



FOR IMMEDIATE RELEASE

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Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Boosting Opportunities for Future Generations through Tax Reform
As prepared for delivery

President Truman once said, "All of us want our children to have a better life than we had, and it should be the constant aim of each generation to make things better for the next."

As a father, I know how concerned parents can be about their children's future. Americans just want their children to have a fair shot at earning a good living and succeeding in life.

But more and more, American parents worry whether this dream can come true. These worries are well-founded, especially for parents who have not been able to climb the economic ladder as high as they would like.

I used to say that America was the land of greatest opportunity. We had more mobility and more opportunity than anywhere in the world. No more.

In the United States, a child born to a family in the top ten percent of earners is 23 times more likely to end up financially well-off than a child born in the bottom ten percent.

This doesn't mean that a child from a low-income family will never "make it." But it implies that they face strong headwinds, while a child from a more fortunate background benefits from a strong wind behind their back.

And American children from low-income families face stronger headwinds than low-income children in other countries do.

In a study of the U.S. and nine of our competitors, the United States comes in dead last in mobility.

A Danish child born in the bottom 20 percent of earners is almost twice as likely to make it to the top 20 percent as an American low-income child.

This lack of mobility means we're not capitalizing on all our citizens' talents. And we are betraying the ideals on which our country was founded.

Many of our foreign competitors are doing a better job advancing the American Dream and opportunity than we are.

So, what determines opportunity? And what can we do to ensure that all American children have a fair shot at the American dream?

To find opportunity, children need a high quality education. They need skills to be successful.

But an American child from the top income quarter is ten times as likely to go to college as a child from the bottom quarter.

In 1979, the United States led the world in the number of people who graduated from college. Now we are number 16 out of 34 countries – just above Estonia, Poland and Chile.

We used to be a leader. We've slipped to 16th.

To succeed, children also need to be healthy and cared for. They need mothers who are healthy during pregnancy. Lower birth weights result in children having lower lifetime earnings. They need parents who have the ability to provide for them. If their parents work, they need high-quality child care.

Congress has tried to improve opportunities for families and children through the tax code. There are numerous tax incentives to encourage work, education, healthcare and savings.

The earned income tax credit and the child tax credit give low-income parents an incentive to work and help them provide for their children. In 2010, the earned income tax credit lifted three million children out of poverty. And health reform will give more pregnant women access to quality health care.

But many incentives the tax system provides are upside down. They give the most help to those who need it the least.

Provisions like the exclusion for employer-provided child care provide more support for children with parents in high tax brackets than those with lower incomes.

For example, the most tax savings a family making \$40,000 a year can receive from the exclusion is \$750. But a family making \$250,000 a year can receive twice this amount. And for children in low-income families, this break may provide no benefit at all.

Today's hearing will focus on economic mobility and how we can use the tax code to strengthen the American Dream.

It is an important issue that is very much on people's minds. The Washington Post and USA Today have stories today on the very study that one of our witnesses will discuss.

The tax system isn't the only way to improve opportunities, but it's an important way. We should use all the tools that we have.

So as we work to simplify the tax code, let us ensure every child has a fair shot at a richer and fuller life. And in the words of President Truman, let us help this generation make things better for the next.

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