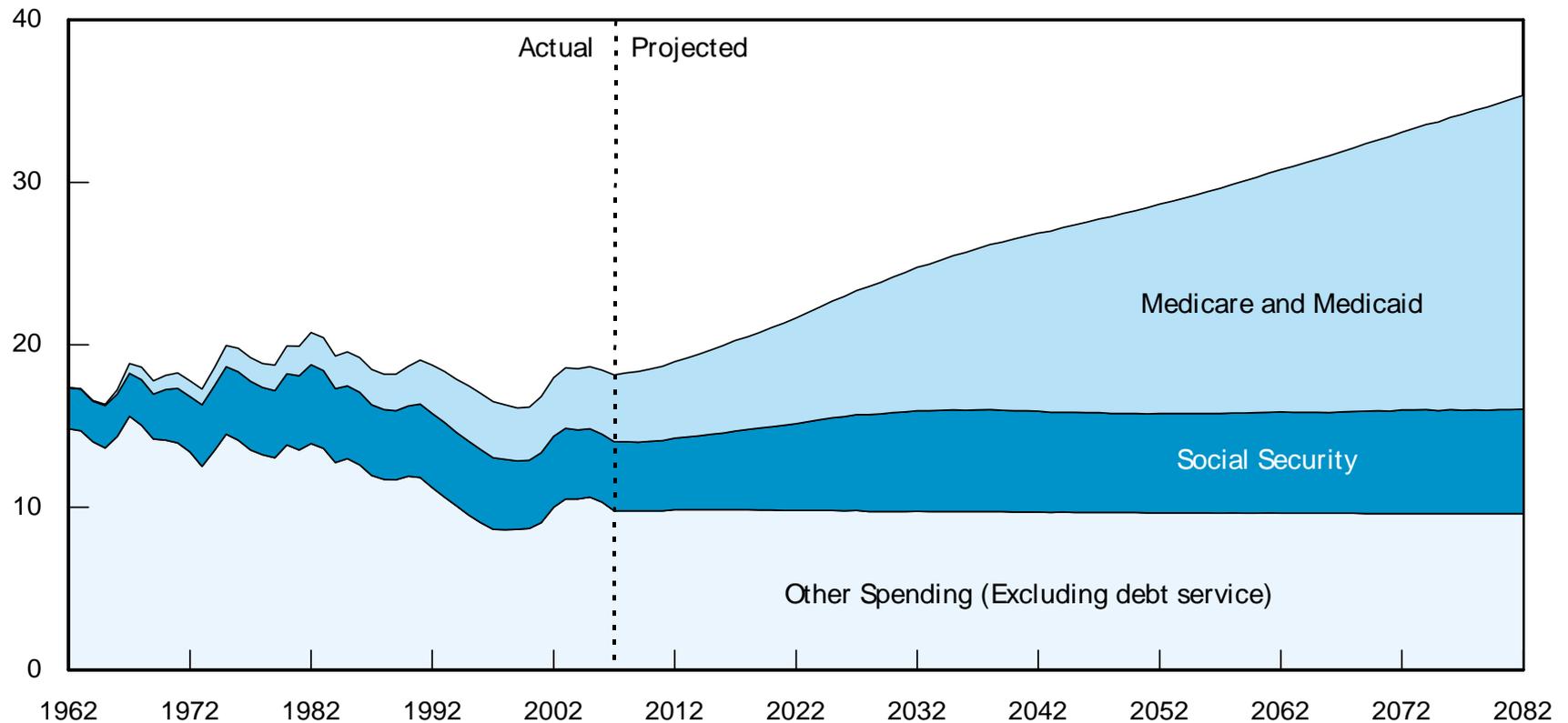
Expanding Student Aid and Making it Easier to Apply

- **The Administration is committed to—**
 - ***Expansion of and Predictability for Pell Grants:*** Permanently expanding Pell to a \$5,550 maximum award, indexing it to CPI+1 thereafter, and making it mandatory will provide greater resources and greater certainty for students aspiring to college.
 - ***FAFSA Simplification:*** Reducing the paperwork burden to apply for federal student aid will further lower the barriers to college access for aspiring students.



Long-Term Fiscal Gap and Health Care Costs

Percentage Share of GDP



Source: CBO (2007)



Excess Cost Growth in Medicare, Medicaid, and All Other Health Care

Percentage Points

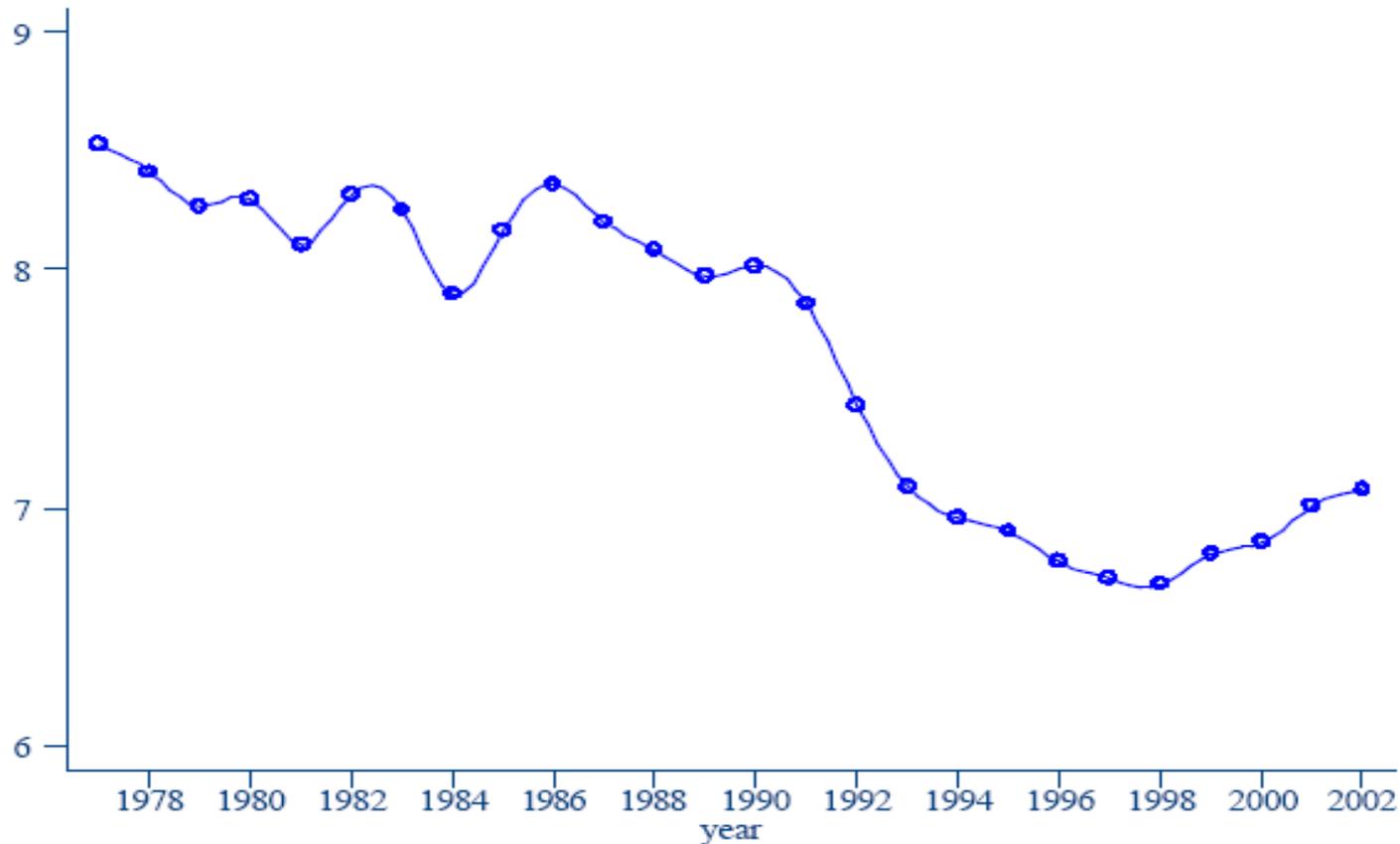
	Medicare	Medicaid	All Other	Total
1975 to 1990	2.9	2.9	2.4	2.6
1990 to 2005	1.8	1.3	1.4	1.5
1975 to 2005	2.4	2.2	2.0	2.1

Source: CBO (2007)



State Appropriations for Higher Education per \$1,000 of Personal Income

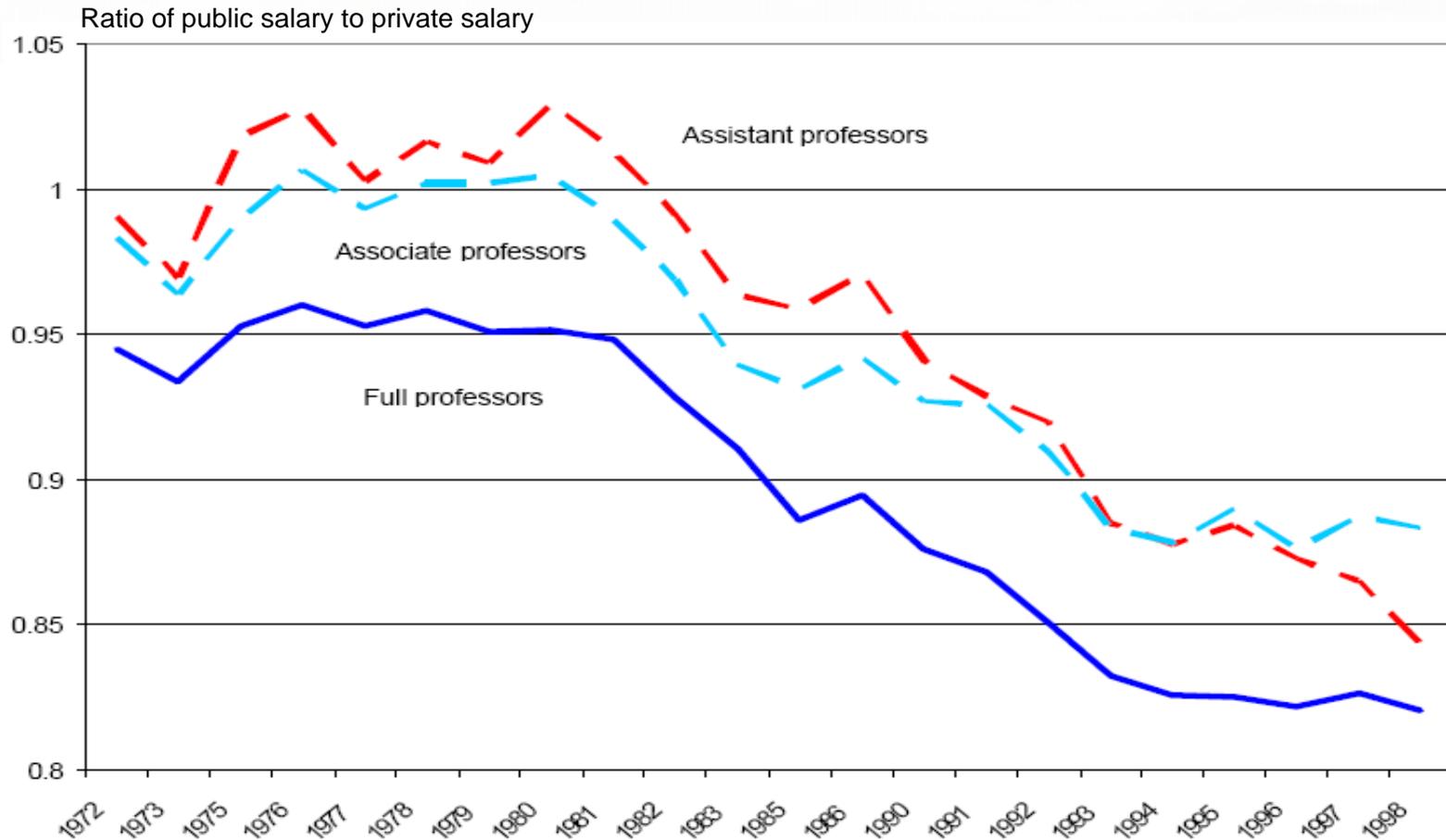
Dollars of higher education appropriations per \$1,000 of personal income



Source: Kane and Orszag (2003)



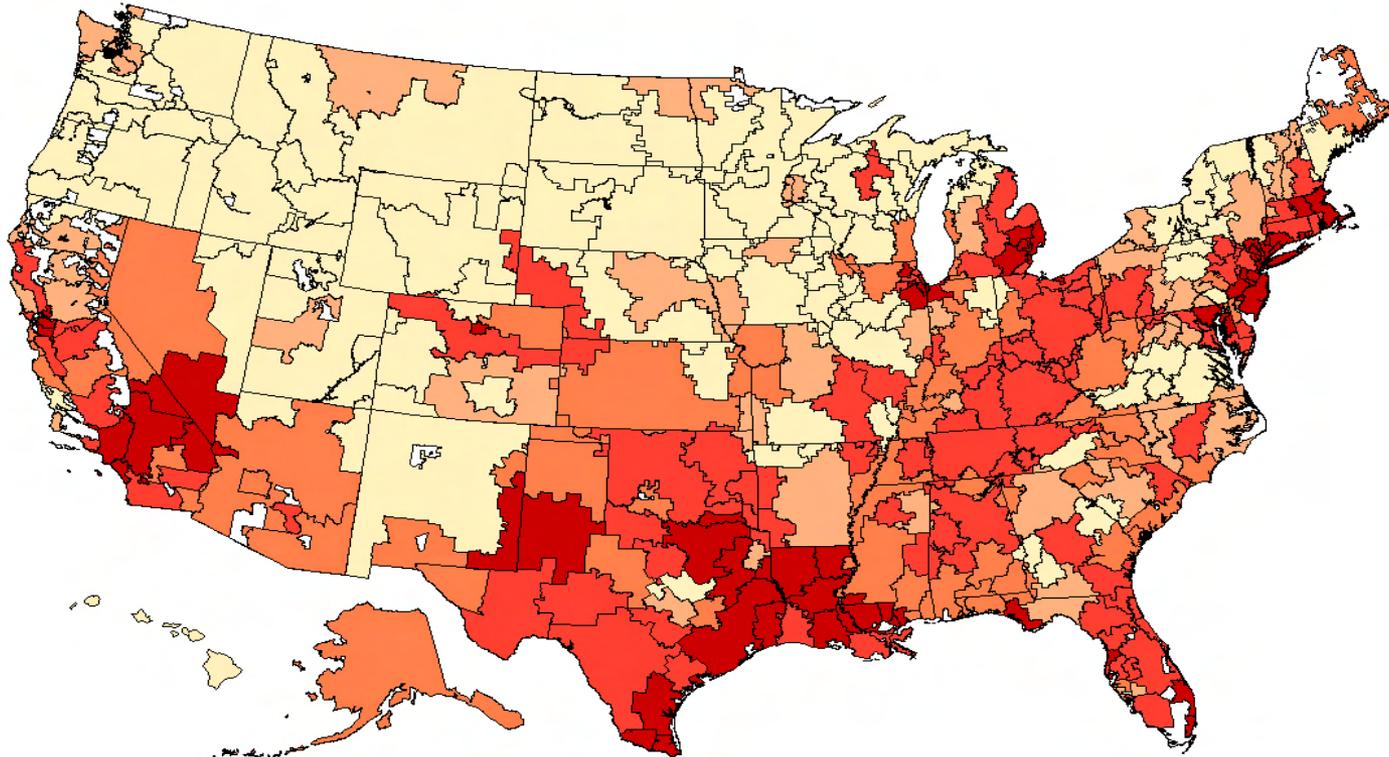
Ratio of Public to Private Research University Salaries



Source: Kane and Orszag (2003)



Medicare Spending per Capita, by Hospital Referral Region, 2006

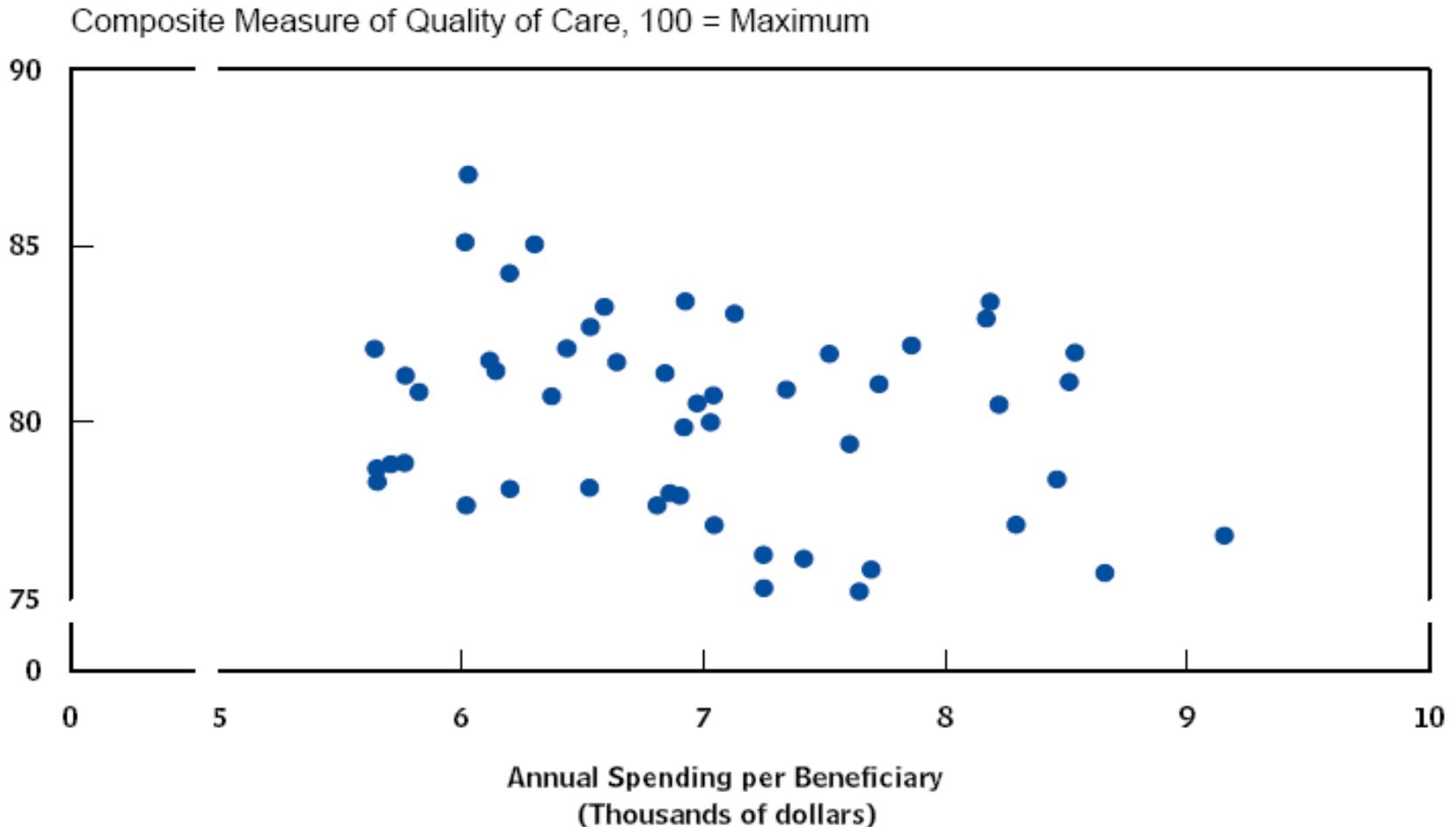


■ \$9,000 to 16,352 (57)	■ 7,500 to <8,000 (53)	■ 5,310 to <7,000 (75)
■ 8,000 to < 9,000 (79)	■ 7,000 to <7,500 (42)	■ Not Populated

Source: www.dartmouthatlas.org (2009)



The Relationship Between Quality and Medicare Spending, by State, 2004



Source: CBO (2008)



Administration Investments to “Bend the Curve” on Health Costs

- The Obama Administration has already taken crucial steps in the Recovery Act to contain health care costs:
 - Invested \$19 billion in Health IT to help computerize Americans’ health records
 - Devoted \$1.1 billion in funding for comparative effectiveness research to arm physicians with data on what works and what doesn’t
 - Allocated \$1 billion for prevention and wellness interventions to help reduce the impact of chronic diseases and reduce costs
 - Allotted \$500 million in the Recovery Act for sufficient and well-trained doctors, nurses, and other health professionals

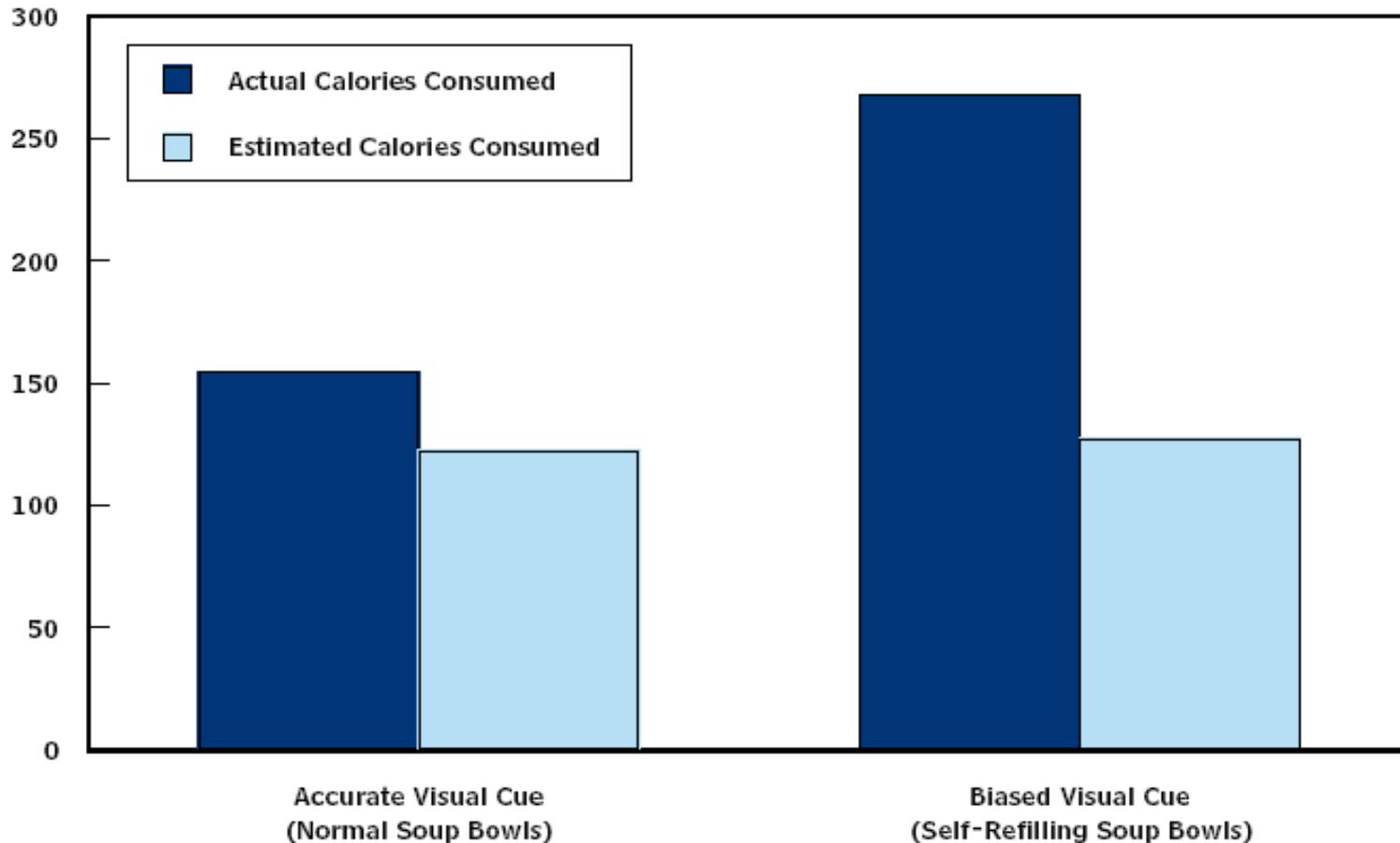


Bottomless Soup Bowls and Health Behaviors





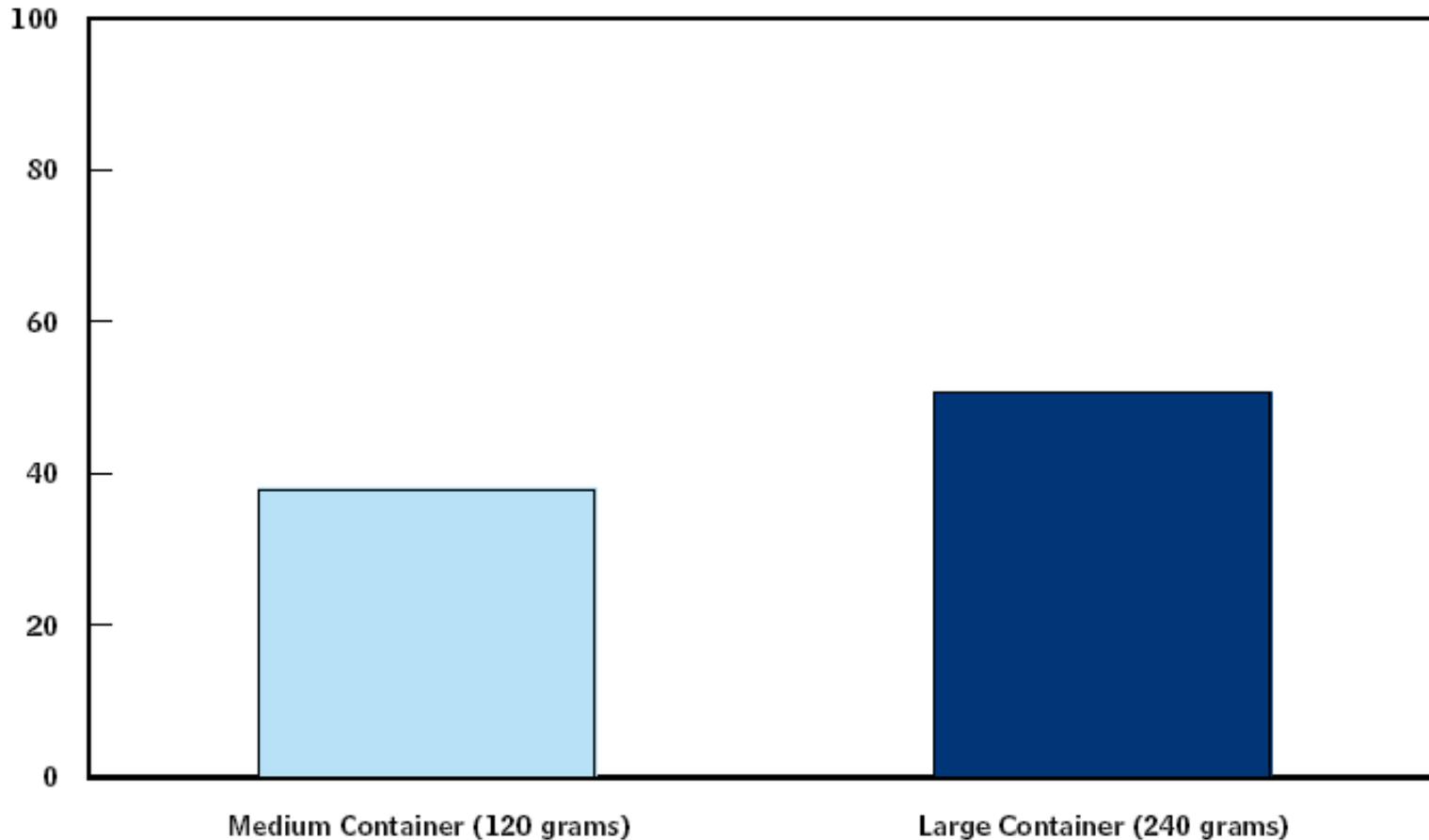
Bottomless Soup Bowls and Health Behaviors *(cont.)*



Source: Wansink, Painter, and North (2005)



Health Behaviors and Snacking on Stale Popcorn

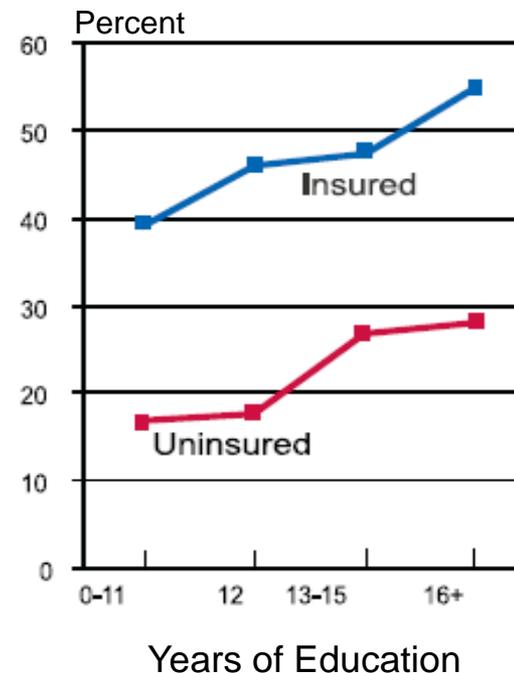
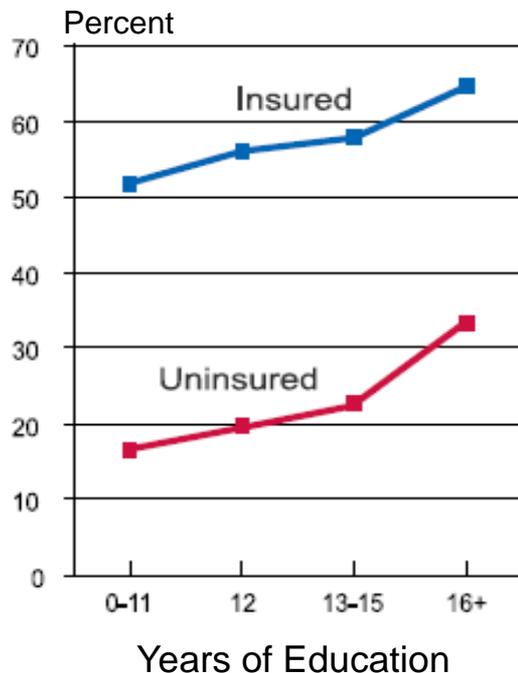


Source: Wansink and Kim (2005)



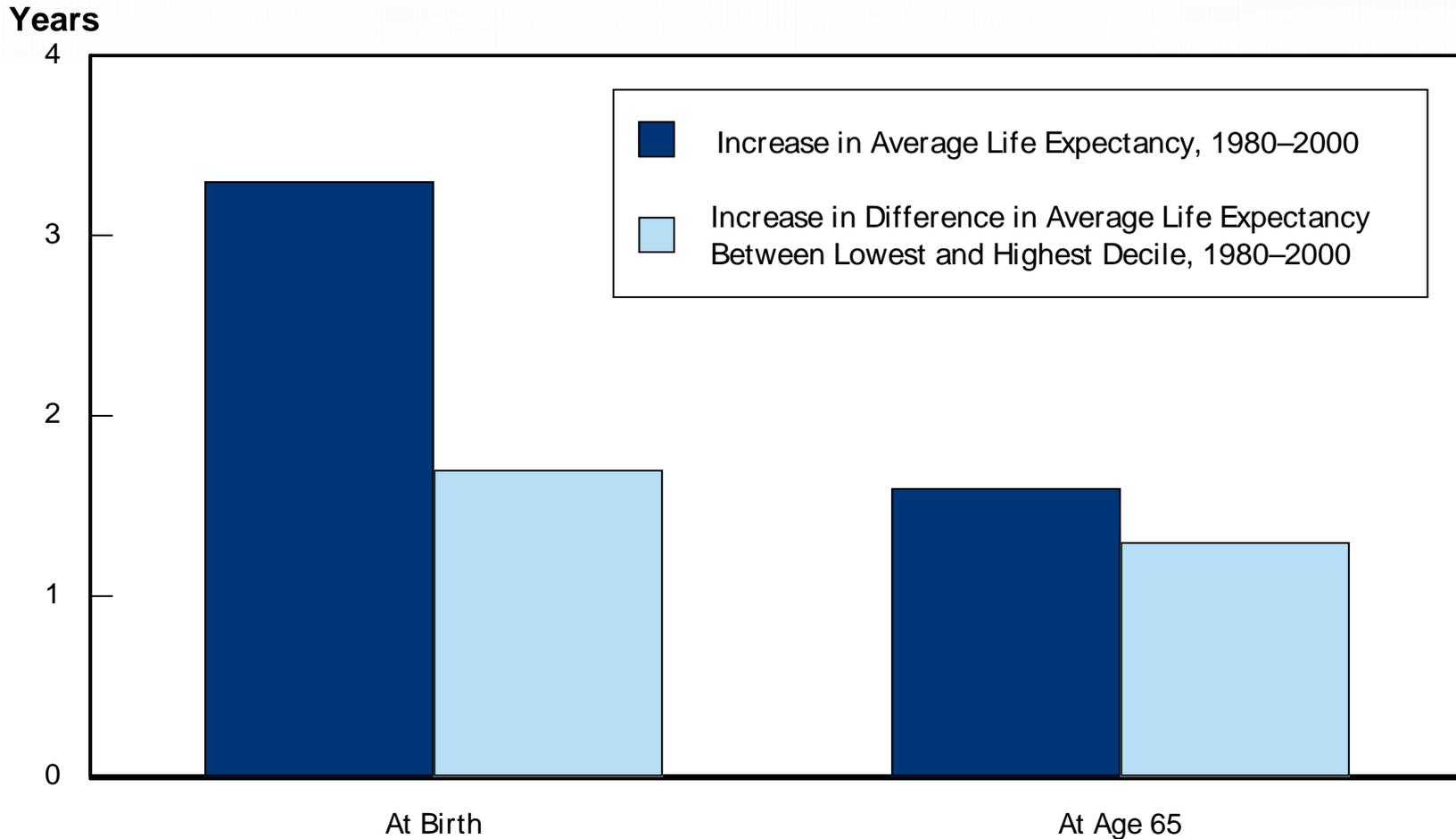
The Impact of Insurance Coverage and Education on Health Behaviors

The impact of insurance and educational status among whites on having had a mammogram in the past year (left) or recommended colorectal cancer screening (right):





Increase in Life Expectancy and Increase in Difference in Life Expectancy, by Economic Status





Science and Research Funding in the Recovery Act and Budget

- **The Recovery Act contains nearly \$21 billion for science and research spending, across four major research categories—basic sciences, biomedical, energy, and climate change.**
 - **Basic sciences research: NSF, DoE Office of Science, and NIST will receive a \$5 billion through the Recovery Act and are on track to double their budgets over 10 years.**
 - **NIH receives \$10.4 billion for biomedical research.**
 - **Energy and climate change research are also high priorities: \$3.5 billion for DoE energy R&D, \$400 million for climate programs in NASA, and \$830 million for NOAA.**
- **The FY 2010 Budget will build on the investments in these key areas.**



Less Econ 101, More Psych 101

- Urge you to encourage research in the social sciences that pays greater attention to the behavioral limitations of human action. The promise of behavioral research is great, and we have much still to learn.