

**REALIZING A COMPETITIVE EDUCATION:
IDENTIFYING NEEDS, PARTNERSHIPS,
AND RESOURCES**

HEARING

BEFORE THE

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

MARCH 20, 2007



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**REALIZING A COMPETITIVE EDUCATION:
IDENTIFYING NEEDS, PARTNERSHIPS,
AND RESOURCES**

TUESDAY, MARCH 20, 2007

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:07 a.m., in room SD-215, Dirksen Senate Office Building, Hon. Max Baucus (chairman of the committee) presiding.

Present: Senators Rockefeller, Bingaman, Kerry, Lincoln, Stabenow, Salazar, Grassley, Snowe, Smith, and Bunning.

**OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR
FROM MONTANA, CHAIRMAN, COMMITTEE ON FINANCE**

The CHAIRMAN. The hearing will come to order.

An article in the December 18 edition of *Time* magazine began with this story: "Rip Van Winkle awakens in the 21st century after a 100-year snooze and is, of course, utterly bewildered by what he sees. Men and women dash about, talking to small metal devices pinned to their ears; older folk defy death with metronomes in their chest; airports, hospitals, shopping malls, every place Rip goes just baffles him. But when he finally walks into the school room, the old man knows exactly where he is. 'This is school,' he declares. We used to have these back in 1906. Now the only change is, the blackboards are green."

The story sheds some light on where we are in education. We have been sleeping for years, and it is time to wake up. We need to wake up before the world around us changes, wake up before 100 years goes by and we wake up bewildered. By that time it will be too late.

America faces a world more integrated, more interdependent, and more competitive than ever. It is our challenge to succeed in this new environment. It is our challenge to create an economy in which investment in our youth is our greatest asset, not our heaviest burden. It is our challenge to leave our children and grandchildren with an economy that is better than the one we inherited. We must meet this challenge.

Meeting this challenge begins with addressing education. We must change the way that we look at education. As policymakers, we tend to look at our education challenge like a multiple-choice test: we want to choose between a few simple options.

But the answers are not as simple as A, B, or C. We must look at our challenge, perhaps, as if it were a math proof. We must think through every step to reach the end result. The process is as important as the outcome. The outcome must be appropriate to today's needs, but the outcome must also be appropriate for the needs of the future.

One hundred years from now—even 10 years from now—our society will be very different from what we see today. If we find the right solution, our students will excel in school. If we find the right solution, our graduates will be ready to enter the workforce. And, if we find the right solution, America will retain its economic leadership.

But, if we look only for simple options, we may never get there. I spent much of the past 2 years planning a comprehensive competitiveness agenda. I have spoken about it on the Senate floor. I have produced bills on trade, energy, savings, research, and education, all designed to enhance America's competitive position in the world.

My education bill, which is the foundation, I believe, of competitiveness, embraces education at all stages. It addresses early education, all the way through higher education, continuing education, and worker training.

In this Congress, I will work towards solutions that promote our economic competitiveness. I want to work with Republicans and Democrats, because it does not make any difference. This is not an ideological issue; this is one that depends on practical, sound, pragmatics to just get the job done. I want to move legislation that addresses our challenges and points us towards success.

The Finance Committee will hold hearings that go beyond simple multiple choice answers. We will hold hearings that address the big picture. I intend to have a good number of hearings.

This is the Finance Committee. It is not formally known as the Education Committee, but we are going to make this the Education Committee, too, along with Senator Kennedy, the HELP Committee, and other committees in Congress, because this is just so important, working together to move the ball even further.

Today's hearing is a step in the proof to solve our education challenge. The first step is to identify our needs, then to identify resources, and next to identify partnerships. We invited witnesses who will do just that. We will hear about the needs of our teachers and the shape of our schools; we will hear about our community colleges and how they are fostering economic development; we will identify what resources we have and what resources we still need.

We will learn about unique partnerships to promote innovation and 21st-century skills, and we will learn how the business community is getting involved in developing their future workforce, and how they can partner with others to help achieve our common goal.

We will begin with the process of solving our proof. Let us not be complacent. Let us not end up like Rip Van Winkle. Rather, let us wake up to meet the education challenge so, if Rip were to wake up today, or 100 years from today, he would see that the United States of America is where the action is in education.

Senator Grassley?

**OPENING STATEMENT OF HON. CHUCK GRASSLEY,
A U.S. SENATOR FROM IOWA**

Senator GRASSLEY. Thank you.

First of all, this committee has very much to do with education, and your expanding the role is very much welcome by a lot of people, most importantly people who are involved in sending kids to college.

There are a lot of things we have to do this year to continue programs that have already been started and expand on those programs, so I thank you very much for your leadership in that area. This is a very large, vitally important topic. With his 2006—and I want to emphasize—the 2006 State of the Union message, President Bush highlighted the urgency of aligning education in our country with the skills of Americans and what they will need to remain economically competitive on a global scale.

The President has proposed a series of actions to improve education in the fields of science and technology, and he calls this the American Competitiveness Initiative. This has sparked a nationwide discussion. I know that I have heard from colleges and universities in Iowa, as well as industries that rely on a technologically skilled workforce, that this is the proper direction that our discussion of education needs to be taking, particularly in the global economic environment that we are in. And whether I am talking to Iowans or people from outside of Iowa, they agree with the President that this ought to be a priority.

It is now up to Congress to respond to the President's call to action, and our committee can play a part. Of course, one complication any time you talk about trying to affect education policy on a national basis is that we have a Federal system and State and local governments have had the primary responsibility, in the 225-year history of our country, for education because they know best the needs of their particular communities.

I doubt if our constitutional writers had this in mind, but with a Nation that has expanded as geographically as we have during that period of time, and particularly as heterogeneous as our population is, it is quite foolhardy to think that we are going to be able to make policy in Washington, DC that is going to fit every particular community the way that it needs to be for that community. So, we are lucky to have this Federal system.

But taken together, the United States as a whole spends the second-most per student on education in the industrialized world, according to the OECD. That is \$12,023 per student annually, second only to Switzerland at \$12,071. In fact, in spending on education institutions, according to the OECD, the United States, as a percentage of GDP, is spending 7.5 percent, second only to Israel and tied with Korea. In fact, spending on education has been increasing faster than GDP. Still, we rank among the bottom of the OECD countries in math proficiency. In fact, we are 24th out of 29.

The problem, clearly, is not spending, but achievement. We have a tangled web of education initiatives at the Federal level to address perceived needs, including many tax incentives under the jurisdiction of this committee. We need to, in this hearing—and other hearings will give us an opportunity—to look at whether these are effective or whether they duplicate and contradict one another. In

my view, the simplest and most effective way to reform education is to give decision-making, and rely on it, to States and local governments, and better yet, to parents and students. We can try our best to incentivize this behavior or that, but, if you give students and parents the means, they will make the right decisions, both for themselves and, by extension, the Nation.

I have in front of me—and I am not going to go into detail about it because I have just about concluded my remarks, but when it comes to what we spend on education per pupil—and the latest figures I have from the Department of Education are for 2002 to 2003—of the 50 States, my State of Iowa, at that time, was spending \$7,574.

I am not going to name the States, but there are five or six States here that are spending in the five figures, in other words, between \$10,000 and almost \$13,000 per student, at the same time my State of Iowa is spending \$7,574.

I will put the results of our students, however you want to measure them, by ACT or SAT, against any of those States that have a higher expenditure, and almost twice what my State has, not as a clear-cut opinion that more money is not needed in education, but that measuring the success of education just by money is not going to solve our problems.

We tend to solely blame teachers or institutions of public education for the problems, but I have come to the conclusion that families are at the heart of changing the attitude towards education if we are going to get more bang for our buck in education, or if we are going to get an attitude among the people that the government ought to spend a lot more on education.

That is, families are going to have to come to the conclusion that books are more important than sports as far as school is concerned, that homework is more important than TV, and that weekends are not just for leisure, and parents have to be more involved in the education of their kids.

I look back at my involvement in the education of my kids and I have to say that Father Grassley was a darned poor father when it comes to being involved in the education of his kids. But I see in my own children, working with their kids, my grandchildren, that this generation, at least in the Grassley family, is much more involved than I was.

Now, see, I am preaching and I do not have the right to preach, but I think I see what is wrong with education. We do not take education as seriously as we could. I keep trying to hit into the head of my grandson that whatever he gets in his head, nobody is going to steal from him, but what you have in your pockets, people can take away from you. You ought to get it in your head and get it learned. I am trying to get him to understand that it is not just one Grassley that is going to make a difference, but the young generation, learning more, is going to keep this country competitive. You have to get these kids thinking in terms of the global economy that we are. If they want America to be great 25 years from now, they have to start now to take education seriously.

I am done.

The CHAIRMAN. Thank you. That is a very good message.

Now, our witnesses. The first witness is a former Congressman and former Governor of West Virginia, Bob Wise. Governor Wise is the president of the Alliance for Excellent Education. He will tell us about the economic consequences of having so many students drop out of high school, and what we can do in our high schools to change this trend.

Next is Dr. Jane Karas, president of Flathead Valley Community College in Montana. Dr. Karas will discuss community colleges and how community colleges are making a difference in educating our future workforce.

Next, Mr. William Green, chairman and CEO of Accenture. He will discuss Accenture's education initiatives and how other businesses can get involved in these types of partnerships.

Next to Mr. Green is Gregory Taylor, vice president of Programs for Youth and Education, W.K. Kellogg Foundation. Mr. Taylor will discuss Kellogg's Supporting Partnerships to Assure Ready Kids, otherwise known as SPARK, that initiative, and how we can get kids ready to learn.

Patty Myers is a 2nd-grade teacher at Lewis and Clark Elementary in Great Falls, MT. She will shed light on the needs of our schools and our teachers, and she has won lots of awards, Patty has, for being an excellent teacher.

Finally, Dr. Steven Paine, State Superintendent of Schools for the West Virginia Department of Education. Dr. Paine will talk about West Virginia's unique partnership with 21st-century learning skills.

I would like each of you to confine your remarks to roughly 5 minutes, and then we will have questions and conversation here.

I might say, too, I have to attend a meeting. Senator Reid called a meeting that starts in 20 minutes. I did not know about this until this morning. So I will go to that meeting.

My partner, Senator Grassley, co-chairman of this committee in virtually all respects, will then chair this hearing. If he cannot make it, then Senator Rockefeller will join in and I will try to get back. Thank you very, very much for taking the time to come here.

Governor Wise?

STATEMENT OF HON. BOB WISE, FORMER GOVERNOR OF WEST VIRGINIA AND PRESIDENT, ALLIANCE FOR EXCELLENT EDUCATION, WASHINGTON, DC

Governor WISE. Thank you, Mr. Chairman and members of the committee. I am pleased to be here. You focused well and discussed well what the subject needs to be. This is about the convergence of education and the economy, and they are clearly one and the same now, and each impacts the other.

The Alliance for Excellent Education, which I represent, is a non-profit, nonpartisan organization here in Washington, DC with the mission that every child should graduate from high school college-ready or ready for the modern workplace and to take their place as a citizen.

I think the critical nature of this hearing is borne out by the fact that, when I had the privilege of serving West Virginia, Senator Rockefeller was the prime leader in economic development, person-

ally going across the country and the world, recruiting high-paying jobs to our State.

Yet, he found, and I know I found, how vital it was that, as he brought those prospects there, there was a well-qualified workforce for those highly paid jobs, and that is what Superintendent Paine, I think, represents well: the need to have that highly qualified workforce. High school is the jumping off spot for the workforce.

Before you and I go home, before the last school bus pulls away from the last school somewhere on the West Coast tonight, 7,000 of our children will have dropped out of high school. That is about 1.2 million a year.

That also is complicated by the fact that another third of our children will finish high school not ready for college or the modern workplace, so, at the end of our high school years, we have two out of three of our young people not ready to compete in today's modern society.

The CHAIRMAN. You said 7,000 will drop out?

Governor WISE. Almost 7,000 will drop out today, sir, each and every school day.

The CHAIRMAN. Thank you.

Governor WISE. The calculations that my organization has done, in economic terms, on this, I think, are staggering. For instance, the class of 2006 that dropped out, they did not walk across the commencement stage, will cost about \$309 billion in lost wages during their lifetime. Now, multiply that by a decade, if changes are not made.

Health care costs for drop-outs—Medicaid, essentially—are about \$17 billion alone over their lifetime. Remediation costs in community colleges—essentially that is PELL grants going to pay for the same education twice—are \$4 billion between the costs of remediation and lost wages. If we could only increase the graduation rate of males 5 percent in this country, we would save around \$8 billion in crime-related costs.

Finally, because of the achievement gap—that is, the disparities in graduation rates and achievement rates—between children of color and their white counterparts, if we could reduce that achievement gap, get parity by the year 2020, it would mean another \$310 billion a year in income coming in in new wages.

Also, as you pointed out, Mr. Chairman, this committee, as it takes on the very tough issues of international trade and global competition, needs to recognize the fact that, according to the OECD, we are 17th in graduation rates among developed nations, we are 15th in reading performance for 15-year-olds, and we are 24th in terms of math performance.

This committee, as it also makes its decisions, often looks at return on investment. I would point to a recent Columbia Teacher's College study that recognizes that a 4-year college degree means, now, up to \$1.3 million more in income over a high school dropout. But, even more significantly to the Federal coffers, it means about \$674,000 more in taxes being paid by the college graduate over the high school dropout. That does not even get into the social costs of dropping out.

The high school graduate also will pay about \$150,000 more in taxes than the high school dropout. What we are talking about, and

what I outlined in my testimony—and perhaps we can get into it in questions later—is systemic reform. The high school system is a system where I happen to think everyone is trying to perform very well. The only problem is, in the 21st century we are operating on a 19th-century model. It was designed in the 19th century. It essentially functions that way. People are running flat out, but the system needs changing. So, while it does require more investment—and if I might just do, if I could very quickly, an air graph, Mr. Chairman—this is \$18 billion from the table to here.

What that represents is the Federal investment in birth to grade 6. Basically, title I and Head Start, with some Reading First. Over here, Mr. Chairman, is higher education. It is around \$15 billion. That represents, basically, PELL grants with student aid. It does not represent guaranteed student loans. That would go much higher.

Now, if I could point out what we are spending, the Federal expenditure on investment in middle schools, it is \$2.3 billion, and in high schools it is \$2.3 billion. So what we do is, we are actually seeing return on investment in our early grades, and we still have one of the most internationally renowned higher education systems in the world. But where we are seeing the decline is where we also drop the investment off, and that is in middle schools and high schools.

One quick observation and one quick recommendation—there are a number in my testimony about what can be done about it—is to approach it systematically, to work on a comprehensive secondary school improvement fund that would target Federal funds, in conjunction with the States and the districts, to turn around the lowest-performing high schools. We know where they are, we know what works, and we have to have the will to do it.

So, I thank you very, very much for calling this important hearing to point out not just the educational imperative, but also the economic one.

The CHAIRMAN. Well, that was very good. When we get to questions, I would like to hear about some of your ideas about systemic changes. I appreciate that very much.

[The prepared statement of Governor Wise appears in the appendix.]

The CHAIRMAN. Dr. Karas?

**STATEMENT OF DR. JANE KARAS, PRESIDENT, FLATHEAD
VALLEY COMMUNITY COLLEGE, KALISPELL, MT**

Dr. KARAS. Good morning, Chairman Baucus and members of the committee. I am Dr. Jane Karas, president of Flathead Valley Community College in Kalispell, MT. Senator Baucus, as always, it is great to see you.

As you know, I offer this testimony on behalf of the American Association of Community Colleges, representing nearly 1,200 colleges across the United States. Over the past 20 years, concerned members of Congress like yourselves worked hard to create tax incentives to support community college students and their families.

Yet, many students, when pressed, will tell you, while well-intentioned, these incentives have failed them. I do not need to convince

you that community colleges are the backbone of the Montana, and U.S., workforce; with your help, we consistently do more with less.

But we all know that access to and persistence in college still remain largely tied to income. In fact, in 2004, the college continuation rate for high school graduates from low-income families was just 42 percent, while double that from families with high incomes. We all agree, the stakes are high.

In the 2002 tax year, more than 10 million students claimed the HOPE scholarship tax credit, Lifetime Learning tax credit, or tuition deduction. That is two-thirds of every student attending higher education in this country.

Be that as it may, these incentives all prohibit students from claiming non-tuition expenses. Yet, my students will tell you this harms community college students, since tuition is a fraction of their total investment.

The average tuition for a full-time community college student is about \$2,300. However, real costs of attending a community college include books, transportation, and living expenses, bringing the total cost to more than \$12,000 per year.

The unfortunate exclusion of non-tuition costs from some of these tax instruments works against otherwise well-intentioned student aid policies.

As you are aware, Mr. Chairman, students used PELL grants, Stafford loans, and Federal work study to cover room, board, and transportation. This has always been the case and is critical to the success of meaningful student assistance programs.

However, it is unfortunate, in this time of rising college tuition, that public policy disadvantages students who choose to attend a community college. I would encourage you to consider modifying higher education financing tools like these to allow non-tuition expenses.

Senator Baucus, in the past you will recall our conversations at my campus when home in Montana. We have had many good talks about Montanans who tell us that if the HOPE tax credit were refundable it would make a measurable financial impact for them and their families.

Unfortunately, our neediest college students are prevented from taking advantage of the HOPE tax credit. Although the provision was designed to address the issues of double dipping, in practice this provision inadvertently denies non-tuition college expenses. A formula with these characteristics would ensure that students who choose to attend community colleges receive a more useful benefit.

Once again, Chairman Baucus, as a Montanan I always remain so grateful for the opportunities you consistently extend to individuals like me who work hard with you to ensure our constituents, and Americans, are well-served.

As you know, Montana is an extremely large and diverse State, and even basic travel is no simple matter. For these Montanans, non-tuition related expenses such as fuel sometimes represent a thin line between success and failure.

Oftentimes, students who attend Flathead Valley Community College may travel hundreds, and sometimes thousands, of miles in a month to diligently attend their classes and earn their degrees. Non-tuition related expenses, like the cost of a tank of fuel, can

mean the difference between a student's ability to attend class or not.

In this time of rising prices for fuel, our college has even created a special assistance fund to support students with these types of special non-tuition related needs which do keep them from attending college and being successful. Thank you for inviting me to testify and to put a face on issues prevailing among Montana community colleges and those across the country.

Chairman Baucus, you and your colleagues have a specific opportunity to adjust tax instruments to provide useful assistance to students and their families. Our students and their families would be pleased to further discuss this matter with you and your colleagues if you would find it useful.

Our students continue to rely upon this committee for support. The American Association of Community Colleges stands ready to work with the committee in this endeavor. As you know, Senator Baucus, you and your staff can always count on me. I would be happy to answer any questions, now or in the future. Thank you.

The CHAIRMAN. Thank you very much, Jane.

[The prepared statement of Dr. Karas appears in the appendix.]

The CHAIRMAN. Mr. Green?

**STATEMENT OF WILLIAM GREEN, CHIEF EXECUTIVE OFFICER,
ACCENTURE, BOSTON, MA**

Mr. GREEN. Thank you, Mr. Chairman, Senator Grassley, and members of the committee. I am delighted to be here today to have a chance to speak with you.

I am the Chairman and CEO of Accenture, but I did not start out that way. I started out as a plumber's son from Western Massachusetts, and I am going to tell you a little bit about that story as we go.

Accenture, today, has 150,000 people in 49 countries. We have 30,000 employees here in the United States, and we are currently hiring 7,000 new employees into our company. So, this agenda of education and preparedness for the workforce is essential to us.

In order for us to accomplish our mission, which is helping other companies be competitive and to be competitive ourselves, we need to attract talented and educated people.

Finding talent to improve competitiveness is the number-one issue on the CEO agenda today. The foundation of a competitive company is a competitive workforce, and in order to get a competitive workforce, education is the key enabler to do that.

As the world becomes flat and moves faster, we have to make an increased investment in education, particularly in math and science. Equally important, however, we need to raise the water table of education across our country.

I am an active member of the Business Roundtable's Task Force on Education, and we believe the United States is, quite frankly, facing a talent gap. To close that gap, there are a series of things we need to do: strengthen K-12 math and science education, recruit and train outstanding math and science teachers, increase funding for basic research, and expand undergraduate programs and graduate programs in science and engineering.

But beyond that, we need people with skills in critical thinking, analytic reasoning, and problem-solving. We need people who can communicate. We need to enhance the richness and diversity of our workforce, and we need people who have the confidence to face the future. That is what Accenture and countless other companies are looking for, what I would call great raw material.

Government, while an important catalyst, cannot make these changes without the committed partnership of the business community, and we recognize our responsibility and obligation to work on this.

That is why the Business Roundtable has initiatives to help with the quality of K–12, inspire new generations of Americans to pursue degrees in careers in science, technology, engineering, and math, and, more broadly, businesses prepared to invest in competitiveness in countless other ways.

If you look at Accenture, we donate extensively to higher education. We have created scholarship programs and have teamed with educational institutions to create curricula and to train our employees.

In addition, we spend \$700 million a year to train our employees. We will invest even more as our workforce continues to grow. I mention this because I think it is an important signal of what business is prepared to do in order to get a competitive workforce.

We are also doing some innovative things to create talent. Accenture is involved in innovative business ventures with Native American tribes in Wolf Point, MT and in Pendleton, OR, which Senator Smith would know.

In both cases, we are training Native Americans and others for technology-related jobs, reaching out to create talent and improve the competitiveness of the workforce. I applaud the committee's focus on competitiveness in education now that intellectual capital is at an absolute premium.

I believe there are three principles we have to broadly embrace. First, access, providing access to educational opportunities. Second, affordability, making education a reality by reducing financial barriers. Third, accountability, that we are teaching what is relevant and delivering good value for money.

In developing your proposals, I would encourage you to give special attention to the needs of community and junior college students. Ensuring our Nation's competitive position in the world requires greater access to higher education, and I believe we have a tremendous resource in our Nation's junior and community colleges. These institutions are often overlooked and under-appreciated, not unlike the people who attend them.

I will share with you a personal story and why I am a shameless advocate for these institutions. I credit Dean College, a 2-year school outside of Boston, with preparing me for the future.

As I said, I am the proud son of a plumber from Western Massachusetts. I was not an especially good student. I went to work in construction, and I was destined to become a plumber like my dad. Then one day I went to visit friends at this very special school. My mind-set began to change.

I realized it was an opportunity to change my path, an opportunity to take another shot at learning. Dean, this very small, yet

special school, reached a hand out to me. I can honestly say it was a life-altering experience.

Would I be running a global company with thousands of employees today if I had followed a different path? I do not know. I know there is no doubt in my mind that my 2 years at Dean prepared me for advancing my education and transformed me as a person. Our network of junior and community colleges can produce these results, and I am a living example of that.

Mr. Chairman, I know you are well-aware of the competitive challenges. I think they have been discussed here. We need to do everything we can to enhance access, affordability, and accountability. Learning is, now, the highest form of capital. In answer to maintaining U.S. competitiveness in an ever-flattening world, we all must work together to focus on education as the key enabler of competitiveness and success.

I am happy to take your questions. Thank you.

Senator GRASSLEY. Thank you, Mr. Green.

[The prepared statement of Mr. Green appears in the appendix.]

Senator GRASSLEY. Mr. Taylor?

STATEMENT OF GREGORY TAYLOR, VICE PRESIDENT, PROGRAMS FOR YOUTH AND EDUCATION, KELLOGG FOUNDATION, BATTLE CREEK, MI

Mr. TAYLOR. Good morning, Mr. Chairman and members of the committee. Thank you for the opportunity to testify. My name is Gregory Taylor. I am the vice president of Programs for Youth and Education at the W.K. Kellogg Foundation.

The Kellogg Foundation is a national, private, independent foundation that works in the community from the ground up. We have a particular commitment to vulnerable children.

For 75 years, education has been core to our mission. We are one of the 10 largest foundations in the country, and grant roughly \$300 million a year in grants to deserving organizations.

I also have the privilege of serving as the National Director of the SPARK initiative. SPARK, as we heard the Chairman refer to earlier, stands for Supporting Partnerships to Assure Ready Kids.

We are in seven States—Ohio, New Mexico, Georgia, Mississippi, Hawaii, North Carolina, Florida—and the District of Columbia. We are in 20 communities in those States, and we have an equal distribution between urban and rural communities.

The goal, really, of SPARK is to get kids ready for school, schools ready for kids, and to mobilize communities to care about the learning needs of all children.

In my written testimony, there is much more detail on SPARK, but I want to use my time today to highlight five high-impact strategies that we think really lead to the learning outcomes for young children.

Briefly, I know many folks are familiar with the brain research that says investing early in the education of young children really is important, because learning begins at birth. We also know that, unfortunately, 1 in 3 children is unprepared, either developmentally or academically, to enter kindergarten.

I want to talk about high-impact strategies. The first is ensuring a successful transition from early learning environments to the K-3 system.

Currently, the early childhood education and the K-3 system are two distinctly different systems. They do not necessarily communicate with each other. They have different curricula, different teaching practices. They use different assessment practices.

We have to work to get them better aligned so that that first transition for young children from the day care or early learning environment into the K-3 system is a thoughtful one, and is a successful transition.

Second, we need to help early education environments be more academically rigorous, and we need to help the K-3 system be more developmentally appropriate. Improving the quality of early childhood education settings is important. We need to work with both formal and informal child care settings; formal are accredited institutions, informal are unaccredited institutions. We know, for poor and vulnerable children, the overwhelming majority are in informal settings.

We need to think about improving quality environments. We know that bright, stimulating, safe, developmentally-appropriate environments have a direct impact on the learning success of young children.

Providing support to parents and families promotes early learning and success. That is the third point I would like to make. We know that parents are the first, and usually the most influential, teachers in young children's lives.

We know that we need to help parents increase their own literacy—increase family literacy, as it were—because parents who are strong in literacy will help children be strong and literate readers also. We need to increase the ability of parents to provide support for their children.

Fourth, partnerships between individuals, families, and institutions matter. At the Kellogg Foundation, and I am sure in the committee, we believe that educating every child in America is a doable endeavor. We know that tough issues abound and that you cannot do this alone, and we must work in partnership.

So, we must develop primary partnerships between families and institutions, and we must develop policy partnerships between school districts, State agencies, child advocates, and the business community.

The Foundation invests along an age continuum of 0 to 24. On the front end we invest in early education and care, and on the back end we invest in identifying multiple options for young people.

The committee expressed interest in our new Options for Youth initiative, the goal of which is to create a viable alternative to the high school diploma and associate's degree for out-of-school young people.

We need to work in partnership with business to determine new ways to educate and train our workforce, and that is the goal of New Options. Both ends of the continuum, we believe, are critically important.

Recommendations for the committee are: to create incentives for schools and communities to work more closely to provide com-

prehensive services for young children; to build flexibility into funding streams to communities that serve vulnerable populations so that they can move and more easily partner with schools and early learning settings; and to keep in mind that the learning continuum begins at birth and that investments in children from birth to 8 years of age can be our wisest investments.

We need to encourage more Federal and State interagency partnerships on programs and policies that affect young children, and we would like the committee to think of the Foundation as a key partner.

Lastly, I would like to thank you for your interest and commitment to education. We would love to invite members of the committee to come out and visit SPARK sites in many of your States.

I thank you for your time.

Senator GRASSLEY. Thank you, Mr. Taylor.

[The prepared statement of Mr. Taylor appears in the appendix.]

Senator GRASSLEY. Now, Ms. Myers?

**STATEMENT OF PATTY MYERS, TEACHER, LEWIS AND CLARK
ELEMENTARY, GREAT FALLS, MT**

Ms. MYERS. Thank you very much. Mr. Chairman and members of the committee, thank you very much for the opportunity to address you today. I am proud to be here representing the 3.2 million members of the National Education Association.

I am here to offer my unique perspective as a 37-year veteran of the classroom. I teach 2nd grade at Lewis and Clark Elementary in Great Falls, MT. I currently serve as the chair of the Montana Board of Public Education, the first practicing teacher to hold that position.

NEA members like myself go into education because we love children and we appreciate the importance of education. We are the first to acknowledge that our public schools face many challenges. We have too many children on the other side of achievement, skills, and opportunity gaps. These gaps contradict everything that this Nation stands for.

Today, I would like to offer ideas on how this committee can help address some of those issues. I want to start by commending Chairman Baucus for his continuing work in this area. His Education Competitiveness Act, introduced in the last Congress, contained a number of innovative ideas for addressing educational quality, including funding for programs, encouraging teachers to serve in rural and under-served areas, and voluntary universal pre-kindergarten programs focusing on child development. No single factor will make a bigger difference in helping students reach high academic standards than ensuring quality educators.

Unfortunately, difficulty in attracting teachers and excessive turnover rates hamper the ability to maintain a high-quality teaching and learning environment. The Nation has asked educators to take on the most important challenge in ensuring America's future, yet we educators are denied economic security and respect.

My State faces a significant shortage of library media specialists, music teachers, speech pathologists, and speech psychologists. We are having trouble competing with other States on the recruitment and retention of teachers. NEA recommends that all teachers in

America enter the classroom earning at least \$40,000 annually, and that all education support professionals start their careers earning at least a livable wage.

NEA also strongly supports the Teacher Tax Credit Act, introduced in the 109th Congress by Representative Heather Wilson. This act would provide a non-refundable tax credit to educators who work in eligible title I schools. In addition, we support legislation to increase, expand, and make permanent the tax deduction for educators' out-of-pocket expenses for classroom supplies.

Congress also needs to address school infrastructure. In Montana, outdated, and many times inadequate, school facilities are impeding our ability to implement strategies proven to increase student learning, such as class size reduction and full-day kindergarten.

This committee can help address those concerns by strengthening the reauthorized Qualified Zone Academy Bond Program. We appreciate the work of the Chairman and Senators Grassley, Rockefeller, Conrad, and Lincoln in extending this vital program.

The committee can also assist in the building of newer, more modern schools by considering the America's Better Classroom Act sponsored by Senator Rockefeller. Thank you so much.

I would like to conclude my testimony by addressing educator retirement security, an issue that is inextricably linked to maximizing student learning and fulfilling every child's right to a great public school.

Two offsets, the Government Pension Offset and the Windfall Elimination Provision, unfairly reduced the Social Security benefits certain public employees may receive. While I am not personally impacted by these unfair offsets, many of my colleagues across the country are.

The impact on them as individuals is devastating, but the impact on the education profession, and consequently on the success of our students, is equally troubling. While policy makers are encouraging experienced people to change careers and to enter the teaching profession, individuals who have worked in other careers are less likely to want to become teachers.

I thank you for the opportunity to speak with you today. I, and the entire membership of the NEA, look forward to continued dialogue and action on these, and other, important issues.

Thank you.

Senator GRASSLEY. Thank you, Ms. Myers.

[The prepared statement of Ms. Myers appears in the appendix.]

Senator GRASSLEY. Now, Dr. Paine?

STATEMENT OF DR. STEVEN L. PAINE, STATE SUPERINTENDENT, WEST VIRGINIA DEPARTMENT OF EDUCATION, CHARLESTON, WV

Dr. PAINE. Good morning, Mr. Chairman, members of the committee, distinguished Senators. And my special greetings to Senator Rockefeller, one of West Virginia's, and America's, outstanding statesmen.

We in West Virginia believe our State is leading an educational renaissance from which our students will graduate our public schools ready to be contributing citizens of the 21st century. This

work has begun because we realized the absolute necessity of a world-class, competitive education.

Through our 21st Century Teaching and Learning Initiative, a partnership in which we have joined with the Partnership for 21st Century Skills, we believe that our graduates will enter a fiercely competitive digital world equipped with the necessary intellectual capital and the finely honed skills that will enable them to compete as productive citizens of a diverse and interconnected world.

Interestingly, I would like to tell you how we got to the point of where we are. Under the No Child Left Behind Act of 2001, we were one of three States to receive full approval for its Standards and Accountability System, an assessment system.

As a result, all of our student subgroups' achievement gaps in West Virginia—our special education children, our minority students, our poor children, our low-income children, of which we have many—are closing.

However, my first week on the job as State Superintendent of Schools in July of 2005, the NAEP assessment results came out, and we saw a very distinguishable and remarkable gap, if you will, between the numbers of students demonstrating proficiency in No Child Left Behind and the numbers of students demonstrating proficiency in our NAEP assessments; so, we knew we had a problem.

We went back and we did a curriculum audit of all our standards and our assessments and we found that, even though we were one of the first three States to receive full approval and were given some accolades for our accomplishments in No Child Left Behind, we had low levels of rigor on our standardized tests.

So the lessons learned are that we have completely redone our content standards and objectives—our curriculum, if you will—and we have infused what we think is world-class cognitive demand, along with the relevant skills that are furthered by the Partnership for 21st Century Skills of which we are a member, including problem-solving skills, critical thinking skills, teaching children to be creative, innovative communicators, knowing how to use information and communication technology skills, incorporating content areas such as global awareness, civic responsibility, personal economic literacy types of skills, wellness skills, developing new assessments to correspond and augment the NCLB assessment—which in West Virginia we call WESTEST—to come up with a balanced method of assessment strategy so that we can assess those aforementioned 21st-century skills.

In developing such a system, it is a proposition that costs resources, quite frankly, and resources that particularly West Virginia does not necessarily have, but perhaps could be leveraged with partnerships that we would develop with our Governor, our Federal Government, and perhaps the private sector.

Resources come in the form of time, money and people. For example, through the co-authorship of the E-rate legislation by Senator Rockefeller and Maine Senator Snowe, this country's schools and libraries have received \$19 billion in discounted services for cost of telecommunications, Internet access, and internal connections.

Of this amount, our schools alone in West Virginia have received \$60 million in discounted services, services that we provide to our

children for learning that could never have been realized without this important partnership.

Private sector contributions can provide necessary resources for our schools. For example, in 2003, again, Senator Rockefeller joined with the Beaumont Foundation of America in announcing that West Virginia would receive \$700,000 for awarding need-based grants for computer equipment.

These grants extended the benefits of the E-rate discount, which does not allow the purchase of computer equipment, as you know, by providing an avenue for securing the computer equipment that could utilize the E-rate discount. This partnering of resources served to support the work of our education process in West Virginia.

While the aforementioned resources have proven invaluable, it is evident to me that our greatest resource today that is necessary, our greatest need for resources, actually, is for the professional development of teachers, which my colleague has identified. Clearly, the number-one factor in determining student achievement in our public schools is a highly qualified teacher—as well, support for securing technology tools to captivate the interests of our digital natives that enter our public schools today. It is a very difficult task to educate our children without those particular resources.

Let me provide just one more example of an incentive to build 21st-century schools and school systems. It could perhaps be a Federal incentive that would provide matching funds to States that develop and adopt educational policy in support of the critical elements of 21st-century learning: cognitive demand in the core subject areas; incorporating the thinking skills that we have mentioned; emphasis on the content areas; and new methods of assessing student progress, raising the system to a level of rigor, relevance, and producing results.

I am sure that you have many more ideas that could assist our school systems and States to develop 21st-century skills or learning partnerships. West Virginia students have already benefitted from our involvement in the national partnership, and I would be glad to entertain any of your questions with regard to the progress that we have made in our State. Thank you very much.

[The prepared statement of Dr. Paine appears in the appendix.]

Senator GRASSLEY. Thank you all very much. Senator Baucus's staff gave me this order: Senator Baucus, Senator Grassley, then Senators Kerry, Stabenow, Salazar, Bunning, Rockefeller, Smith, Lincoln, Snowe, and Bingaman. Five-minute rounds.

I am going to start out with Mr. Green. You mentioned the amount that your company spends on college scholarships. Do you ever feel like they are moving the goal posts on you as college tuition goes up so fast? In regard to that, are there any sort of tuition guarantees from colleges that you ever try to get, or anything like that, if you see that as a problem? I see it as a problem in my State, as an example.

Mr. GREEN. Yes. I think you win this one person at a time. So, yes, we move the goal posts because those investments we make turn out human beings who can work at our companies, or for other companies, or become good citizens, and I think it is important.

I think we have to think more creatively. I think that what we have been doing now is not getting it done. I think that is why the Business Roundtable is taking a series of initiatives.

That is why individual companies across the country are making individual investments and partnering with educational institutions to try to determine what are the things we can do that get the best value for money.

You made a comment this morning about, we spend enough money. Think about the value we get out of it. But that is something that business can do that really helps the outcome.

Senator GRASSLEY. Yes.

Dr. Paine, I will preface what I was going to ask you with my feeling that the types of innovations and achievements that are needed for America to remain competitive in this global and competitive economy of the 21st century are going to require that we challenge our best and brightest students to a greater extent than we have so we get the full potential out of them.

I believe that West Virginia mandates services for gifted and talented students and provides funding. Particularly with the funding to go with it, you need to be congratulated for that.

On the other hand, Virginia is the only State that currently requires regular classroom teachers to have course work in gifted education. Do you believe that there is a need for greater training of classroom teachers in the unique learning needs of gifted and talented students?

Dr. PAINE. I most certainly do, Senator. As a matter of fact, we will be incorporating within all of our pre-service education programs, we hope, in higher education, and have emphasized the need as such, to develop teachers who can understand how to teach with the rigor of an AP course or an International Baccalaureate course.

Senator GRASSLEY. All right.

Governor Wise, in your testimony you state "Federal policy sets a good bar to begin teaching but it does not ensure teachers are effective in helping kids."

Do you think that we have perhaps gone too far in creating barriers to becoming a teacher instead of rewarding good teachers and making it easier to replace ineffective ones?

Governor WISE. Well, of course, most of that is done at the State level, Senator. Where we think it is important is to be able to get high-performing teachers into low-performing schools.

That is, we know that there are about 2,000 schools that account for about half the dropouts in this country, yet those are the areas where it is toughest to get the highest-performing teachers in. This committee has proposed legislation in the past, and Congress has looked at legislation, to provide those incentives.

Indeed, another measure is by Senator Bingaman, who has been a leader in putting together legislation for a \$2.5-billion comprehensive secondary school improvement fund that would target Federal funds, in conjunction with State and local, to the lowest-performing schools so we can turn them around.

I might add, following up on something else you said, we are not interested in simply throwing more money at a problem, because I am not interested in making a dysfunctional system more expen-

sive. What I am interested in doing is getting the reforms we need and then the investment, strategic investment, that goes along with it.

Senator GRASSLEY. Thank you.

My last question is to Mr. Taylor. You have testified about the importance of quality in early childhood education. Since there are many high-quality preschool programs run by Head Start agencies, by schools generally, by private providers, by churches, and you can go on and on, that seem to meet the diverse needs of families of young children, would it not make sense for any further government initiative to build on these choices by setting standards and providing resources directly to families rather than trying to start from scratch and supplanting existing programs?

Mr. TAYLOR. Well, we certainly are not recommending supplanting existing programs. It is our position that we must invest more rigorously in informal and formal providers. We know that the majority of young children, poor young children, are in informal settings. We work in partnership with many existing programs, as you have mentioned.

The issue for us is, how do you begin to link the business community, the community college community, the traditional school system, to really help improve the quality of those existing groups that you are talking about.

Standards, on the one hand, are very important, but on the other hand, we have to make sure that those environments are of high quality and meeting the developmental needs, and look at children as individual learners as opposed to creating or referring to the group as one large body. Those are the real issues that I think are there. But we certainly have to work in partnership with those existing organizations that you mentioned.

Senator GRASSLEY. Thank you.

Senator Kerry?

Senator KERRY. Mr. Chairman, thank you. I want to thank Senator Baucus, who is at a meeting with Senator Reid, but I really appreciate you and him holding this hearing. I think it is a worthy goal to get this committee focused on education, though our limits are obvious with respect to tax policy, but that is an important way to do something.

We have \$49 billion currently being spent over a 5-year period on higher education tax incentives. I think many of us feel that money is not being spent as effectively as it might, and it can be targeted more effectively.

I want to thank all of you for your testimony this morning. Governor, it is great to see you again. We appreciate Bill. Thank you for being here and for sharing your experience. Patty, thank you for teaching and for all you do.

Steve, we appreciate your leadership also. You had great credibility until you started praising Senator Rockefeller so effusively, and then we all worried about you. [Laughter.]

I want to react a little bit. I am in my 23rd year here, and I have heard this before. I remember the Carnegie Foundation reported "Nation at Risk." I am getting to the point of kind of being tired of hearing it, if you want to know the truth. How many years do

we have to hear about the trouble of attracting teachers to troubled areas?

Governor, you just mentioned 2,000 schools. We all know this. We have known this for years. They are either in the hard-pressed rural areas or in the inner cities. That is where your schools are that are in trouble, because we have an education system that is based on property taxes. These people do not have the fundamental ability. In most States in their formula, the money somehow does not get down to the classroom.

I agree, we are spending a fair amount of money. We are. It is not getting into the classroom. I can go into classrooms, and I have been in them, because I spent a lot of time trying to understand the problem.

I went out, and I would go into a Blue Ribbon school. I would say, why is this school a Blue Ribbon school and, two blocks away, you know, the Bartlett School over here is great, and the Driscoll School over here is failing? Invariably, you would find leading indicators and very obvious reasons.

One, quite often, was bad relationships between the principal and the teachers, and the school committee was not functioning. There was an absence of leadership. Leadership, in every school, makes the difference. If you have a strong principal who works effectively with the teachers and the teachers can weigh in and they feel good about their jobs, that school tends to work.

Now, along came the charter school effort. We sort of played with the idea within the system and outside the system, that we are going to give people the ability to go out and do something differently. Some of them worked, some of them did not. We see the same problem.

But I have to tell you something. Governor, you mentioned those 2,000 schools and resources. The whole theory of No Child Left Behind was, we were cutting a deal. The deal was, we were going to raise the standards, raise the accountability, and have greater transparency, but in exchange we were going to provide the resources so that when you identified a kid who needed help, you could provide the help.

The remedial effort would be there, the intervention would be there. There is not one of us on this committee who does not understand the difference it makes to have an adult intervene in the life of a troubled kid.

We have Big Brothers, Big Sisters, Boys Clubs, Girls Clubs, all kinds of things. But guess what? For the numbers of kids in it, there are always 10 or 20 times the numbers of kids outside of it who do not get it. This is not rocket science.

Truancy. Where has truancy gone? It is labor-intensive, but we do not pay for it. Kids drop out of school. There are some schools where principals cannot tell you if a kid is not there on any given day, and the teacher cannot, in some places. What could they do about it if they knew? They do not have the person power.

A lot of this does go to funding. I have walked into inner city schools where you have kids teeming with teenaged hormones who do not even have a full gym to be able to go in and play, where they have half lockers, where they have a library that is barely

open, where they do not have the technology still. And we are supposed to ask them to be excited about their education?

This is a national adult disgrace, and it is an absence of political will that is doing this. We are losing 30, 40 percent of our teachers within the first few years. Right, Patty?

Ms. MYERS. Yes.

Senator KERRY. We lose them. They go to school, they learn to be a teacher, they come into the system and they are burnt out, wasted by the experience because we do not have adequate mentoring, because the pay is lousy, because they cannot pay off their loans, because there are not enough resources reaching the school.

This is not rocket science. It is a complete and total absence of willpower. It is amazing to me, Patty, that so many of you do go in and do what you do. Thank God you do it, and thank God there are people who are willing to go teach for \$40,000 a year and struggle with their family, to pay the bills and all the other costs you have today.

We ought to be paying teachers more, starting salary in America, and we ought to make sure those 2,000 schools have the resources necessary. Instead, we are going exactly the opposite direction, Mr. Chairman. We are cutting after-school programs, we are cutting Head Start, we are cutting Medicaid. We are cutting all the things that make a difference to our children.

In early childhood education, we all understand. Ninety-five percent of brain development is in the first 3 years. Kids who learn, up to those first 8 years, are kids who will learn for a lifetime. But we do not integrate it, as you said, Greg.

So, Mr. Chairman, I would like to see us give a tax holiday, complete and total. There should not be any Federal tax for people who go teach in these tough places. We ought to get serious about providing the economic incentive.

We ought to get serious about providing—Head Start has never been fully funded once in the full 7 years of its existence. We are now \$60 billion behind on the promise that was part of the deal to help our kids.

So we can sit here, as we will, and you all will testify, as you have. But we have to get about the business of being serious about this. It takes rolling up the sleeves and combining accountability with resources.

Senator GRASSLEY. Thank you, Senator.

Senator Stabenow?

Senator STABENOW. Thank you, Mr. Chairman.

First, I would just say “amen” to Senator Kerry. I think it is time to get serious. I know each of you on the panel are serious, and we appreciate your being here, and appreciate Senator Baucus calling us together, because we know he is serious as well.

I want to just start by saying it is wonderful to see all of you. Governor, it is great to see you in this capacity. Mr. Green, it is wonderful to see you. Keep hiring people in Michigan. That is what we want you to do.

Mr. GREEN. I am.

Senator STABENOW. Yes. And Mr. Taylor, representing a wonderful Michigan foundation. Of course, Ms. Myers. All of you, thank you.

First, let me just say, in terms of political will, I am very proud that the Budget Committee just reported out a budget that puts education at the top of the list, and it is on the floor right now. We reversed the cuts in programming that the President had proposed, and education is at the top of our investments in our country in this budget resolution.

The other thing we do is put forward a commitment to provide health care for every child who does not have insurance so they are prepared to go to school to be able to learn. If we can do those two things in this budget resolution and beyond and do the serious work in this committee on SCHIP, I think we will have made a major commitment.

A comment and a question, further. The Chairman raised, I think, a very, very important issue when he talked about Rip Van Winkle and what we see in the schools. I am appalled when I walk in and see that the schools that my children, not too long ago, graduated from, look dangerously like when I went to school, and before.

When we are walking around with these Palm Pilots and everything else, we do not have a laptop on every child's desk. We do not have a computer. We do not have a PC for every child in every school. Yet, there is not one job they are going to walk into that does not have a computer and require significant knowledge. The next textbook is on the Internet.

I would argue that it does take resources. Accountability, but it does take resources. You have to have dollars to buy what is needed, and that is a critical issue, I think, for us. We invest in things that we think are important as adults, and I think—I hope—we are going to take all of your words seriously.

A question as it relates to how we proceed. There are a lot of things that we could talk about that we are all very interested in. But in Michigan now, we are trying something new with early colleges, or middle colleges, as they are called. The Kellogg Foundation is significantly investing in that, and I want to thank you very much.

But it is the idea of looking at young people being able to go through high school, and add a year, basically, and be able to get college credit, or possibly an associate's degree. We are focusing on six new early colleges in Michigan that are focusing on areas of great need, health care providers being one, health care technicians, and those kinds of things.

I am wondering if any of you have experience related to this. We have heard a lot of interest, not only in terms of bringing more qualified people into the marketplace and areas where we need to fill jobs, but also related to dropout prevention and other kinds of strategies using the middle college approach as part of that strategy. I am wondering if any of the panelists could speak to that.

Mr. TAYLOR. If I could, I would love to chime in.

Senator STABENOW. Yes, Mr. Taylor.

Mr. TAYLOR. On the early college issue—one of the things we found that has to be different about the existing school system is that we really cannot look at the time students are in their seats or at their desks as a measurement for advancement for young children.

We need to think about much more experiential, hands-on opportunities, partnerships and mentorships, and apprenticeships in the business community. I think you have to start with youth/choice/voice. What are the interests that drive young people?

Get them motivated and engaged, then build the necessary, specific, universal, and motivational skills that they need to be successful in. That is what that community college program was really about, an early college program.

It was trying to look at the K–12 system to make sure at the 12th-grade year that there was opportunity for young people to make that bridge to college or into the world of work. That is the strategy that has been successful. We need to deepen it and broaden our commitment to that work.

If I could, while I have the floor, I would also say that I think it is very important for the same resources invested at the 12th-grade year to also be invested at the early end.

We know that the early end of the spectrum is a much better investment in terms of lifelong learning for young children. That is one of the ways we could push the system to be more responsive to the individual learning needs of children.

Senator STABENOW. Thank you.

Yes?

Dr. KARAS. Mr. Chairman, Senator Stabenow, we also look at, the impact would really be for providing an opportunity for students to have that access to college and see what an opportunity can be for them. Many students do not even realize that college is an opportunity and that it is available to them.

For example, at Flathead Valley Community College we often start with students in 3rd grade, bringing them on campus and doing something called Seussville University, where they get to learn math and reading all under the guise of Dr. Seuss while they are there.

We have opportunities for students through middle school and high school to always be coming to a college campus so they learn that it is a safe, friendly environment where they might want to continue to go to school. And providing opportunities for them in any way to learn that education is important and fun, and lifelong, is something that this would help.

Senator STABENOW. Thank you.

Senator GRASSLEY. Go ahead.

Senator STABENOW. Yes. Governor? I am sorry. I know we are out of time, but if it is all right, Mr. Chairman.

Senator GRASSLEY. Go ahead.

Governor WISE. If I could chime in.

Senator STABENOW. Thank you.

Governor?

Governor WISE. Senator, what you illustrated, and what the others have, is the importance of looking at education as a continuum, and also a personalized learning experience.

Some young people are ready to go ahead to this kind of experience. Your State is doing this. North Carolina has had success in it, and a number of other States. What you are doing is personalizing the learning experience for each child, which we believe is incredibly important.

It also follows up something you passed in the Perkins Act, which is a personal graduation plan for each student, starting in the 7th grade, to maximize their opportunities and meet to show their strengths, and also where they need some assistance.

Senator STABENOW. Thank you.

Senator GRASSLEY. Senator Salazar?

Senator SALAZAR. Thank you very much, Chairman Grassley and Chairman Baucus, for focusing on this very important issue.

I am going to ask a question that I would like each of the panelists to respond to for 30 seconds, since we have six panelists here. The question is about systemic change around three areas: (1) financing; (2) the length of the school day; and (3) early childhood education.

Let me preface my question in this way. First of all, in terms of financing, I associate myself with the eloquent remarks of Senator Kerry. The fact is, in places in rural America, we end up spending probably half as much on the education of a child as we do in urban areas.

I come from the fourth-poorest county in the United States of America. I know we spend half as much money there as we do in other school districts in Colorado, places like Aspen and Cherry Creek, just because of the fact that our school finance system is based on a property tax system, so the educational opportunity that you end up getting in my State is very dependent on the accident of the amount of wealth within the district that you happen to come from.

So, what kind of changes ought we be looking at in terms of finance that could be driven by our limited jurisdiction in our system of federalism?

Second, school day. I do not know how many times I have gone to schools where I see people out on the streets at 3 o'clock, or 2:30 now in some places, 1 p.m. in other places. Yet, the day of a parent is not the day of a school.

So what do we do to deal with the reality that we have both parents working and you have latch key kids and all the problems that come with that end of the day, from a law enforcement perspective of an attorney general?

I know that the times when we have our kids getting into the greatest amount of problems are between the hours of 3 and 7 in the afternoon. We have to do something in that area.

Third, early childhood education. Everybody talks about it. You have heard the statistics here. How do we systematically change our system so we do more for early childhood? Do we eliminate the 12th grade, for example, and put those resources that we now are using in 12th grade into early childhood?

So, those three questions. Governor Wise, I will start with you. You have 30 seconds each, all across.

Governor WISE. Senator, we are off to the races. In school financing, you are absolutely correct. Most States have had to, in some way, move away from the property tax. The Federal role has been to be strategic.

I might point out a recent Columbia Teacher's College survey or study shows that making certain investments in education in each of the grade areas that we talk about would yield, actually, \$45 bil-

lion of increased revenues to the Federal coffers, as well as declining social costs. So, there is a good return on investment.

Second, the school day needs to be longer. In terms of industrial nations, we have one of the lowest number of days in school. Successful models, whether it is KIP (Knowledge Industry Partnership), whether it is other public school models, have a longer day. They have Saturdays. They have extended orientation sessions for 9th-graders during the summer. I mean, there are a number of successful models, but you need more time in quality education.

Third, early childhood question. I represent a group that supports high schools. We totally support early childhood education because you have to have a strong foundation. But what we urge you to look at is a continuum, because you can build the foundation of my house, but I am a klutz as a carpenter and I am not going to be able to finish it on my own.

The student is going to need those continued supports, such as, some of you have supported the Striving Readers Initiative, recognizing that 70 percent of our 8th-graders do not read at grade level. We need to keep investing.

Senator SALAZAR. Thank you very much, Governor.

Jane?

Governor WISE. I almost got it.

Dr. KARAS. Mr. Chairman, Senator Salazar, in terms of finance, especially addressing the disparities—and I will speak mostly to the higher education level—students who do not have the resources to attend higher education, and providing them some opportunities that would allow them to do that.

The length of a school day, certainly it could be longer. We partner with many of our elementary and secondary schools to help them provide programs for students to continue their education throughout the school day and to a longer period.

And early childhood education, I would agree with Governor Wise, creating that continuum of seamless education for individuals from early childhood through higher education is critical so that students can seamlessly move through a higher education system because the return on investment for the Nation is unparalleled.

Senator SALAZAR. Mr. Green?

Mr. GREEN. Senator, I think all those initiatives are important in this sense: we are losing too many people making the trip. We have to get them in the hands of people like Dr. Karas, to make great, productive citizens out of them.

I think all the initiatives that help us move that along the process, to get us in the hands of the higher education system, and hopefully with less remediation than is required today, is a good thing for our country and a good thing for these individuals.

Senator SALAZAR. Mr. Taylor?

Mr. TAYLOR. I would differ from my colleagues, feeling that reducing the 12th-grade year to a half-day would be one way to reinvest resources for the early education side of the continuum.

We need to have partnerships with business and partnerships with community colleges to treat individual young persons based on their strengths in terms of their learning styles. Many young people are ready to make that next step, either to the world of

work or to college. We need to honor that sooner in their school experience.

Let us not just do more of what we have done in the K–12 system, but look at bringing in 3- and 4-year-olds in a way that is developmentally appropriate, and look at changing the system to meet their individual learning needs.

Senator SALAZAR. Thank you very much. My time has expired. So, Patty and Steve, I would appreciate you communicating with my office on my questions.

Senator GRASSLEY. Thank you.

Senator BUNNING?

Senator BUNNING. Thank you very much, Mr. Chairman.

I have heard a lot of suggestions today about the student, about what we can do. My gut feeling is that, unless you can convince the child, the student, and quote the statistics that Congressman Wise/Governor Wise has expounded, clearly, we cannot convince that student of the worth of a college education or advancing through 12 years and then going on to a higher education, because of the fact that a lot of parents are not able to do that. They were not grounded in the fact of the advantage of going on through higher education.

So I am going to pose a question to you all. Anyone on the panel can respond. There is a general sense that more Americans are lacking the skills to compete globally than in the past. Why is this?

Is the system of education we used in the past no longer effective? Our system needs to change. Are we being too pessimistic about the current state of the education system?

Governor WISE. I would answer that and simply say that I think that you are exactly right, Senator. I think we have an ambition gap that exists among our students. Having been overseas this summer and examined an education system in China, those children understand what it means to connect education to success in life.

I think, perhaps, with our affluence in our country, perhaps we have lost that edge. How do we regain that? I think it is absolutely critical that we try to engage our kids where they are. They are digital natives.

It is all the more important, I think, for us to begin to focus our efforts on a relevant education based on the partners that we partner with: the Apples, the Dells, the Intels, the Microsofts, the National Education Association, the American Federation of Teachers, and the Partnership for 21st Century Learning.

They tell us that learning needs to be active, engaging, and that we need to raise our standards and our expectations to lofty levels. We need to expect all of our students, and their parents, to support world-class learning in our public schools.

Senator BUNNING. Somehow we have gotten off on the fact that it is all right not to go on to college. I think our community colleges have picked up a lot of that slack. But the fact of the matter is, it is more important to be good at basketball, baseball, hockey, or whatever the heck high school sport that you are involved with.

I can tell you, with 35 grand kids, we set a pretty high standard as far as college is concerned and have tried to go over exactly what it means if you do not, if you do not make it through college

what you are looking at as far as earnings, as far as life expectancy in the job market, and things like that.

Somewhere along the line in education, somewhere along the line in K-8 or K-6, we have to emphasize that fact, and we are not doing it. Now, I want to know why we are not doing it. Anyone? Bob?

Governor WISE. Senator, if I could quickly echo, 8, 13, and 25. It is \$8 an hour that you are going to make if you drop out of high school, if you work. Your chances of employment are much less. It is \$13 if you finish high school and do not go on any further, and \$25 if you get a 4-year degree. If I were in a high school today, that is the speech I would give.

Senator BUNNING. Can that not be done at an early age so that we can get those students?

Governor WISE. We certainly need to. That is why I think the more we visit high schools—I used to hold up at that time, a little earlier time, a \$5 bill, \$9, and then \$15 to reflect that.

In terms of, why is it not being done? I graduated from high school 40 years ago, and only 52 percent of the American public graduated then and our economy was humming along. Today, 90 percent of the fastest-growing jobs in our economy require post-secondary education. Indeed, a little over 80 percent of jobs currently held require post-secondary. It is a totally new situation we are in, and we have not caught up to it.

Senator BUNNING. Last, but not least, we have heard of the dropout rates. Would it help, or could it help, if we moved the ability that you must attend, or is that blasé? In other words, if you require people to go to school until they are 18 years old, that does nothing to incentivize the fact that they may?

Governor WISE. It may make a difference. But what I would prefer to do is, even with that requirement, the important thing is to have the classroom and the structure such that it is an engaging place.

With a personal graduation plan, whether we are tailoring a child and putting them in—a 9th-grader who cannot read is going to need special reading intervention, so we put them there.

The 11th-grader who is ready to go on to early college, we put them in the community college. But you are working with each child, in each child's situation. I think that is the long-term answer to making sure they stay in school.

Senator BUNNING. It is amazing I ever got through, and I did not have anybody to work with except myself.

Governor WISE. Yes, sir. But once again, unfortunately, the numbers are growing such that, in the days before, a lot of kids did not have to make it through and they could do quite well. Today, that is impossible.

Senator BUNNING. Thank you very much, Mr. Chairman.

Senator GRASSLEY. Senator Lincoln?

Senator LINCOLN. Thank you, Mr. Chairman. I just want to say how much I appreciate Chairman Baucus and Senator Grassley really making this discussion a priority for us after our hearing in December.

I have always been enthusiastic about education. I do not know why. I do not know if it was because I had such wonderful teach-

ers. I do not know if it is, now that I am a parent, realizing how critically important it is to the future of my children, and the role that my children will play in not only my life, but really the fabric of this country.

I realize that it is an issue that we far too often, as Senator Kerry very passionately mentioned, we forget about, we do not get it, or we do not put the kind of emphasis behind education in this country that we need to. I appreciate the will of this committee to be moving forward on that.

I got so excited that, at my last break, I went home to Arkansas and set up a series of about eight meetings across our State to talk about education. I told my staff, I am not going to talk about all of the different things I usually do when I go home. I am just going to focus this entire week on education.

People came out of the woodwork. We included an invitation to business, to community leaders, obviously to our teachers, administrators, parents. People were phenomenal in their excitement of what we could do. I thought they were just going to be angry about No Child Left Behind. They were anxious, they were frustrated, but, more importantly, they wanted to see us get it right.

They talked excitedly about what No Child Left Behind had done. It had pushed them to levels where they felt like they were really trying hard to do their very best. They said, do not lower your expectations, but just give us goals that are achievable. Help us to measure growth and not some arbitrary idea out there of what somebody is supposed to be doing at an 8th-grade level, because not every piece of raw material we get into our schools is going to produce 100-percent pure product, because we do not get 100-percent pure raw material.

So, we have a real obligation, I think, at this juncture for us to infuse the enthusiasm and the devotion, as well as the resources, to doing something about education in this country. We had a bipartisan caucus when we started this session. We all went in there together to talk about how important it was to work in a bipartisan way.

One of our colleagues stood up and said, you know, he had learned from his wife and his wife's reaction to one of their children who seemed to be a little bit anxious and troubled at times, that love is not an emotion, it is an act of will.

Senator Kerry mentioned that if we are going to get it right on education, it needs to be an act of will in this country, and it should be an act of will because we love our children and we love our country and all that can come from that.

We have a great opportunity, and I hope that we will see it come forward out of this committee and the tools we can help provide there. We know that we have to ensure that our existing education tax incentives are working. We are looking to you all, and many others, to help us make sure of that. We are looking for the outside-the-box ideas that can make other things happen.

We want to make sure that the tools we have in place are accessible and meaningful for our low-income students and their families, especially in rural areas. I know that inner city areas have difficulties too, but I concentrate on the rural areas because that is where I grew up, in one of those poor counties in rural America.

We know you all have given us great testimony and good food for thought. There is much more that we can do. I am very interested in what private industry can do. Mr. Green, we are so grateful for your input there, as well as what private industry, through their foundations and nonprofits, can do.

We have a great example in Arkansas of private support in my home State. In El Dorado, a community in the southern part of our State of about 20,000, a population that has been diminishing, there we have in our local school systems, now, a program that they boast of called the El Dorado Promise.

It guarantees all local high school graduates will be able to go to college. The program was created through a \$50-million gift from a local business, Murphy Oil Company, which has been a long-standing Arkansas company.

To be eligible for the program students have to attend the local school for at least 4 years, and the annual scholarship is limited to the highest yearly rate that is charged by an Arkansas public university.

Most importantly, what it does is provide an incentive for these families and for these children to know that, if they work hard, if they get to that point, if they are part of that school system, they are going to be able to go to college regardless—regardless.

Therefore, you are seeing this influx of people into the community, you are seeing students and parents alike who are enthusiastic about how they can invest in their local school and make a difference for their students and for their children. It is an investment.

Claiborne Deming, who is the president and CEO of Murphy Oil, said that the decision to start this program was the easiest decision the board of directors made during their December meeting because they understood that the investment they were making was in human capital. So, we are grateful for that, but we are grateful also for the opportunities that we have as a committee. I hope we will continue to work towards that.

Just two quick things. Mr. Green, if you have any comments about how we can better serve as a catalyst of the private sector, where we should focus our resources. Then one last thing to Governor Wise. The tax code. We know it is an effective place, and that is much of what we have the jurisdiction over.

Is it better to address that through teacher tax credits for being employed in the needy schools or should we be looking at, maybe some people may think it is a better bang for our buck for loan forgiveness programs, housing subsidies, and other ways that we could encourage? Those are two questions. I am excited about the issue, Mr. Chairman, so bear with me.

Senator GRASSLEY. Just do not forget, we have a vote.

Senator LINCOLN. I know we have a vote. I know. But the discussion, and hopefully our work, will not end here today, because early education is an absolute passion of mine. I have just been through it with my own children and now, as they move into middle school, I see the benefit of the investment we made in early education.

Senator GRASSLEY. Before they answer, let me ask who is speaking for Senator Baucus? I assume I am supposed to adjourn the meeting when we are done here? All right. So when you answer her

two questions, then we will stop and go vote. We have three votes on the floor, starting just about now.

Mr. GREEN. All right. Just quickly, I think, first of all, it is absolutely inspired, this committee, given its charter, coming at this education issue as it is. I think there is a lot of momentum around this right now. I think there is a period of denial in some cases. I think people are starting to get on board.

I think business recognizes it needs to do its part. Business is looking for great raw material. We will take the people, we will make the investments, we will train them, and we will build competitive workforces, so all the efforts of the people on the panel here are just essential to providing us with the raw material which then we can use to make great, productive people and great human beings.

Governor WISE. In terms of the tax code, I would almost look at, particularly in the hardest-hit areas, as this committee has set up economic empowerment zones, is there an educational empowerment or opportunity zone in which you could look at tax codes for teachers in low-performing schools. I do believe salary is an issue. There is a point at which that cannot be ducked.

Also, a means to improve retention, that is, making sure that that new teacher, rather than half of them leaving the classroom in the first 5 years, that new teacher gets the backup skills that he or she needs, the mentoring in those schools, to make them a highly qualified teacher. Incidentally, I do think that this committee is vitally involved in this because this is as much an education and moral imperative as it is an economic imperative.

Senator LINCOLN. Absolutely.

Governor WISE. This is Sputnik, only it is a silent Sputnik. People do not fully appreciate the economic crisis we have with changing demographics. Totally new work skills are now required in the workplace, plus the fact that we are not graduating but one-third of our students ready for the modern workplace.

Senator LINCOLN. Thank you, Mr. Chairman. I would just like to add, I know Ms. Myers has probably seen this as well, but I had six or seven consistent issues that were brought up in these series of eight meetings that I had, but one of the most consistent was a brick wall that we are going to hit with the teacher shortage because we are just not turning teachers out.

There are certainly quality issues that we should deal with, but there is no doubt that just not having teachers in the classroom is going to be a huge problem. I know in Arkansas, we definitely see a brick wall ahead of us in terms of that shortage.

Senator GRASSLEY. For Senator Baucus and me, we thank you very much for starting dialogue on this subject before this committee. You folks may not be in the same place you now are as we continue this dialogue, but Senator Baucus has made it very clear that we intend to move ahead with some incentives to improve the opportunity for education. We thank you all for your contribution to it.

The hearing is adjourned.

[Whereupon, at 11:36 a.m., the hearing was concluded.]

A P P E N D I X

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

STATEMENT FOR SENATOR BUNNING SENATE COMMITTEE ON FINANCE

“Realizing a Competitive Education:
Identifying Needs, Partnerships, and Resources”
20 March 2007

Thank you, Mr. Chairman.

I am pleased that the committee is examining the various tax incentives that we have enacted over the years in an attempt to help make college more affordable for Americans. It is important that we periodically look at the laws that are currently on the books to evaluate whether they are meeting the goals that we originally set for them.

Obviously, the sky-rocketing cost of a college education is foremost in the minds of many American families everyday. Few deny that education is the gateway to future success and helping make that dream a reality for our constituents must be a high priority for Congress, and particularly for this Committee.

I look forward to working closely with Chairman Baucus and Senator Grassley on these issues in the coming years and hope that we gain further insight into these issues today.

I look forward to hearing testimony from today's witnesses and I thank them for their willingness to share their expertise with us. Thank you.

**Statement of William D. Green
Chairman and CEO, Accenture**

**On "Realizing a Competitive Education:
Identifying Needs, Partnerships, and Resources"
Before the Committee on Finance
United States Senate**

March 20, 2007

Mr. Chairman, Senator Grassley, Members of the Committee, I am pleased to appear before you today to discuss the critical issues regarding Education and Competitiveness in the United States.

There is a Chinese proverb I like: "When the winds of change blow, some people build walls and others build windmills." I think this applies to the subject at hand.

I am William D. Green, the Chairman and Chief Executive Officer of Accenture, a global management consulting and technology services company with approximately 150,000 employees in 49 countries.

We are proud that more than 30,000 of those employees are here in the United States. We intend to hire more than 7,000 new U.S. employees this year, many of whom will come to us directly from college campuses. Accenture has traditionally been one of the top college campus recruiters in the United States. We hire people with undergraduate degrees and advanced degrees, as well as graduates of two-year colleges and technical schools.

Accenture's mission is to help companies and organizations improve their performance and competitiveness. We serve most of the global *Fortune* 500 companies, and I am therefore privileged to see firsthand how critical skills, knowledge, technology and innovation are to maintaining a competitive edge in business. This is true for small local businesses and large global enterprises.

In order for Accenture to accomplish its mission – and remain competitive ourselves – we need to attract educated and talented people who can also learn and grow. I speak with countless other CEOs on this topic and all of us agree that the ability to find and attract people who are well prepared is a top priority and a concern we all share.

The foundation of a competitive company, regardless of size, is a competitive workforce. And education is the key enabler of a competitive workforce.

As the world becomes flatter and moves faster, for the United States to continue to sharpen its competitive edge, it will take a significant investment in education, especially math and science.

Equally important, we need to raise the water table in terms of the education of our entire workforce in the U.S. across all industries. We need people with skills in critical thinking, analytical reasoning and problem solving. We need people who can communicate. We need to enhance the richness and diversity of the workforce, and we need people with the confidence to face the future.

It is very important that access to higher education is provided to all Americans, and that an environment is created that supports life-long, continual learning -- and in some cases, re-learning.

Access to education is about a lot of things, but increasingly it is about affordability. I applaud this committee for its efforts to help address this need.

Competitive Workforce Essentials

I am an active member of the Business Roundtable's Task Force on Education, and we believe the United States is facing a talent gap. To close that gap, it is important to:

- Strengthen K-12 math and science education programs;
- Recruit and retain outstanding math and science teachers;
- Expand undergraduate and graduate science and engineering programs;
- Increase funding for basic research in the physical sciences; and
- Address visa and green card programs for highly educated, foreign-born professionals.

This is not just about producing more scientists and engineers. To build a truly competitive workforce, every company needs:

- People who know how to learn;
- People with skills in critical thinking, analytical reasoning, problem solving and communications; and
- People who have ambition and self confidence.

In essence, we need people who are great raw material.

The Responsibility of Business

Obviously government cannot address these problems alone, but it can be an important catalyst, and the private sector can be an important partner.

That is why the Business Roundtable, and each of its member companies are working together to help improve the quality of our K-12 education and inspire a new generation of Americans to pursue degrees and careers in science, technology, engineering, math and other areas.

Together, we are doing much more for our educational institutions. We show our commitment by donating funds, recruiting students, offering career counseling, providing extensive training programs, using our employees to teach classes, and supporting government policies that can make these institutions more effective and efficient.

Accenture's Commitment

For our part, Accenture and our executives donate extensively to higher education. We have created scholarship programs, and we have teamed with a variety of institutions to create curricula to train our employees.

Through employee contributions and the U.S. Accenture Foundation's matching gift program, Accenture and its people donated more than \$4.4 million last year to colleges and universities in

the United States. These donations help to fund scholarship programs and various other educational and technology-based initiatives that focus on bringing knowledge and opportunity to America's youth.

Business is also prepared to invest in the competitiveness of its workforce in other ways. For example, at Accenture we spent \$700 million to train our people last year, and this year, we will invest even more as our workforce continues to grow.

Like most businesses, Accenture has specific initiatives focused on education. The following are just some examples of the dozens of initiatives we have developed:

- **Accenture American Indian Scholarship Fund:** This scholarship fund meets a vital need for Native American and Alaska Native students seeking higher education and requiring financial assistance. Accenture awards scholarships to eight or more high-achieving students seeking degrees and careers in teaching, medicine, law, high technology or business-related fields for undergraduate and graduate study support.
- **Accenture Scholarship Program for Minorities:** This program was created to encourage minority students to pursue degrees in engineering, computer science, and a variety of programs related to information systems and decision or management sciences. In 2006, Accenture awarded a total of 17 scholarships of \$2,000 each to outstanding students for undergraduate study at targeted mainstream schools and Hispanic-serving institutions (HSIs).
- **Thurgood Marshall Scholarship Fund:** This program awards scholarships directly to students at participating member schools. The Thurgood Marshall Fund provides scholarship money to historically black colleges and universities (HBCUs) for the purpose of helping students complete their education. Last year, Accenture awarded 12 scholarships of \$2,500 for each semester.
- **Accenture Junior & Community College Scholarship Fund:** This new program will award scholarships to students who are starting their careers in technology and engineering at two-year institutions to continue their education at four-year institutions. It will provide 20 students with \$5,000 per year for two years.
- **Working with Community Colleges:** Accenture is involved in innovative business ventures with Native American tribes, where we are working with a local community college to develop the curriculum to train Native Americans and others for technology related jobs.

In Wolf Point, Montana, a joint Accenture - Microsoft venture named Avanade has been working with the Assiniboine and Sioux tribes to train and employ tribal members, as well as other local Montana residents, in Microsoft .NET and other technologies. Avanade and Accenture began the program with the Assiniboine and Sioux tribes located on the Fort Peck reservation. This relationship resulted in the launch of Integrated Solutions in 2005, and joint information technology projects continue with Assiniboine and Sioux Diversified. The Fort Peck Community College in Wolf Point has had an active role in the training and education of the employees to prepare them for these projects.

In Pendleton, Oregon Accenture is providing management, technology infrastructure and training services to Cayuse Technologies, a business that is owned by the Confederated Tribes of the Umatilla Indian Reservation. There, we are in discussions with the local community college to develop curriculum to train prospective employees for software development, call center positions and other technology-related jobs.

Congressional Focus on Higher Education

In addition to the work we're doing at Accenture, I believe all of us in business and government must broadly embrace three principles to advance the cause of education and competitiveness:

- Access – providing access to educational opportunities;
- Affordability – making education a reality by reducing financial barriers; and
- Accountability -- teaching what is relevant and delivering good value for money.

I am delighted that the Finance Committee is focusing attention today on higher education and tax incentives to allow more people to have access to higher education. In an era in which intellectual capital is at a premium, post-secondary education has never been more important.

According to the Commission on Higher Education, 90 percent of the fastest-growing jobs in the new knowledge-driven economy will require some post-secondary education. The Commission has also found that there is a gap between college attendance and graduation rates of low-income Americans. The Commission has recommended improving the information about college that is available to students and reducing financial barriers to attendance.

I am aware that Chairman Baucus, Senator Grassley and several other members of this Committee have expressed an interest in simplifying and rationalizing the various education tax credits and deductions which are currently in the Internal Revenue Code. I support the Committee's efforts in this area.

In developing this proposal, I would stress the special financial needs of community and junior college students. The current HOPE tax credit can offset students' tax liability to cover much of their tuition expenses. I understand this has been extremely helpful for working students, and I urge you to consider maintaining this type of tax relief in any new proposal this Committee develops.

In addition, you might want to consider broadening any tax credit to cover other student costs such as books, supplies and certain other student fees. These costs can at times be as high as the cost of tuition, and thus, they can be a barrier to students who hope to continue their education.

As you consider these proposals, I would encourage you to give special attention to the nation's junior and community colleges. If one of our principal goals to ensuring our nation's competitive position in the world is greater access to higher education for more Americans, one of the great opportunities for accomplishing that lies in our junior and community colleges.

These institutions are often overlooked and under appreciated, not unlike the people who attend them. They can help enhance the nation's competitiveness, improve the skills of the workforce

and contribute to a more fulfilling life for millions of citizens. And, our system of community and junior colleges is already in place.

A Personal Story

I am a shameless advocate for junior and community colleges because I am a living example of what they can accomplish. I credit Dean College, a two-year school outside of Boston, with getting me on the right path. I was not an especially good student in high school. I spent the year after high school working in construction, and considered becoming a plumber, like my father.

Then one day, I went to visit some friends who were students at Dean College, and my mind-set began to change. As I walked around campus and listened to my friends talk about their experiences, I realized this was an opportunity to change my path that might never come again—an opportunity to take another shot at learning. Dean reached out a hand to me, and I can honestly say it was a life-altering experience. Our community and junior college system does the same thing for millions of students every day.

Dean's philosophy is to educate, energize and inspire. In fact, it was a Dean Professor, Charlie Kramer, who ignited my passion for economics and taught me how to think analytically. After all these years, I still have my notes from his economics classes, and I've referred back to them from time to time—even as I went on to Babson College, where I earned my bachelor of science degree in economics and then an M.B.A. I am proud to say that today I'm a member of Dean College's board of trustees.

Would I be running a global consulting company with thousands of employees today if I'd followed a different path? Who knows? But there is no doubt that my two years at Dean College not only prepared me for advancing my education and gearing up for a career, but also transformed me as a person. Our network of junior and community colleges can produce these results. I am living proof.

Whenever I get the chance to talk to young people, I urge them to consider junior and community colleges which can help them become better equipped to continue their education and to face real-world challenges. These colleges can smooth their transition from high school to work life, provide them with core decision-making skills and teach them how to think and learn.

In the United States there are more than 1,100 community colleges, most of them publicly funded, which serve nearly 12 million students. Almost two thirds of these students attend school part time, and many of them are holding down a full-time job. What's especially striking is the diversity of these schools: 47 percent of all African-American undergrads in this country attend community college, as do 56 percent of Hispanic undergraduates.

But what makes community and junior colleges so important to our competitive future? For starters, I can't think of any other institutions so tuned in to the needs of our communities. The American Association of Community Colleges estimates that more than half of new health-care workers get their training at community colleges. In 2003, 62 percent of the applicants who took the national exam to become licensed registered nurses were graduates of such programs.

Community colleges excel at working with local businesses to identify specific needs, whether helping displaced autoworkers gain new job skills or helping local companies ensure they will have a steady supply of skilled workers.

Community and technical colleges are located all over the United States within thirty minutes of almost all centers of business activity in America. Chances are, if there is a large manufacturing plant in your town, your community college offers technical training in conjunction with the plant. Better skills and better pay lead to more secure and productive employees. That boosts the economy, which gives us all a better standard of living.

Conclusion

Mr. Chairman, I know that you and this Committee are well aware of the competitive challenges the U.S. faces. Many countries in Asia and Europe are educating and training their citizens in a dramatic fashion. The numbers, which we have all seen, tell the story.

The question is whether Americans will face this challenge with complacency or with the competitive spirit and determination that helped us become the world's innovation leader. Will we build walls — or windmills? I believe we will build windmills.

We need to do everything we can to enhance access to education, to make it affordable and to be accountable for developing the best educational programs possible.

Learning is now the highest form of capital. It needs to be focused and built around a clear understanding of special skills and competencies that our workforce needs. It is the answer to maintaining US competitiveness in our ever-flattening world, and all of us -- business, government and citizens across America -- must work together to focus on education as the key enabler of competitiveness and success.

I would be happy to answer any questions you might have.

**"Realizing a Competitive Education:
Identifying Needs, Partnerships and Resources"
Tuesday, March 20, 2007**

Questions for the Record

William Green, Chief Executive Officer, Accenture, Boston, MA

1. From your perspective, please describe the most important systemic changes that are needed for the education structure. (Chairman Baucus)

I am an active member of the Business Roundtable's Task Force on Education, and we believe the United States is facing a talent gap. To close that gap, it is important to:

- Strengthen K-12 math and science education programs;
- Recruit and retain outstanding math and science teachers;
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- Address visa and green card programs for highly educated, foreign-born professionals.

I am aware that you and several other members of this Committee have expressed an interest in simplifying and rationalizing the various education tax credits and deductions which are currently in the Internal Revenue Code. I support the Committee's efforts in this area.

As you consider these proposals, I would encourage you to give special attention to the nation's junior and community colleges. If one of our principal goals to ensuring our nation's competitive position in the world is greater access to higher education for more Americans, one of the great opportunities for accomplishing that lies in our junior and community colleges.

These institutions are often overlooked and under appreciated, not unlike the people who attend them. They can help enhance the nation's competitiveness, improve the skills of the workforce and contribute to a more fulfilling life for millions of citizens. And, our system of community and junior colleges is already in place.

2. Please describe the most important skills that Accenture is looking for in future employees? (Chairman Baucus)

Senator, as I mentioned in my statement, what we're really looking for most in future employees are people with skills in critical thinking, analytical reasoning and problem

solving. We need people who can communicate. We need to enhance the richness and diversity of the workforce, and we need people with the confidence to face the future. We also look to recruit people who know how to learn and who have ambition and self-confidence.

Of course, we also look for people with specific skills in the business disciplines and industries we serve. However, if we can get great raw material and find enthusiastic graduates of four-year schools, graduate schools and two-year technical schools, junior colleges and community colleges, we offer many great opportunities at Accenture for career growth in the professional services industry.

Among the many types of people we seek are those with skills in computer science, computer engineering and engineering; those with quantitative skills in math, statistics, accounting and management information systems; as well as non-technical people with liberal arts backgrounds.

3. Does Accenture find that the employees hired right out of college have these skills? (Chairman Baucus)

The people we hire from colleges and technical schools do have talent and promise...and skill. That's why we hire them. We definitely look to hire people with the kinds of attributes I've outlined. Although we focus our recruiting efforts on hiring people who have the specific skills we need to serve our clients, it is equally important that we provide our people with the very best training we can.

We are very proud of our rigorous training programs. In fact, we spent \$700 million last year on training our people around the globe. We take this very seriously, and I think it is critically important that businesses devote the time and resources necessary to provide employees with cutting-edge training. This is important both for a company's bottom line and for the competitive future of the United States. It is our job - my job as CEO of a company with more than 150,000 employees -- to ensure that learning is a life-long venture. It is up to us to instill this in all of our employees.

4. Does Accenture see a trend in recruiting more employees from two-year community colleges and technical schools? (Chairman Baucus)

As I said, we hire from many sources. We hire people with four-year degrees and graduate degrees. We also hire experienced people who already have work experience. But over the past four or five years we have been able to recruit successfully from junior and community colleges as well as two-year technical schools. As our clients' demands change, we have to broaden our outlook, and increasingly, we are finding that students with technical certificates and two-year associates degrees can fill some of our needs for

people with strong technical aptitudes as well as grounding in computer sciences, math and other areas where quantitative skills are important.

We actually put our new recruits into a rigorous four-week training course that we run in cities throughout the United States. The course is similar to an internship in which new employees are trained in a variety of areas, ranging from such computer-related skills as JAVA and .NET. On passing the training, the recruits come on board full-time.

I think it's important to note that many of the graduates of two-year technical schools and junior and community colleges we hire continue their education and go on to a four-year degree while working with us full-time. In addition to our four-week course, we also run boot camps for more experienced hires in which we provide deep training and in many cases, retraining in new technologies.

5. You remarked that finding talent to improve a company's competitiveness is number one on the Chief Executive Officer's agenda. How does Accenture work with the community and technical colleges to recruit skilled workers? (Chairman Baucus)

Accenture is very actively involved in a variety of recruiting activities – from career fairs and on-site visits to college campuses. We also work closely with some schools, notably DeVry University, to actually create the kinds of courses that will lead to jobs in information technology for their students. We're involved in similar efforts with some community colleges. For example, In Wolf Point, Montana, a joint Accenture - Microsoft venture named Avanade has been working with the Assiniboine and Sioux tribes to train and employ tribal members, as well as other local Montana residents, in Microsoft .NET and other technologies. Avanade and Accenture began the program with the Assiniboine and Sioux tribes located on the Fort Peck reservation. This relationship resulted in the launch of Integrated Solutions in 2005, and joint information technology projects continue with Assiniboine and Sioux Diversified. The Fort Peck Community College in Wolf Point has had an active role in the training and education of the employees to prepare them for these projects.

As you may know, many community colleges work directly with local businesses to create specific curricula to fill jobs in local industry. This is a win-win situation for business, government and education. If we can all work together cooperatively to boost education in this way, we will go a long way toward increasing the competitiveness of U.S. business.

6. Mr. Green, in their recent report, "The Employer's Role in Linking School and Work, the Committee for Economic Development recommends providing students with quality work experiences related

to their academic studies. You mention that your company offers students high-quality work-based learning. Do you match students with mentors and provide regular assessments of their progress?
(Senator Cantwell)

First, businesses must make education a priority – not just to serve their own needs, but also to support education with a long-term view. In turn, this will lay the groundwork for the future success of U.S. business around the globe and make us more competitive. I also hope more companies will do all they can to instill the importance of life-long learning in their employees, make cutting-edge training a top priority to provide more opportunities for students to continue their education.

At Accenture we spent \$700 million to train our people last year, and this year, we will invest even more as our workforce continues to grow. We have formal career counseling and mentoring programs. Our employees receive annual assessments to ensure they take advantage of our training programs and progress in their careers.

7. Are you working, or do you know of companies that work with schools to integrate work-related lessons into school curricula?
(Senator Cantwell)

Yes, I think working with schools to integrate work-related lessons into school curricula is important to creating talent. We work closely with some schools, notably DeVry University, to create the kinds of courses that will lead to jobs in information technology for their students. We're involved in similar efforts with community colleges out West, especially in Montana and Oregon. For example, In Wolf Point, Montana, a joint Accenture - Microsoft venture named Avanade has been working with the Assiniboine and Sioux tribes to train and employ tribal members, as well as other local Montana residents, in Microsoft .NET and other technologies. Avanade and Accenture began the program with the Assiniboine and Sioux tribes located on the Fort Peck reservation. This relationship resulted in the launch of Integrated Solutions in 2005, and joint information technology projects continue with Assiniboine and Sioux Diversified. The Fort Peck Community College in Wolf Point has had an active role in the training and education of the employees to prepare them for these projects.

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**Statement of the
American Association of Community Colleges**

**For the
Senate Finance Committee Hearing
“Realizing a Competitive Education: Identifying Needs,
Partnerships and Resources”**

**Presented by
Dr. Jane Karas
President, Flathead Valley Community College
Kalispell, Montana**

**March 20, 2007
10:00 A.M.**

Good morning. My name is Jane Karas and I am president of Flathead Valley Community College in Kalispell, Montana. I am pleased to be here to present testimony on behalf of the American Association of Community Colleges (AACC). AACC represents 1,202 community colleges from across the country.

The American Association of State Colleges and Universities (AASCU) represents 430 public colleges and universities, and systems of higher education throughout the United States and its territories. AASCU supports the basic principles cited in this statement and will work with congress to achieve the positive impact that implementing these principles could have on needy students.

Many policymakers are still surprised to learn that community colleges enroll 46% of all U.S undergraduates. These locally-oriented institutions have a tremendous economic and social impact and are a prime means of creating upward mobility and a stable middle class. They do this by providing a broad array of offerings: traditional academic transfer courses and occupational programs in areas of demand, as well as developmental education, English-as-a-Second-Language, and post-baccalaureate training and certification courses. Community colleges have evolved from being the “Ellis Island” of American higher education—providing higher education access to those who could not otherwise attain it—to serving as a linchpin of 21st century prosperity for a broad swath of society.

Today’s hearing is of unusual importance to our colleges and 12 million students. Over the last two decades, Congress has created a variety of tax incentives designed to help facilitate college attendance. Unfortunately, these incentives have failed community college students. As Dr. Susan Dynarksi told this Committee last December, “The education tax incentives do just about nothing for low-income students at inexpensive public colleges.” It bears emphasizing that access to and persistence in college remains highly correlated with income—to cite just one of many disturbing statistics, in 2004 the college continuation rate for high school graduates from families with incomes between \$20,000 and \$30,000 was 41.6%; the rate for those with incomes between \$100,000 and \$150,000 was 86.8%, more than twice as high (*Postsecondary Education Opportunity*, June 2006). As they review higher education financing incentives, we urge committee members to keep this stark reality squarely in their sights.

Fortunately, a few simple changes to the Internal Revenue Code, informed by a few basic principles, can have a tremendous positive impact on needy students trying to finance their college educations. The stakes are large: For the 2002 tax year, more than 10 million students claimed a Hope Scholarship tax credit, Lifetime Learning tax credit, or tuition deduction. This figure represents approximately two-thirds of all the credit students enrolled in higher education. Total expenditures for these provisions were estimated to exceed \$6 billion, more than half the amount spent that year on Pell Grants.

Principles for Reforming Higher Education Tax Financing Provisions

As mentioned, the application of few basic principles to the college financing provisions in the Internal Revenue Code can have a dramatic positive impact on community college students. The code should be amended along the following lines:

1) Non-Tuition Expenses Must be Included in Eligible Expenses

Currently, the Hope Scholarship and Lifetime Learning tax credits, and tuition deduction, all prohibit students from claiming non-tuition expenses. This exclusion is profoundly disadvantageous to community college students and public college students generally for the obvious reason that, for them, tuition only comprises a small component of their overall college costs. According to the College Board, in the fall of 2006 the average tuition for a full-time community college student was \$2,272. However, the total cost of attending a community college was \$12,294. This included \$850 for books and \$1,197 for transportation. Average living expenses (room and board) were \$6,299. At AASCU's four-year public colleges, non-tuition expenses in the current academic year average \$9,996. The two tax credits and tuition deduction simply ignore these expenses.

The exclusion of non-tuition costs from tax eligibility directly contradicts other long-standing student aid policies. As the Committee is aware, Coverdell and Section 529 savings accounts both allow the use of funds for non-tuition expenses. Even more significantly, the Federal Title IV student financial aid programs cover all the non-tuition expenses described above. Students use Pell Grants, Stafford loans, Federal Work-Study, and other program funds to cover room and board, books, transportation, etc. This has always been the case and is a fundamental tenet of the student financial assistance programs.

It is ironic that at a time of fevered concern over college tuition, public policy would disadvantage students who choose to, or have no choice but to, attend a lower-priced institution. Consequently, AACC cannot support any modifications to these higher education financing vehicles that do not include as allowable expenses at least some of the non-tuition expenses described above.

2) Higher Education Tax Incentives Should Assist Those Who Most Need Them

The distribution of tax benefits via the Internal Revenue Code needs adjustment. A far too large share of the subsidies is going to upper-middle income and even wealthy individuals, and too small a share is being delivered to individuals for whom government assistance might actually impact college attendance. For tax year 2004, for example, less than one-fifth of all the benefits from the Hope tax credits went to individuals with incomes of less than \$20,000. Less than one-half went to those with incomes below \$40,000. By way of contrast, more than 80% of all beneficiaries of the Pell Grant program, the government's basic college access program, were students with family incomes below \$40,000.

Even more troubling is the fact that, according to the Congressional Research Service, in 2004 as much as 57% of all the benefits of the tuition deduction went to families with incomes above \$80,000. The median family income that year was \$44,483. Further confusing policy in this area is the fact that the tuition deduction fully phases out for joint filers with an income of \$160,000, while the Hope credits phase out at \$110,000. There is no apparent reason for this inconsistency, but we believe that the tuition deduction phase-out level is too high.

Making the Hope tax credit refundable will help deliver benefits to students who greatly need assistance. This lack of refundability, coupled with the item outlined in the next paragraph, is a primary reason why less than one-fifth of all Hope tax credit benefits go to those with incomes of less than \$20,000 (2004 data). Although refundability carries with it administrative complexities, the case for adding this feature to the Hope credit, or any credit that replaces it, is so overwhelming that we urge the Committee to take this step. This action should be taken in the name of equity and with the aim of helping our country take advantage of every individual who might potentially benefit from postsecondary education. Generally speaking, the individuals who would benefit from refundability are the type of people who could be motivated to attend college if they were given appropriate incentives.

It is critical that the language in the Hope statute, or its successor, that reduces an individual's tax credit eligibility ("tuition and related expenses") by any Pell Grant or Supplemental Educational Opportunity Grant (SEOG) funds received be eliminated. The current provision denies Hope benefits to the neediest college students. The provision may have been designed to preclude "double-dipping," i.e., using grant funds and a tax credit to cover the same expenses. In practice, however, this provision simply denies the reality of non-tuition college expenses. It also contradicts longstanding Higher Education Act (HEA) policy. As stated, the HEA allows Pell Grants, SEOG, Federal Work-Study, loans and other programs to be used for a wide array of expenses beyond tuition, including room and board—and we repeat that for community college students, as well as four-year public college students, these expenses almost always exceed tuition. We note that there is virtually no chance that our recommended change would result in students getting more federal aid, in the form of grant aid and tax credits, than their total cost of attending college. However, to ensure against that remote possibility, statutory language can be written to definitively prohibit this occurrence.

3) Simplification of Financing Incentives Needs a Focus on Access-Oriented Colleges

AACC supports consolidation or simplification of the existing Hope and Lifetime Learning tax credits as long as the resulting financing vehicle adheres to the basic principles articulated above. Our other primary concern focuses on the metric used to determine eligibility. Any new formula should generally follow the principle used for the Hope tax credit, in which a high percentage of the first "X" dollars of tuition, fees, and other eligible expenses would be covered, with a slightly declining percentage used for the next increment of expenditures. A formula with these characteristics would ensure that students who choose to attend lower-cost institutions such as community colleges

(and who, not surprisingly, tend to be less affluent than those attending four-year colleges) receive a fair level of benefit—not the same benefit, but not a radically smaller one. Approximately 80% of the students enrolled in American higher education attend public colleges.

4) Recognize the Needs of Non-Credit/Continuing Education Students

The current Lifetime Learning tax credit, in which 20% of tuition expenses can be claimed, makes a mockery of its name, since it provides only paltry benefits to individuals wishing to use the credit to help finance post-college studies. There is strong evidence that as the global economy further integrates and expands, Americans will increasingly need to acquire greater skills in order to be competitive within this market. (A full 28% of community college non-credit students hold B.A. degrees.) Therefore, as the Committee considers reform of the existing tax credits, it should look for ways to provide helpful benefits to this growing segment of the higher education population.

Comments on Pending Legislation

The following are brief comments on some of the pending pieces of legislation in this area. We hope Committee members find them useful.

1) S. 360, the “Greater Access to Education Act,” (Bingaman, Smith)

AACC supports this legislation. It adds to Hope tax credit eligibility the full range of expenses that are covered under Section 529 and Title IV student aid programs. It also makes the Hope and Lifetime Learning credits refundable. Finally, it removes the current Hope provision that subtracts from a student’s “tuition and related expenses” any Pell Grant and Supplemental Educational Opportunity Grant amounts received. This policy, coupled with the non-refundability of the Hope credit, conspires to prevent low-income students from benefiting from the Hope scholarship.

2) S. 97, the “College Opportunity Tax Credit Act of 2007” (Kerry)

There is much to commend in this legislation. It increases the amount of assistance provided to students and it makes the credit refundable. However, it does not include non-tuition expenses, which is a shortcoming for community college students, as outlined above. The legislation creates a credit for those students who are not enrolled at least half-time as an undergraduate, and this idea holds great promise; over time it might greatly enhance the overall skill level of the nation’s workforce.

3) S. 851, “Higher Education Opportunity Act of 2007” (Schumer)

The legislation provides a potentially helpful framework for dramatically simplifying and improving the current higher education financing tax provisions. However, by limiting non-tuition eligibility to \$250 for books, it insufficiently recognizes the financing realities facing community college and other students. Each year, community college students

spend an average of \$850 on books alone. Also, as with the current Hope tax credit, Pell Grant and SEOG awards would be subtracted from eligible tuition amounts when the credit is calculated. As explained, community colleges oppose this policy.

4) S. 301, the “Nontraditional Student Success Act” (Clinton)

This legislation is generally focused on the Higher Education Act, but it also includes an expansion of the Lifetime Learning credit that would dramatically expand benefits to those attending lower-cost programs. It would add non-tuition expenses such as books, supplies, and equipment, and would make the credit refundable. Therefore, it could have a strong positive impact in encouraging people to enroll in non-credit courses that improve their job skills. AACC supports these provisions and hopes that their basic features can be worked into any legislation the committee considers.

Thank you for inviting me to testify this morning and to explain the community college perspective on these issues. There is a great opportunity for significant improvement in the important tax provisions that provide assistance to America’s college students and their families. America’s community colleges and their students are looking to this Committee to provide the necessary leadership. The AACC stands ready to work with the Committee in this endeavor.

UNITED STATES SENATE
COMMITTEE ON FINANCE

**Realizing a Competitive Education:
Identifying Needs, Partnerships and Resources
March 20, 2007**

Questions for the Record

Jane A. Karas, Ph.D., President, Flathead Valley Community College, Kalispell, MT

1. From your perspective, please describe the most important systemic changes that are needed for the education structure. (Chairman Baucus)

The most important systemic changes that are needed for education structure are:

- Financial support for low-income college students attending community colleges with low tuition – either through tax refunds, or additional opportunities for financial assistance.
- Financial support for community colleges to develop new programs to continue to meet the needs of local business and industry.

2. Please describe how community colleges are working with high schools to provide access and information about higher education. (Chairman Baucus)

Across the country, community colleges have developed a wide range of relationships with local high schools to help inform and prepare students for postsecondary education. One common educational strategy used at more than two-thirds of all U.S. community colleges is to provide “dual enrollment” programs, in which high school students take community college courses taught by community college faculty. Students often pay lower tuition, if any. These high school students receive high school and college credit for these “dual enrollment” courses.

At Flathead Valley Community College, high school students who are enrolled in dual enrollment courses can take college classes in a safe, supportive environment. Many juniors and seniors in high school are capable of excelling in college level courses, but are not yet ready to leave their home. In addition, high school students build on the opportunities afforded to them at a community college. Lower community college tuition allows high school students to complete general education courses and get a head start on their four year degrees.

Community colleges also provide opportunities for high school students not enrolled in dual credit programs to familiarize themselves with the college environment. Flathead Valley Community College works with high school students in the following ways:

- Upward Bound – This program is designed for first-generation high school students (no one else in their family has attended college. Upward Bound is

critical to the success of many students as it provides education, support services, and helps students with basic life and study skills that they do not receive elsewhere.

- College Bowl Nights – Flathead Valley Community College financial aid staff (similar to other colleges) host an evening at each local high school to help students and parents with all FAFSA and other financial aid forms, as well as answer questions. This event is available to all high school students, no matter which college they plan to attend.
- Special Program Days – Faculty from academic disciplines (e.g. math, science, culinary arts, fine arts) invite local high school juniors and seniors to spend one-half or one day at the college. There are special programs and the opportunity to sit in on college classes.
- Distance Education – For rural and remote high schools, Flathead Valley Community College offers these high school students the opportunity to participate in classes either on-line or through interactive tele-video.
- High School visits - Flathead Valley Community College faculty and staff regularly visit local high schools to meet with students, parents, counselors and teachers to share information about attending college.

The above are just some of the ways that community colleges work with high schools in their regions to provide access and information about higher education.

3. Flathead Valley Community College has a Continuing Education Center. Do these programs lead to students obtaining four-year degrees? (Chairman Baucus)

Flathead Valley Community College has a thriving Continuing Education Center that provides multiple opportunities to individuals in our region. These services are:

- Partnerships with colleges and universities that offer four-year and graduate degrees. These partnerships allow individuals who cannot leave the region, because of work, family or geography, to get their baccalaureate or graduate degree at Flathead Valley Community College.
- Customized Training for existing and new business and industry to access specialized training for their organizations.
- Workforce Training and Education is provided to local employers and employees.
- Community Education courses providing life-long learning to individuals within our region.
- Elderhostel providing educational experiences for those individuals 55 and older.
- Kids College is a summer program for elementary and middle school children who take a summer class at the college in which learning is fun and relevant to their lives.

Often individuals within the community take classes from Continuing Education and go on to complete a two-year degree from Flathead Valley Community College and continue on to a four-year degree from one of our partner colleges.

4. Please describe Flathead Valley Community College's student population. Is the college seeing an increase in the enrollment of non-traditional type students?

Flathead Valley Community College's student population:

- 60% of students attend part-time
- 70% of students work while attending college
- Average age of students is 29 years old
- 60% of students plan to transfer to a four-year college or university
- 40% of students are enrolled in occupational programs

The enrollment of non-traditional age students has continued to increase. A number of non-traditional students attend FVCC for re-training to prepare them for career advancement and for new careers. In addition, many non-traditional students who enroll in FVCC have families and work commitments while attending classes. When local business and industry lay-off workers, then Flathead Valley Community College experiences a high increase in the number of non-traditional students.

5. You mentioned that the HOPE Scholarship tax credit contains a provision to preclude "double-dipping" by a student using grant funds and a tax credit to cover the same expenses. Please provide an example of how in practice this provision is denying the reality of non-tuition college expenses. (Chairman Baucus)

Here is an example of a full-time community college student who pays \$2,500 in tuition and receives a \$2,500 Pell Grant. This student is not eligible to receive any Hope tax credit whatsoever. However, this student has, on average, another \$10,022 in education-related expenses, according to the formula used to allocate federal student financial aid (contained in the Higher Education Act). This formula includes books, supplies, transportation, room, board, etc., that is not recognized under the Hope framework. This student obviously has great financial need beyond the \$2,500 Pell Grant. However, the provision against "double-dipping" prevents a student from accessing Hope to help meet the costs beyond that \$2,500 in tuition.

6. Ms. Karas, the skills needed for higher education and those needed for success in the labor market are inextricable. Community colleges have been key in strengthening the links between local employers and schools. In terms of tax policy and financial incentives, how can businesses and schools increase engagement in active partnerships to improve both academic achievement and preparations for careers? (Senator Cantwell)

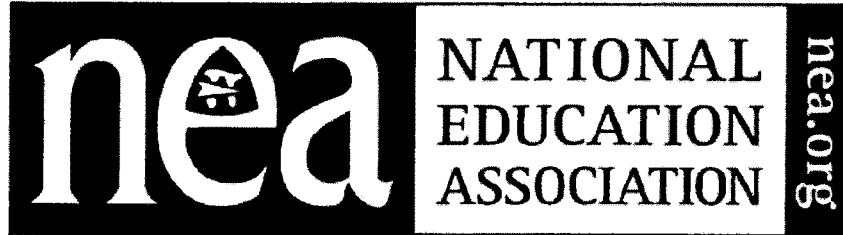
Community colleges believe that some businesses could be given incentives to provide education and training in areas of particular need. For example, consideration has been given to allow businesses to claim a tax credit if they allow their employee(s) to teach at a community college. Increased tax credits could be given for donations of equipment to community colleges, particularly in high-tech areas.

7. Senators Snowe and I just recently introduced the Lifelong Learning Accounts Act (S. 26), which would establish a demonstration program of Lifelong Learning

Accounts for up to 200,000 workers in up to 10 states. The Department of Treasury will select participating states in a competitive process. A national LiLA demonstration program is important for testing innovative approaches to administering a LiLA tax credit program. The program targets tax incentives to lower and middle-income earners and their employers to save and spend for education and training to improve their career related skills and knowledge.

In the demonstration, any employed person in an eligible state may contribute up to \$5,250 annually into a LiLA owned by the individual (adjusted annually for inflation). The LiLA owner would receive a non-refundable tax credit equal to the amount contributed into his or her LiLA up to \$500 against his or her tax liability for the tax year in which the contribution was made. The credit is phased-out for filers with modified adjusted gross incomes over \$55,000 for single filers and over \$75,000 for joint filers. All distributions for eligible expenses are excluded from the taxpayer's gross income. Employer contributions to workers' LiLAs also are excluded in the workers' gross income. Employers have the option to match workers' LiLA contributions and would receive a tax credit for each dollar matched up to \$500 annually. Question: How do you view LiLAs ability to address gaps in the public system's financing for education and training? (Senator Cantwell)

This approach will be attractive to lower-income individuals who do not have the resources to put large sums of money into Section 529 plans. This is primarily because the tax credit that is provided through this legislation is more financially valuable to the tax filer. In addition, the LiLA framework includes employer involvement, which could further enhance the benefit for individuals in need of enhancing their skills. AACC supports S. 26.



Great Public Schools for Every Child

STATEMENT OF

PATTY MYERS

ON BEHALF OF

THE NATIONAL EDUCATION ASSOCIATION

BEFORE THE

UNITED STATES SENATE

COMMITTEE ON FINANCE

MARCH 20, 2007

Patty Myers
Second Grade Teacher, Lewis and Clark Elementary School, Great Falls, Montana
Member, National Education Association

TESTIMONY TO THE SENATE FINANCE COMMITTEE HEARING ON

“Realizing a Competitive Education: Identifying Needs, Partnerships, and Resources”

March 20, 2007
10:00 a.m. Dirksen Senate Office Building

Chairman Baucus and Members of the committee:

Thank you very much for the opportunity to speak with you today about opportunities for this committee to make a real difference in ensuring great public schools for every child.

I am proud to be here today representing my 3.2 million colleagues – members of the National Education Association (NEA).

NEA is the largest professional association in the country, representing public school educators—teachers and education support professionals, higher education faculty, educators teaching in Department of Defense schools, students in colleges of teacher education, and retired educators across the country. While our membership is diverse, we have a common mission and values based on our belief that a great public school is not a luxury, but a basic right for every child.

I am also here to offer my unique perspective as a thirty-seven year veteran of the classroom. I currently teach second grade at Lewis and Clark Elementary in Great Falls, Montana, and have served on the Board of Public Education since 2000. I serve as a technology coordinator for my school district, helping educators infuse technology into their classrooms. I also have a special interest in meeting the needs of the students at the Montana School for the Deaf and Blind, having had numerous students placed with me over the years.

NEA members like myself go into education for two reasons—because we love children and we appreciate the importance of education in our society. We want all students to succeed. We show up at school every day to nurture children, to bring out their full potential, to be anchors in children’s lives, and to help prepare them for the 21st century world that awaits them.

There is a lot of good news about public education. Over the last twenty years:

- More children are attending full-day kindergarten.
- More students with disabilities are being educated in general education classrooms.
- High school students are taking a more challenging curriculum, with many more completing advanced math and science courses and taking AP courses and exams.
- SAT scores have gone up, even as many more students are taking the test.
- Almost all U.S. classrooms have Internet access.
- Students are safer at school.
- And more students are going to college, with more young adults completing four-year degrees, and more women earning college and graduate degrees.

Yet, my colleagues and I are the first to acknowledge that our public schools face many challenges. We have too many children on the other side of achievement, skills, and opportunity gaps. Too many of our neediest students are still being taught by uncertified and under-prepared teachers. We have unacceptable gaps in access to after school programs and extended learning time programs; gaps preventing students from accessing a rich and broad curriculum; and significant infrastructure and school environment gaps that hamper learning. These gaps are intolerable. They contradict everything this nation stands for, and they impede our future success.

Federal policy should support innovative approaches to making students' educational experience engaging and relevant to them. The world has changed dramatically since enactment of the Elementary and Secondary Education Act of 1965, and thus our public schools must also change. Technology has transformed not only our economy, but the world's economy. A wonderful benefit of this transformation is that all nations are more globally interdependent.

Our schools need to reflect the world in which our children live: a world infused with a 21st century curriculum. They need to help students become well-rounded individuals with skills to compete in a changing world and contribute to the rich, diverse societal fabric that makes our country so impressive. Ultimately, an educational experience that is more relevant to a student is going to be more engaging and will lead to greater knowledge and skills. A rich, relevant, and challenging experience can help address all students' needs. It can captivate and challenge our gifted students, while also providing a positive influence for students at risk of dropping out or engaging in high-risk behaviors.

We believe that all public schools should have:

- Quality programs and services that meet the full range of all children's needs so that they come to school every day ready and able to learn;
- High expectations and standards with a rigorous and comprehensive curriculum for all students;
- Quality conditions for teaching and lifelong learning;
- A qualified, caring, diverse, and stable workforce;
- Shared responsibility for appropriate school accountability by stakeholders at all levels;
- Parental, family, and community involvement and engagement;
- Adequate, equitable, and sustainable funding;

Today, I would like to offer some ideas on how this committee, with its jurisdiction over tax and revenue policy, can help address some of these issues. I want to commend you, Chairman Baucus, for your continuing work in this area. For example, your *Education Competitiveness Act*, introduced in the last Congress, contained a number of innovative ideas for addressing educational quality, including funding for programs encouraging elementary and secondary school teachers to serve in rural or underserved areas and voluntary universal prekindergarten programs focusing on child development.

I will focus today on several key areas in which this committee can make a real difference: teacher salaries; tax incentives to attract and retain the highest quality educators; school modernization efforts to ensure every student a world-class learning environment; and retirement security to reward, rather than penalize, those who have dedicated their lives to educating our nation's children.

I. Educator Salaries

Ensuring a highly qualified teacher in every classroom is critical to closing achievement gaps and maximizing student learning. In fact, no single factor will make a bigger difference in helping students reach high academic standards than ensuring quality teachers.

Unfortunately, difficulty in attracting quality teachers, and the high turnover rates of those who do choose to work in hard-to-staff schools, severely hamper the ability to maintain a high-quality teaching and learning environment. Approximately one-third of the nation's new teachers leave the teaching profession during their first three years of teaching, and almost one-half leave during their first five years of teaching. Turnover in low-income schools is almost one-third higher than the corresponding rate for all teachers in all schools.

We have asked our nation's educators to take on the most important challenge in ensuring America's future. Yet, we have denied these educators economic security and respect. For example:

- According to a recent study by the National Association of Colleges and Employers, the teaching profession has an average national starting salary of \$30,377. Meanwhile, computer programmers start at an average of \$43,635, public accounting professionals at \$44,668, and registered nurses at \$45,570.
- A recent report from the NEA Research department (Teacher Pay 1940 – 2000: Losing Ground, Losing), which is based on US census data, finds that annual pay for teachers has fallen sharply over the past 60 years in relation to the annual pay of other workers with college degrees. The report states that, "Throughout the nation the average earnings of workers with at least four years of college are now over 50 percent higher than the average earnings of a teacher."
- An analysis of weekly wage trends by researchers at the Economic Policy Institute shows that teachers' wages have fallen behind those of other workers since 1996, with teachers' inflation-adjusted weekly wages rising just 0.8 percent, far less than the 12 percent weekly wage growth of other college graduates and of all workers. Further, a comparison of teachers' weekly wages to those of other workers with similar education and experience shows that, since 1993, female teacher wages have fallen behind 13 percent and male teacher wages 12.5 percent (11.5 percent among all teachers). Since 1979 teacher wages relative to those of other similar workers have dropped 18.5 percent among women, 9.3 percent among men, and 13.1 percent among both combined.
- Across the nation, teachers are losing spending power for themselves and their families as inflation outpaced increases in teacher salaries last year. According to the NEA update to the annual report titled, "Rankings and Estimates: Rankings of the States 2004 and Estimates of School Statistics 2005," inflation increased 3.1 percent over the past year, while teacher salaries increased by only 2.3 percent.

These national statistics are reflected in Montana. According to school accreditation reports my Board of Public Education received just last week, our state faces a significant shortage of library media specialists, music teachers, school speech pathologists, and school psychologists. Many of our smaller schools received accreditation with advice because of mis-assigned teachers. Montana is having real trouble competing with other states in attracting and retaining teachers,

including our neighbor to the south, Wyoming, where the salary schedule is many thousands of dollars higher. Studies show that 75 percent of graduates from our teacher education programs leave the state.

We believe it is time for the federal government to step up and address this untenable situation. Congress should reward states that set a reasonable minimum starting salary for teachers and a living wage for support professionals working in school districts that accept federal funds. NEA recommends that all teachers in America enter the classroom earning at least \$40,000 annually and that all education support professionals start their careers earning at least a living wage. NEA has education support professional members who live in shelters, others who work two and three jobs to get by, and others who receive food stamps. This is an unacceptable and embarrassing way to treat public servants who educate, nurture, and inspire our children.

NEA also supports advancing teacher quality at the highest poverty schools by providing \$10,000 federal salary supplements to National Board Certified Teachers. Congress also should fund grants to help teachers in high poverty schools pay the fees and access professional development supports to become National Board Certified Teachers.

II. Tax and Other Financial Incentives

Recruiting Educators to Hard-to-Staff Schools

Often those schools with the greatest needs, and consequently the most challenging working conditions, have the most difficulty retaining talented teachers, particularly given the resources and benefits available in more affluent areas. According to the Education Commission of the States (ECS), many hard-to-staff schools are high-poverty inner-city schools or rural schools that, as a consequence of their location in economically depressed or isolated districts, offer comparatively low salaries and lack the amenities with which other districts attract teachers. Typically, such schools have high turnover rates and a high percentage of relatively new teachers because more experienced teachers, whose seniority gives them greater choice in their teaching assignment, tend to go elsewhere.

There are a number of approaches Congress can take to addressing these issues. Many such approaches, including mentoring programs and access to ongoing professional development, should be part of the larger reauthorization of the No Child Left Behind Act. However, NEA believes that the Finance Committee can play a critical and immediate role in attracting and retaining a quality teaching force by using the tax code to create incentives to enter and remain in the profession.

For example, NEA strongly supports federal legislation such as the *Teacher Tax Credit Act* introduced in the 109th Congress by Representative Heather Wilson (R-NM). Representative Wilson's bill would provide a non-refundable tax credit to educators who work at school-wide Title I eligible schools. As a result, it would help hard-to-staff schools in rural and inner city areas retain the quality teachers they need to succeed.

Representative Wilson has indicated an interest in reintroducing her legislation in this Congress. We hope the Senate, through this committee, will also propose and act on similar incentives.

In addition, you should consider other financial incentives to attract and retain quality teachers in hard-to-staff schools including financial bonuses, college student loan forgiveness, and housing subsidies.

Recognizing Educators' Financial Sacrifices

NEA also supports legislation to increase, expand, and make permanent the tax deduction for educators' out-of-pocket classroom supply expenses.

The educator tax deduction helps recognize the financial sacrifices made by teachers and paraprofessionals, who often reach into their own pockets to purchase classroom supplies such as books, pencils, paper, and art supplies. Studies show that teachers are spending more of their own funds each year to supply their classrooms, including purchasing essential items such as pencils, glue, scissors, and facial tissues.

For example, NEA's 2003 report *Status of the American Public School Teacher, 2000-2001* found that teachers spent an average of \$443 a year on classroom supplies. More recently, the National School Supply and Equipment Association found that in 2005-2006, educators spent out of their own pockets an average of \$826.00 for supplies and an additional \$926 for instructional materials, for a total of \$1,752.

Over the past three years, I averaged \$2,200 out of my own pocket to pay for needed classroom supplies. I spend this money because I know my students need the supplies and I would not otherwise be able to give them the education they deserve. In my school, teachers' personal expenditures range from a low of \$500 a year (a new teacher with a family to support on the low Montana starting salary) to my high of over \$2,000. In what other profession would employees routinely pay for the essential tools of the trade without reimbursement? Why do we continue to shortchange our schools, leaving them without the necessary resources, and then expect our low-paid teachers and education support professionals to make up the difference?

The educator tax deduction has expired twice since its initial creation and has been extended each time. The deduction is set to expire again at the end of the 2007 tax year. Failing to make the deduction permanent has created unnecessary uncertainty and complication. In fact, because tax forms for the 2006 tax year were printed prior to the last-minute extension of the deduction last year, some educators may not even know of its continued availability.

Senators Collins (R-ME) and Warner (R-VA) have been strong advocates for expanding and increasing the educator tax deduction. They have introduced the NEA-supported *Teacher Tax Relief Act of 2007* (S. 505), which would increase the current deduction from \$250 to \$400 and make it permanent. Representative Camp (R-MI) has introduced companion legislation in the House (H.R. 549). Both the Collins/Warner and Camp bills would also extend the deduction to cover out-of-pocket professional development expenses. Ongoing professional development is essential to ensure that educators stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century.

NEA strongly encourages this committee to move the Collins/Warner bill quickly through mark-up and to work with the Senate leadership to bring the bill forward for debate and passage.

III. School Modernization

America's schools are in desperate need of repair and renovation. Across the country, students learn in overcrowded classrooms with peeling paint, leaking roofs, and faulty wiring. Some schools hold classes in "temporary" trailers, converted closets, and hallways. Too many students attend schools that lack basic electrical and telecommunications equipment necessary for connection to the Internet or the use of new education technologies. Students attending public

schools in less than adequate condition face not only direct impacts on their academic achievement, but also significant dangers to their personal health and safety.

Modern schools clearly impact student achievement. Studies document the link between school building conditions and student learning. A 1996 study by the Virginia Polytechnic Institute and State University found a significant difference in academic achievement between students in substandard classrooms and demographically similar children in a first-class learning environment. Similarly, a 1995 study of North Dakota high schools found a positive correlation between school condition and both student achievement and student behavior. A 1995 study of overcrowded schools in New York City found students in such schools scored significantly lower on both mathematics and reading exams than did similar students in underutilized schools.

Unsafe and inadequate school facilities also impact classroom order and discipline. Modern, safe environments encourage learning and discourage disruptive behavior, while overcrowded classrooms make it more difficult to maintain classroom order.

In Montana, we do not see much in the way of new school construction or modernization. In fact, our outdated infrastructure and inadequate school facilities are impeding our ability to implement strategies proven to increase student learning. For example many of our older schools need to be updated to meet the needs of advancing technology. Many of our K-2 classes are overloaded because we are trying to keep class size down. And, many Montana schools are having trouble finding room for increased numbers of kindergarten students as we are trying to implement full day kindergarten.

Qualified Zone Academy Bonds (QZABs)

This committee can help address school infrastructure gaps by strengthening the recently reauthorized Qualified Zone Academy Bond program. We appreciate the work of Chairman Baucus and Senators Grassley, Rockefeller, Conrad, and Lincoln for extending this vital program which is the only existing federal program assisting local school districts with school facility repairs and modernization. The QZAB program permits school districts with low-income populations to save on interest costs associated with financing school renovations and repairs. Currently, QZABs cannot be used for new construction, but can be used for:

- Renovating and repairing buildings
- Investing in equipment and up-to-date technology
- Developing challenging curricula
- Training quality teachers

QZABs also encourage schools and businesses to cooperate in innovative ways that expand students' learning opportunities and help schools prepare students with the kinds of skills employers and our nation need to compete in the global economy.

Schools usually fund large projects, like building renovation or construction, through debt mechanisms such as tax-exempt bonds or loans. School districts then pay a substantial amount of interest on this debt. For schools serving low income students, QZABs reduce the burden of interest payments by giving financial institutions holding the bonds a tax credit in lieu of interest. The school district must pay back the amount of money it initially borrowed, but does not have to pay any interest—typically about half the cost of renovating a school. Each state is allotted an

amount of money its schools may borrow using QZABs. The program's current authorized funding is \$400 million annually.

States have the flexibility to choose their own processes to award bond authority to qualified schools. A qualified school is one that is located in an Empowerment Zone or Enterprise Community *or* has at least 35 percent of its students eligible for free or reduced price school lunch. The two alternative criteria allow both rural and urban schools serving poor children to benefit from QZABs.

The QZAB program has proven to be an efficient and cost effective tool for helping school districts meet a small portion of their infrastructure needs. It uses a relatively small public investment to leverage significant private sector resources and market forces to accomplish an essential public good. We do, however, recommend several significant changes to the program. These changes are essential given the scope and urgency of the school infrastructure needs, particularly in states affected by Hurricane Katrina and other natural disasters. Many of these changes were included in legislation proposed by Senator Conrad and other Finance Committee members in the 108th and 109th Congresses.

1. Expand the investor market

When Congress authorized the QZAB program in 1997, it severely limited the market for the bonds. A local government's bond issue can be purchased only by banks (within the meaning of Internal Revenue Code section 581), insurance companies (to which subchapter L of the Internal Revenue Code applies), and corporations actively engaged in the business of lending money. As of 2003, Bank of America was the market leader in QZAB financing nationwide. However, according to the Bond Market, the limited number of potential investors is a problem because it eliminates individual and institutional investors for whom the tax credits are very attractive as well as significant sources of investment funds such as public and private sector pension plans.

2. Raise the current funding cap

Congress has authorized \$400 million for the QZAB program in each year since its inception. Yet, Congress has repeatedly rejected expanding the program or authorizing additional bonds. According to the American Association of State Highway and Transportation Officials, the average issue under the QZAB program is below \$10 million. In 2000, the Bond Market Association called the \$400 million amount "small" and told Congress that the

"small size and short term of the program results in several problems. First, it is difficult for bond issuers, attorneys, underwriters, investors and others associated with municipal bond transactions to commit resources to developing expertise on a new and unknown financing vehicle when very little issuance will be permitted to take place. Second, the small issuance volume has resulted in no significant secondary market for QZABs. A lack of market liquidity discourages investors and raises costs for issuers."

3. Make the tax credit "strippable"

"Strippability" refers to the separation of interest (also known as the coupon) from the principal of a bond. In the case of tax credit bonds, the tax credit would be "de-coupled" from the underlying bond and marketed separately, making the bonds easier to sell.

Under the current QZAB program, the bond principal and tax credit cannot be stripped or traded separately.

Making the QZAB tax credit strippable would open a new market for the tax credits and make selling bonds less dependent upon finding investors with pockets deep enough to buy the principal amount and those that can use the tax credit. The change would help develop a secondary market for the bonds and potentially reduce discount costs, making more of the proceeds available for school related expenses.

4. Make new school construction eligible

Under current law, QZABs may be used for school building repair and renovation but not for new school building construction. Adding the latter category would make the program more flexible, and would help address the significant need for new school facilities in districts with overcrowded school buildings, as well as in areas hit by natural disasters such as Hurricane Katrina.

The Committee can address these issues and can also assist states and local school districts in building newer, more modern schools by considering the *America's Better Classrooms Act* sponsored by Senator Rockefeller. This legislation will strengthen the already effective QZAB program and will significantly broaden the ability of school districts and local communities to build the new, modern school facilities essential to a world-class 21st century education system.

IV. Retirement Security

Social Security Offsets

I would like to conclude my testimony by addressing educator retirement security—an issue that is inextricably linked to maximizing student learning and fulfilling every child's right to a great public school.

As I discussed earlier, helping every student succeed requires attracting and retaining the highest quality teaching force. Yet, current Social Security law is undermining these efforts by penalizing those who choose to enter public service. In particular, two offsets—the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) unfairly reduce the Social Security and Social Security survivor benefits certain public employees may receive.

The Government Pension Offset reduces Social Security spousal or survivor benefits by two-thirds of the individual's public pension. Thus, a teacher who receives a public pension for a job not covered by Social Security will lose much or all of any spousal survivor benefits she would expect to collect based on her husband's private sector earnings. Nationwide, more than one-third of teachers and education employees, and more than one-fifth of other public employees, are not covered by Social Security, and are, therefore, subject to the Government Pension Offset.

The Windfall Elimination Provision reduces the earned Social Security benefits of an individual who also receives a public pension from a job not covered by Social Security. The WEP penalizes individuals who move into teaching from private sector employment, or who seek to supplement their often insufficient public wages by working part-time or in the summer months in jobs covered by Social Security.

Educators enter the profession often at considerable financial sacrifice because of their commitment to our nation's children and their belief in the importance of ensuring every child the opportunity to excel. Yet, many of these dedicated individuals are unaware that their choice to educate America's children comes at a price – the loss of benefits they earned in other jobs.

While I am not personally impacted by these unfair offsets, many of my colleagues across the country are. The impact on them as individuals is devastating, but the impact on the education profession, and consequently on the success of our students and the future of our nation, is equally troubling.

The GPO and WEP are impacting the recruitment of quality teachers. Simply put, at the same time that policymakers are encouraging experienced people to change careers and enter the teaching profession, individuals who have worked in other careers are less likely to want to become teachers if doing so will mean a loss of Social Security benefits they have earned. Some states seeking to entice retired teachers to return to the classroom have found them reluctant to return to teaching because of the impact of the GPO and WEP. In addition, current teachers are increasingly likely to leave the profession to reduce the penalty they will incur upon retirement, and students are likely to choose other course of study and avoid the teaching profession.

The offsets will particularly hinder efforts to recruit new math and science teachers from the private sector. Many private sector mathematicians and scientists willingly accept the loss of salary inherent in moving from the private sector into teaching. They do so because they want to make a difference in the lives of children and they want to ensure our nation's competitiveness in the 21st century. But, they will not knowingly jeopardize their retirement security. Every day, NEA receives calls and letter from such individuals, who are learning too late about the penalties they face—the loss of Social Security benefits they earned— simply because they have chosen to leave the private sector and become teachers.

If Congress is serious about encouraging professionals from the private sector to move into teaching, or about encouraging members of the armed forces to consider teaching when they leave the military, you have to repeal the offsets. Most importantly, if you are serious about fulfilling the basic right of every child in America to a great public school, you have to repeal the offsets.

Senators Feinstein (D-CA) and Collins (R-ME) and Representatives Berman (D-CA) and McKeon (R-CA) have introduced the *Social Security Fairness Act* (S. 206/H.R. 82), which would completely repeal the GPO and the WEP. Both bills have garnered considerable bipartisan support, yet have failed to move. I urge this committee to take immediate action on this important legislation.

Mandatory Social Security Coverage

I would like to caution the committee that NEA's support for repeal of the Government Pension Offset and Windfall Elimination Provision should not in any way be interpreted as support for requiring public employees to participate in Social Security. NEA strongly opposes mandatory coverage. Instead, NEA simply believes that educators should be able to receive the benefits they or their spouse earned by working in covered employment, without jeopardizing their public pension.

Many existing public employee programs are tailored to meet the needs of specific employee groups. Forcing educators into Social Security would jeopardize these state and local plans. In

addition, Social Security trust funds can be invested only in U.S. Treasury bonds. State and local governments permit a greater diversity of investment options, thereby potentially achieving a greater rate of return.

Mandatory coverage of educators would also increase the tax burden on public-sector employers. Ultimately, these increased tax obligations would lead to difficult choices, including reducing the number of new hires, limiting employee wage increases, reducing cost-of-living increases for retirees, and reducing other benefits such as health care.

Finally, mandating coverage of educators will not solve the Social Security system's financial difficulties. The amount of money gained by mandating coverage would be relatively small and would not solve the long-term Social Security crisis. Requiring new state and local employees to pay into Social Security would enable the federal government to continue borrowing money from Social Security trust funds, and, therefore, could exacerbate financing problems.

V. Conclusion

I would like to sum up my testimony today by reminding the committee of the important role you can play in building the world-class education system that all of our children deserve – no matter where they live or what their family circumstances.

On behalf of the National Education Association's (NEA) 3.2 million members, I urge this committee to act as quickly as possible on bills to:

- Set a reasonable minimum starting salary for teachers and a living wage for support professionals working in school districts that accept federal funds;
- Provide tax incentives to educators working in hard-to-staff schools;
- Increase, expand, and make permanent the educator tax deduction;
- Strengthen the Qualified Zone Academy Bond program,;
- Broaden Support for School Modernization through the *America's Better Classrooms Act*; and
- Repeal the Government Pension Offset and Windfall Elimination Provision.

I thank you for the opportunity to speak with you today. I, and the entire membership of the National Education Association, look forward to continued dialogue and action on these important issues.

UNITED STATES SENATE
COMMITTEE ON FINANCE

**“Realizing a Competitive Education: Identifying Needs,
Partnerships and Resources”
Tuesday, March 20, 2007, 10:00 AM
215 Dirksen Senate Office Building**

Questions for the Record

Patty Myers, Teacher, Lewis and Clark Elementary, Great Falls, MT

- 1. From your perspective, please describe the most important systemic changes that are needed for the education structure. (Chairman Baucus)**

The first necessary change is that public education needs to be fully funded and supported at the federal and the state and local levels. The second needed change is effective economic development so that a large percentage of our children DO NOT live in poverty.

That said, I would think that another key change should be in how we assess progress in our schools. I believe that the accountability system should provide answers to these questions: Is the school making adequate yearly progress as determined by cohort assessment over time? Are we comparing students with their scores from last year and the year before? In addition, we should be using multiple measures to measure success, including, but not limited to, assessments, attendance, discipline referrals, teacher observations and parent and community observations.

Furthermore, I believe Congress must shift from the law's current focus that labels and punishes schools with a flawed one-size-fits-all accountability system and severely under-funded mandates to one that includes common-sense flexibility and supports educators in implementing programs that improve student learning, acknowledge progress, and provide meaningful assistance to schools most in need of help.

I have attached to this response a document outlining the National Education Association's top seven legislative priorities for changes to No Child Left Behind, including critical changes to the accountability system.

- 2. During your 37 years in the classroom, what is the biggest change you have seen? (Chairman Baucus)**

I asked this question of the five educators with the most experience in my District. I had my ideas, but wanted to see what their answers would be. I do not find it surprising that

we all had the same concerns. The biggest changes that I (we) have seen in my 37 years of teaching have involved pressure, parents, and technology.

Many teachers feel as though the fun has been taken out of teaching because of the emphasis put on standardized testing and accountability. We have lost our ability to be creative and follow our instincts while in the classroom. I am not a better teacher because of the federal regulations. I just know how to teach more effectively to the tests.

When I started teaching, my students came from two parent families and the parents were actively involved in their children's day-to-day activities. Most days, I had parents volunteering in my room. Thirty-seven years later (I teach at the same school), I can rarely get parents to volunteer. They are too busy trying to survive. Most of my students are from single parent homes and the custodial parent is finding it difficult, if not impossible, to find the needed time to devote to the child.

It seems hard to believe that when I received a Master's in Computers in Education in 1996, there was this thing out there called the Internet and we would soon be experiencing it. At that time, the technology in my classroom consisted of an overhead projector and a set of calculators. Technology has opened up a whole new world to my students and me. The ability to gather information instantly and present it to my students has changed the way I teach. We observe, we explore, we record, and then present. Utilizing technology and the Internet has provided us with access to things we would have only been able to imagine a few years ago.

3. Integrating technology into the classroom is a big challenge for elementary and secondary schools. Please describe some best practices for accomplishing this. (Chairman Baucus)

The districts with which I have contact seem to follow best practice through the use of Technology Coaches who actually prepare lessons and co-teach the lessons with the teachers. I also find this works best for us. The regular teacher learns the program from helping over the span of a week, and then on the next session she takes the lead and the coach is the helper.

Offering PIR (professional development) choices is another great way to introduce technology to teachers and works well for those who are tech savvy. However, this does not always work well for teachers who are hesitant to use technology.

Another best practice is using a distributed leadership model. We do this with our tech teams. We have a building-level contact that receives training and then can train his/her staff and remain available on a daily basis.

Lastly, making sure to offer training and support when new technology is ordered is a big factor in whether the new items get used or not. Principals and other budgeting decision

makers need to add in the cost of training when contemplating purchasing new technology.

4. What would you consider a good way to measure teacher quality? (Chairman Baucus)

I think that teacher quality should be determined by teacher certification/licensing standards as set by the states. This is the business of the state and not the federal government. I do not want to see teacher quality measured by examining individual student scores.

5. What can the Senate Finance Committee do to promote schools being able to attract and retain quality teachers? (Chairman Baucus)

I liked what I heard about low interest loans and tax credits for businesses that offer these to schools and educators. If we are to recruit and retain good educators, salaries and benefits must be more competitive with the public sector. If we can lighten the financial burden to the local district, that would free up more dollars for salaries and benefits.

I also think that in addition to salaries, educators are looking for other incentives such as college student loan forgiveness, housing subsidies, and federal salary supplements for teachers, including National Board Certified teachers.

6. Ms. Myers, the U.S. has long been a leader in the global economy. But other nations are catching up, if not surpassing us because we are failing to adequately prepare our students to compete. Especially in the STEM fields, American students are not performing as well as their international peers. We must improve STEM skills with our students. To do this, we must attract the best and brightest to teach in our schools. In response to these teacher shortages, there are many states pursuing strategies to recruit high equality teachers, which include providing incentives for educators to work in areas of high need. What are the different types of inventive programs currently offered? Are any of these more attractive than others for teachers? Please explain why. (Senator Cantwell)

I believe the following recommendations would be the best way to encourage educators, whether coming from another profession or not, to work in areas of high need and to remain there:

- Reward states that set a reasonable minimum starting salary for teachers and a living wage for support professionals working in school districts that accept federal funds. NEA recommends that no teacher in America should make less than \$40,000 and no public school worker should make less than \$25,000 or a living wage.

- Fund grants to help teachers in high poverty schools pay the fees and access professional development supports to become National Board Certified Teachers.
 - Consider other financial incentives to attract and retain quality teachers in hard-to-staff schools including financial bonuses, college student loan forgiveness, and housing subsidies.
 - Address working conditions by restoring a separate funding stream to help states reduce class sizes to no more than 15 students and awarding grants to states that conduct surveys of teaching and learning conditions and agree to address problem areas revealed by those surveys.
- 7. Are there ways to partner with the corporate community to help attract teachers into the profession, and especially in these fields? (Senator Cantwell)**

It would be great to encourage the corporate community to care about education in general, including helping to attract teachers into the profession. It might make a big difference if corporate partners, for example, were to sponsor ads that touted the hard work of educators and their desire to help their students succeed in life, or if they advocated for additional resources to ensure that teachers are paid a decent salary.

One example of an education-corporate partnership is the Partnership for 21st Century Skills (www.21stcenturyskills.org), which includes groups like Microsoft, Dell, Cisco Systems, Time Warner, Verizon, and NEA and AFT. As an example of the work this type of educator-corporate partnership can do, the Partnership developed a set of core knowledge and skills that students will need to know to compete in the 21st century, as well as a statement of principles that encompasses not only academic rigor but mastery of 21st century skills and content, such as global awareness, learning and thinking skills, life skills, as well as information and communications literacy.



NEA's TOP LEGISLATIVE PRIORITIES FOR ESEA*
March 21, 2007

1. Inclusion of multiple measures in a revised AYP accountability system so that AYP is not based solely on standardized test scores.

1.1. States would be permitted to develop a research-based school accountability formula or matrix that considers multiple measures.

1.2. Each state shall incorporate into its accountability system additional measures beyond the current use of just two statewide test scores. Other measures states could include are: district-level assessments, graduation rates (for high school), attendance rates, school-level assessments, performance or portfolio assessments, and the percent of students participating in rigorous coursework, which may include dual enrollment, honors, AP, or IB courses.

2. Use of growth models to measure changes in student performance.

2.1. Allow every state to implement a transparent growth model methodology that recognizes continuous improvement for all students, grants schools credit for improving student achievement at all points on the achievement scale (for example, credit for schools that move students from below basic to basic or from proficient to advanced), and for improving student achievement over time. Such systems could track individual student performance or cohort performance.

2.2. The Federal government should not designate the specifics of such a system, but should grant states flexibility to develop growth models, subject to state peer review and review by an independent expert body, such as the National Council on Measurement in Education, the American Psychological Association, the American Educational Research Association, or the Joint Committee on Testing Practice.

2.3. In order to use a growth model, states would provide assurances that they have: a rich data system capable of collecting the data, individual student identifiers, and professional development/training for educators and administrators in how to interpret the data and use it to modify instruction, curriculum offerings, and drive other school or student-based supports and interventions. The specific methodology of any growth model should be transparent.

2.4. Data from growth models in an accountability system should be used exclusively to improve instructional and curriculum decisions and professional development for educators.

3. Shift AYP from a system that labels and penalizes schools to one that rewards success.

3.1. Provide for differentiated outcomes for schools, so that a school that falls short in just one or two criteria would be required to develop and implement a targeted improvement plan for the specific subgroup of students.

3.2. If a parent exercises his or her rights to have their children opt out of taking required tests under state law, then eliminate any associated penalties against schools and districts.

3.3. Provide supports and assistance for schools, including financial support and technical assistance, with assistance targeted to those schools and districts most in need of improvement.

3.4. Reverse the order of SES and public school choice, and allow districts in need of improvement to be approved as supplemental service providers.

3.5. Target both SES and public school choice to students in the particular subgroups that do not make AYP.

3.6. Provide a separate funding stream for public school choice and supplemental educational services requirements so funding for these programs does not divert funds from classroom services.

3.7. Improve the quality of SES services by allowing school districts to monitor provider quality, ensure that SES providers serve both students with disabilities and ELL students, and require that they be fully covered by federal civil rights laws.

4. Provide additional common-sense flexibility for assessing and counting test scores from both students with disabilities and ELL students.

4.1. Allow the IEP teams to determine the appropriate assessment and standards (regular, alternate, or modified) that the assessment should be based on for each child; remove the current arbitrary 1 percent and 2 percent limits.

4.2. For newly arrived immigrant ELL students, for whom native language assessments in the required core content subjects are not available, extend to three years the period of time before their test scores are included in AYP.

5. Add a separately funded class size reduction program with class size limits of 15 to improve student learning, with priority given to high poverty schools and which could be phased in over time.

5.1. Fund a national class size database for the submission of student and teacher data that will permit the accurate calculation of class size for every school building, district and state.

6. Increase flexibility for meeting the “highly qualified” teacher requirements, including teachers of multiple subjects, special education and rural educators.

6.1. Deem fully licensed/certified special education teachers as highly qualified.

6.2. Recognize social studies as a core academic subject.

6.3. Expand current flexibility provided for rural education teachers.

6.4. Deem National Board Certified teachers as highly qualified.

7. Advance teacher quality at the highest poverty schools by providing funding to attract and retain quality teachers and improved teaching and learning conditions.

7.1. Improve teaching and learning conditions at these schools, including school safety and enhanced, focused professional development for educators.

7.2. Provide financial incentives, college student loan forgiveness, housing subsidies, and federal salary supplements for teachers, including National Board Certified teachers.

**NEA WOULD OPPOSE AN ESEA REAUTHORIZATION BILL
IF ANY OF THE FOLLOWING NON-STARTERS WERE INCLUDED:
(These are non-starters, not a part of any negotiations)**

1. Private school vouchers
2. Undermining of collective bargaining
3. Mandated federal requirements for "effective teachers" – any new mandates for highly qualified definition, including evaluations directly tied to student performance or growth model results
4. Additional mandated federal testing requirements
5. Any mandated merit pay/pay-for-performance requirements, including those directly tied to student performance or growth model results.

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**US Senate Committee on Finance
March 20, 2007**

***Realizing a Competitive Education:
Identifying Needs, Partnerships and Resources***

Good morning, Senator Baucus and distinguished senators. My special greetings to Senator Rockefeller, one of West Virginia's and America's outstanding statesmen. I appreciate this opportunity to provide testimony to the Senate Committee on Finance on the topic *Realizing a Competitive Education: Identifying Needs, Partnerships and Resources*.

We in West Virginia believe our state is leading an educational renaissance from which our students will graduate our public schools ready to be contributing citizens of the 21st century. This work has begun because we realize the absolute necessity of providing a world-class, competitive education for all students. Through our 21st Century Teaching and Learning initiative, our graduates will enter a fiercely competitive, digital world equipped with the necessary intellectual capital and the finely honed skills that will enable them to compete as productive citizens of a diverse and interconnected world.

What has brought us to this defining moment in education? Very simply, the spotlight that shone on the requirements and consequences of the *No Child Left Behind (NCLB)* legislation told us that our students needed to acquire 21st century skills in addition to those measured by state NCLB assessments. In other words, our students would not learn the prerequisite skills to become globally

competitive if we continued to follow this national educational plan. Interestingly, West Virginia was one of the first three states in the country to have its NCLB plan approved by the U.S. Department of Education. Under this plan, all West Virginia student subgroups have been doing well meeting adequate yearly progress. But doing well does not mean that our students are being prepared with the skills necessary for success in the world awaiting them.

Rather than preparing our students for their future, we realized we had created an educational system that was preparing students for our past. We had concentrated primarily on the equity mission of West Virginia public schools. As an unintended consequence of implementing our NCLB plan, we had forgotten the quality mission. This startling realization, made apparent when our 2005 National Assessment for Educational Progress (NAEP) scores were released, caused us to stop in our tracks and reassess what was best for the students of West Virginia. We believe what is best is an education that delivers equity in quality.

Further, what is best for the students of West Virginia is exactly what we have committed to in the formation of our Partnership for 21st Century Skills. Joining the national partnership of the same name in 2005, West Virginia's partners – the Governor, the Legislature, the state Board of Education, the state Department of Education, education associations, state business representatives and other stakeholders – have begun moving our system toward achievement of the six elements that make up our vision of a world-class education for our students.

First, while we know our students must develop learning proficiency in the core subjects that have been the bedrock of America's education, we also know that these core subjects must be joined by content of the 21st century. This content includes global awareness; financial, economic, business and entrepreneurial literacy; civic literacy; and health and wellness.

With the assistance of our national 21st century partnership and national and international experts, all of whom reviewed and provided feedback on our curriculum, we have revised our curriculum. We are now convinced that our latest revision has produced a curriculum that is robust and globally competitive. It has been infused with much greater cognitive demand; it integrates those aforementioned new content areas; it incorporates 21st century learning and technology skills; and it is aligned with the NAEP and the challenging Trends in International Mathematics and Science Study (TIMSS) and Program for International Student Assessment (PISA).

To enable students to discover the value and relevance of new skills and knowledge, we have added 21st century contextual learning skills to the curriculum for all students, the third element of our initiative.

A most critical element of our 21st Century Teaching and Learning initiative is the use of technology tools. The use of these tools will enable our students to use technology to develop 21st century content knowledge and skills, to develop information and communication literacy (commonly known as ITC literacy), to bridge connections between content and its application, to gain thinking and learning skills and to connect learning with their global, digital world.

In our assessment work, the fifth element, we continue to strive to align our student assessment process with not only the national assessments already mentioned, but also with international assessments including the TIMSS and the PISA. One of the major discoveries we have made, with the assistance of our assessment experts, is the central role assessment for learning plays in the daily learning of our students. We believe this formative assessment will bring increased learning for our students.

Acquiring 21st century learning skills, the sixth 21st Century Teaching and Learning element, is vitally important to the success of our students. Content will constantly change in the world awaiting these young people. The right learning skills will enable them to learn and relearn content throughout their lives. Our learning skills focus on information and communication skills (such as analyzing and evaluating sources), thinking and reasoning skills (such as critical thinking and problem solving), and personal and work place productivity skills (such as interpersonal and collaboration skills, adaptability, ethical behavior, personal accountability and leadership). Most all of these skills have been embedded in West Virginia's curriculum.

Up to this point I have shared with you where West Virginia has been, what we have discovered is needed for our students and how, with the help of our partners in the Partnership for 21st Century Skills, we are building the right 21st century educational system for the students of the Mountain State. What I have not discussed are the resources that are necessary to do the work we have

begun and those necessary to sustain that work for the benefit of our students, our state and our country.

Resources come in the form of time, money and people. For example, through the co-authorship of the E-rate legislation by Senator Rockefeller and Maine's Senator Snow, this country's schools and libraries have received \$19 billion in discounted services for costs of telecommunications, Internet access and internal connections. Of this amount, West Virginia's schools have received approximately \$60 million in discounted services. This is a very good example of federal resources that have assisted our schools in building the infrastructure necessary for existence in the 21st century. This resource anchors our 21st Century Teaching and Learning initiative.

Private sector contributions can provide necessary resources to our schools. For example, in 2003 Senator Rockefeller joined with the Beaumont Foundation of America in announcing that West Virginia would receive \$700,000 for need-based grants for computer equipment. These grants extended the benefits of the E-rate discount, which does not allow the purchase of computer equipment, by providing an avenue for securing the computer equipment that could utilize the E-rate discount. This partnering of resources served to support the work of our education process in West Virginia.

While the aforementioned resources have proven invaluable, it is evident that our greatest need today is for technology tools, teacher professional development and resources for non-Title I schools struggling to equip students with the latest learning technologies. I believe that similar kinds of resources

could be made available to schools and school systems willing to adopt a systemic approach to improving education as we have in West Virginia. Such schools and school systems deserve support and incentives that will enable them to build this country's future.

An example of an incentive to build 21st century schools and school systems might be a federal incentive that would provide matching funds to states that develop and adopt educational policy in support of the critical elements of 21st century learning in states and schools. States could provide dollars, foundation grants and/or private donations to secure a federal match.

Another example of an incentive to build 21st century schools and school systems might be legislation to provide tax incentives to businesses that support the critical elements of 21st century learning in states and schools. Such an incentive would encourage private donations to this initiative.

I am sure you have many more ideas that could assist schools, school systems and states to develop 21st century skills partnerships. West Virginia students have already benefited from our involvement in the national Partnership for 21st Century Skills.

I would enjoy showcasing the foundation for systemic change West Virginia has laid and talk with you about how we have built strategic alliances to support our 21st Century Teaching and Learning initiative. But that will have to be another day.

We in West Virginia have been strengthened by our rugged terrain. We have been protected by our mountains. We have gained courage and have

become resilient from the tribulations experienced by our people. We have been and will continue to be nurtured by the good people of West Virginia who are our greatest resource.

And while we want to keep the road that takes us back to the place we call home, we know that road today is a two-way digital highway taking our students into a new world. West Virginia's 21st Century Teaching and Learning initiative will give our students the knowledge and skills they need to enter their world.

Thank you for this opportunity.

U.S. Senate Finance Follow-Up Questions For Steven Paine

1. From your perspective, please describe the most important systemic changes that are needed for the education structure. (Chairman Baucus)

We have determined West Virginia's systemic approach to creating 21st century learning includes 10 distinct components. Each is important to creating the 21st century learner we want to send into the world. The 10 components we believe are the most important systemic changes necessary for the education structure and a description of each follows.

1. Strategic alliances: Recognizing the importance of the support of the education community's key stakeholders for any major initiative, West Virginia secured the support of the Governor, the West Virginia Board of Education, the Legislature, and then formed an alliance with Partnership for 21st Century Skills. At this point, West Virginia then established its own West Virginia Partnership for 21st Century Skills including the already named stakeholders plus the West Virginia Department of Education, higher education, teacher unions, business leaders, other state agencies and educators. We are still building such alliances as we have conducted regional business forums and teacher forums and formed the 21st Century Superintendent's Advisory Council. Such alliances provide the necessary support for such an initiative within the education structure.

2. Common Vision: To establish "preparing students for success in the 21st century" as the mission for West Virginia's education system requires, again, the buy-in of key stakeholders. The first action on this component was developing the Department's core documents, *Frameworks for High Performing 21st Century Systems, Schools and Classrooms*. This aspect also has been built into the state's, the district's and the school's strategic planning processes so that the strategic planning done at each of West Virginia's three levels includes the same mission.

3. Curriculum: West Virginia has revised all its curriculum standards to reflect world class rigor, defined as deep understanding and the ability to apply, and to have integrated within them the 21st century content of global awareness, civic literacy, financial/economic/business/entrepreneurial literacy, and health and wellness. The revised curriculum underwent national critique before its completion resulting in a more explicit and understandable curriculum. An example of a revised math standard is the 20th century standard "read and write amounts of money to \$100.00" which now reads as a 21st century standard, "identify, count and organize coins and bills to display a variety of price values from real-life examples with a total value of \$100.00 or less and model making change using manipulatives."

4. Assessment System: The state's assessment system has been redesigned to include both summative assessment (the state's WESTEST which is the assessment for federal accountability) and formative assessment which we view as "classroom assessments for learning." This formative assessment is specifically designed to inform daily teaching and learning.

5. Technology Tools and Infrastructure: The West Virginia Education Technology Plan points out the mandate to teach students 21st century skills through the use of today's best technology. The plan also recommends action in 17 areas including the provision of teacher presentation stations to enhance relevant, engaging, and active learning; establishment of the necessary infrastructure; provision and/or facilitation of professional development that leads to student learning; provision of necessary and timely technical support of both equipment and usage for teaching and learning; teaching and learning of ICT skills; and the involvement of parents.

6. Leadership Development: Developing leadership throughout the state's school systems is vital for bringing about this initiative. Building district leadership team capacity for system change, school leadership capacity as 21st century leaders, and classroom teachers as owners and leaders of 21st century learning are integral parts of ensuring success for students in the 21st century. The Digital Resource was developed for all to use as a first step in this work. (See <http://wvde.state.wv.us/21stcenturydigitalresource>.)

7. Teacher Professional Development: The state is developing a highly skilled teacher professional development cadre which will support professional development at the local level. This cadre will use a variety of digital resources in its professional development work. Additionally, West Virginia is a recipient of an e-learning grant through which we are offering online courses and professional development for license renewal. An emphasis on National Board Certification and restructuring teacher preparation programs also has taken the forefront in development of teachers for the 21st century. The Digital Resource is also available for use in this component. (See <http://wvde.state.wv.us/21stcenturydigitalresource>.)

8. Continuous Improvement: The continuous improvement process is an integral part of the strategic plan at both the district and school levels. The state is following the same planning process required of the district and school levels so that we model the behaviors we expect of our district and school leaders. (While the online strategic plan is password protected, we can provide you access should you want to preview this work.)

9. Model Schools/Classrooms: Establishing model schools and classrooms is a greater challenge than anticipated. The *Frameworks for High Performing Schools and Classrooms* have been developed, but implementation of the printed

documents is far more difficult than the writing. As a step toward establishing model schools, the state has established 17 21st Century High Schools That Work sites which are incorporating the components of 21st century teaching and learning. (See <http://wvde.state.wv.us/hstw>.) But this is a long process, and the first year's evaluation shows much work to be done to implement the initiative.

10. Parent/Community Involvement: Commitment to establishing strong parent involvement in education has brought about internal work on the development of a variety of means to encourage such involvement. The implementation of plans for such involvement is dependent upon funding that has yet to be secured.

2. If states not involved in 21st Century Skills initiatives, such as Montana, want to get 21st Century Skills initiatives off the ground, how would you recommend that they get started? (Chairman Baucus)

While I believe that all states will have to address the needs of their particular education systems, I do believe that some common actions can help. First, it is vitally important that the state's education leader become knowledgeable of the 21st Century Skills initiative and how the initiative will impact the current and projected state school system. "The devil lies in the details" is an apt comment about such an all-encompassing initiative.

Once knowledgeable, the leader must build support with the state's key education stakeholders. Support of the state's policymakers gives credibility, strength and persuasiveness to moving toward the initiative. A public ceremony marking the establishment of the state's initiative and the state's partnership with the Partnership for 21st Century Skills can be a most beneficial public relations action.

After a public announcement of the initiative and the partnership, take it to system leaders, principals and teachers in as many venues as available. By this time, the key stakeholders will have already initially introduced the initiative to their constituents, making the constituents ripe for additional information and professional development.

It's also important to have a plan in place for the rest of the work. West Virginia is happy to discuss our work with any interested state.

3. Do you believe 21st century skills are preparing students for college, just as well as they are for the work force? (Chairman Baucus)

Twenty-first century skills are preparing students for success in the world that awaits them. Whether the immediate world is college or the work force, all students eventually become members of the work force.

It is painfully clear in the *2006 Work Force Survey: Are They Really Ready to Work?* that the skills employees expect from high school graduates and the skill deficiencies exhibited by recently hired high school graduates are correlated in the wrong way!

This survey of more than 400 U.S. businesses found that employers want workers who exhibit professionalism and work ethic; good oral and written communication skills; teamwork and collaboration; and critical thinking and problem-solving skills. The survey found these are the same skills most high school graduates, and even many college graduates, lack.

These data clearly reflect the need for 21st century skills for all our students.

4. How important are afterschool programs in teaching 21st century skills? (Chairman Baucus)

Again, the needs of the individual state and the children who attend afterschool programs will drive the focus of afterschool programs. In West Virginia, our 21st Century Community Learning Center programs are designed to provide academic enrichment opportunities for children that assist them in meeting state and local standards in core academic subjects, the first element of our 21st Century Skills. They also offer the children a broad array of enrichment activities that can complement their regular academic programs. These programs additionally offer literacy and other educational services to the families of participating children. So, for West Virginia, the state sponsored afterschool programs are an important complement to the school system's teaching of 21st century skills. (See <http://21stcccl.k12.wv.us/main.htm>.)

5. First, I want to commend you, and the Partnership for seeking to add context to our core education system in order to better prepare students for our modern workplace, including four areas of: Global awareness; Financial, economic, business and entrepreneurial literacy; Civic literacy; Health and wellness.

I strongly support the 21st Century Sills comprehensive approach, and I hope you could explain how these areas were developed, and what it will mean in a middle school classroom, and a high school classroom to emphasize such goals? I am particularly interested in your thoughts on global awareness? (Senator Rockefeller)

The *Framework for 21st Century Learning* was developed by the Partnership for 21st Century Skills. This organization was formed in 2002 through the efforts of the U.S. Department of Education, the eight founding organizations and co-founders Ken Kay and Diny Golder-Dardis. The national organization worked with various stakeholders to develop its many documents and resources which

provide the foundation for West Virginia's work in this area. (See <http://www.21stcenturyskills.org>.)

West Virginia developed its framework for 21st century teaching and learning through the collaboration of over 100 stakeholders beginning in 2004. Building on this work, West Virginia then adapted the *Framework for 21st Century Learning* from the national partnership to include health and wellness which are content areas later adopted by the national partnership. West Virginia also maintained 21st century context as part of its initiative's framework while the national partnership has eliminated the context component.

West Virginia's core documents, as noted in #1/Common Vision, are the *Frameworks for 21st Century High Performing School Systems, Schools and Classrooms*. These documents are currently available in print version only and have been included with this Q&A document for your reference. I particularly point out the High Schools and Middle Level Schools and Classrooms documents for specific responses to your request for application of 21st century skills to the middle and high school classrooms. (See <http://wvde.state.wv.us/21stcenturydigitalresource/PDF%20Elementary%20School%20Framework.pdf>; <http://wvde.state.wv.us/21stcenturydigitalresource/PDF%20Middle%20School%20Framework.pdf>; and <http://wvde.state.wv.us/21stcenturydigitalresource/PDF%20High%20School%20Framework.pdf>.)

You asked for my thoughts on global awareness. To begin, because we live in a global economy, it is no longer enough for West Virginia or its school districts to compare itself or themselves to the state or the district next door; we must compare ourselves against world standards. We know that America's academic standing in the world has diminished over the years. This slip in world standing gives West Virginia an even stronger compelling reason to look to international academic standards when determining standards for our students and their teachers. Our students will be entering that world that is outperforming our country, and our students must be prepared to perform, at the very least, on the same level as their international counterparts.

Further, we know in West Virginia that our small, rural state is home to at least 19 different international companies that conduct their business with the rest of the world from our perceived isolated state. This perceived isolated state has children in our schools who are speaking at least 22 different languages including Arabic, Hindi, Laotian and Tagalog. West Virginia's schoolchildren are currently learning about and from other cultures from their classmates who are part of those other cultures.

We also are hosts to three Mandarin-speaking teachers from China, who arrived in West Virginia in January through a program backed by The College Board. Nationwide, 40 Chinese teachers are sharing their native language and culture with U.S. schoolchildren.

The expansion of Chinese into West Virginia schools is part of the state Department of Education's effort to promote global awareness and 21st Century Learning. Perhaps this small, rural state is not so isolated after all.

6. Your written testimony notes that the most critical element of 21st Century initiative is the use of technology tools. Ten years ago, working with Senator Snowe and others, we passed the E-Rate program as part of the Telecommunications Act. E-Rate offers discounts to schools and libraries for telecommunications, Internet and wiring, and I am proud it has worked so most classrooms now have Internet and technology.

The 21st Century Skills, in my view, is the next step beyond E-Rate since our classrooms are connected. Can you explain what you mean by ICT literacy – Information and communications technology literacy? How will this take place in our classrooms? (Senator Rockefeller)

ICT Literacy means information and communications technology literacy. ICT literacy "is the ability to use technology to develop 21st century content knowledge and skills, in the context of learning core subjects. Students must be able to use technology to learn content and skills – so that they know how to learn, think critically, solve problems, use information, communicate, innovate and collaborate" (*Framework for 21st Century Learning*, <http://www.21stcenturyskills.org>). West Virginia's 21st Century Teaching and Learning initiative calls this skill area 21st Century Technology Tools.

As an example of ICT literacy in the classroom, I go to a sample instructional guide developed by state teachers under the leadership of my staff. The example is the teaching of an English 12 standard, "Students evaluate the effects of literary elements, structure, and devices on meaning in an epic." Within the lesson, students complete an online mythic journey and generate their own stories. This online journey requires students to find named relevant information. With this lesson, students will use technology to learn specific information about an epic. Furthermore, the culminating project for this lesson includes the creation of a multimedia presentation thereby using the technology for communication purposes. This is but one example of how ICT would be observable in a classroom.

7. Many of us on the Finance Committee, including the Chairman and Ranking Member, represent rural areas. My personal view is that technology plays a critical role in modern education, especially in rural areas. While we have made extraordinary progress in connecting our classrooms, we now must take the next step to fully use such technology. Superintendent Paine, can you describe what West Virginia would do for our teachers to provide them with ICT literacy and the professional development needed to teach to broader goals, such as global awareness?

***Further, how would you adapt professional development training to promote problem solving skills and critical analysis and creativity?
(Senator Rockefeller)***

Technology does play a critical role in modern education, especially in a rural state like West Virginia. We believe its role is some important that we made using 21st century tools to gain information and communication technology literacy one of our six elements of 21st Century Learning.

The West Virginia Board of Education and the Department of Education know that change as called for in our 21st Century Skills initiative must be systemic if it is to be successful. Providing professional development that helps the states 20,000 teachers become literate with information and communication technology is the key to transferring West Virginia's schools into 21st century learning centers.

Without professional development to gain this knowledge, our teachers will be hampered in their abilities to teach the other 21st century skills we have deemed important, such as global awareness; financial, economic and business literacy; civic literacy; health and wellness; information and communication skills; thinking and reasoning skills; and personal and work place productivity skills.

The Department of Education agrees launched a comprehensive effort to train more than 100 West Virginia educators to become technology integration specialists as part of an effort to incorporate 21st century skills into the classroom and close the digital generation gap. The department also has provided the technology specialists with laptops and other tools to help the reluctant and eager teacher alike build on their vast subject knowledge and incorporate technology into their classrooms.

Once trained, they will take their new skills back to their home schools where they will help other teachers integrate technology into their teaching plans to improve student achievement. This training will continue this summer.

The West Virginia Department of Education offers an online professional development program for classroom teachers called West Virginia e-learning for Educators and has multiple training programs planned for summer when teachers are out of school. (See <http://wvde.state.wv.us/pd>.)

Many of our other summer professional development sessions will focus on our newly adopted content standards and objectives, which add rigor and relevance and incorporate 21st century skills, as well as new assessments to better gauge learning.

Our Teacher Leadership Institute will focus on the digital learner, 21st century content in the context of real world applications using 21st century tools, quality

instruction design, performance assessment and strategic planning. With this training, teachers will be better equipped to teach problem solving skills and critical analysis and creativity.

Good teachers have always helped students discover the value and relevance of new skills and knowledge. We must make sure we help West Virginia teachers stay up to date so they can bring the world into their classroom and take their students out into the real world.

Our professional development efforts also include a \$100,000 grant from the Intel Foundation's Intel to Teach program. The initiative will help teachers effectively integrate technology with learning and provide principals with leadership training. Fifty West Virginia educators will be certified as Intel Master Trainers to deliver professional development to teachers, while 15 others will be certified to provide leadership forums to principals.

Teachers learn how, when, and where to incorporate technology tools and resources into their current curriculum with the goal of developing their students' higher-order thinking skills. They learn new ways to create assessment tools and align lesson plans with state and national standards. They also gain face-to-face, hands-on experiences with online thinking tools that engage students and help them to communicate their understanding of complex concepts.

Further evidence of our training can be seen with the West Virginia School System Leadership Teams made of up county district personnel and some principals and teachers. This ongoing training gives team members the opportunity to learn from national experts, reflect on current practices and learn about resources available to help them serve as catalysts for change in their home schools.

West Virginia also has launched the Institute for 21st Century Leadership. Seventy-five principals from across West Virginia participated in the inaugural year-long institute beginning last summer. Since then, they have been involved in additional training sessions as well as online discussions with colleagues and mentors for elementary, middle and high schools.

And we recently brought about 800 educators together to learn how to incorporate 21st century skills into their reading lessons during the Sixth Annual Reading Research Symposium. This event has nearly tripled in size since its inception.

The state Department of Education also encourages teachers to pursue National Board Certification, the highest credential in the teaching profession. (See <http://wvde.state.wv.us/certification/nbpts>.) Teachers who have completed this professional development initiative describe the experience as "the most profound professional development available to teachers today." The process

forces teachers to become more reflective about their students, their teaching and their education.

When it comes to technology, West Virginia is doing a good job. Educational technology access and the use of technology in West Virginia public schools are among the best in the nation, according to *Technology Counts 2007: A Digital Decade*. The report focuses on the evolution in the past 10 years of the digital technology used by teachers and students and the policies that affect that use. The report also features the Editorial Projects in Education Research Center's annual state survey on educational technology and grades the 50 states and the District of Columbia on their technology leadership.

West Virginia received an "A" for access to technology. This category includes the number of students in a classroom with a computer and the number of students per high-speed Internet connection. The state received an "A-" for the use of technology. This category rated states' use of virtual school courses and computer-based assessments.

This solid background provides the necessary foundation upon which to build so that teachers feel comfortable integrating technology tools into their lesson plans.

Still, while the state did well overall, access remains a problem in several rural areas of the state.

West Virginia also received a "C" in the report for not fully integrating technology into our higher education teacher training programs. The West Virginia Department of Education is working with 19 colleges and universities in the state to update the programs and close this gap.

We've also established a National Technology Team to provide advice and counsel as we develop a new statewide assessment that can measure how students use technology, their critical thinking and problem-solving skills and other higher level thinking skills.

Technology is the tool teachers will use to transform their classrooms. We must provide them with the tools they need to successfully make the transition.

8. 21st century skills is an important new component of the education discussion, but what about some of the basic issues like school construction and recruiting and retaining qualified teachers in our classrooms? I have a bill to promote school construction bonds, and I would like to invest in a \$1,000 refundable tax credit for targeted teachers in high need areas.

As a state superintendent, can you share your views on the importance of school construction as it relates to the 21st century initiative? And what about the role of qualified teachers?

What are the challenges you face in recruiting and retaining teachers? Are you concerned that additional demands on teachers envisioned by the new 21st Century Skill framework will discourage some teachers, and be perceived as a burden rather than opportunity? (Senator Rockefeller)

We take school facilities seriously in West Virginia. A safe school environment is essential to foster learning. Our Office of School Facilities was one of the first in the nation to address the emerging issue of indoor air quality in schools.

We are fortunate in West Virginia to have the School Building Authority, which has systematically funded school construction statewide for nearly 20 years. Since its inception in 1989, the SBA has completed 115 new schools and renovated scores more across the state with about \$2 billion dollars in local, federal and state funds. Others are under construction as we speak.

This extensive school building programs allows counties to have state-of-the-art technology, an important element in 21st century skills. The new Lincoln County High School in Hamlin, W.Va., is a prime example. The school, which opened last fall, is outfitted with the latest technology and has exposed students who formerly attended Duval, Hamlin, Harts and Guyan Valley to courses and programs they never had access to before. Already, several top artists have performed at the school's auditorium in Hamlin, including West Virginia native Kathy Mattea and Loretta Lynn.

Unfortunately, this school is not the norm in West Virginia and many other states. Aging, buildings without adequate technology are much more common and a challenge we face.

I am a firm believer in quality teaching. Your bill to promote school construction bonds, as well as a \$1,000 refundable tax credit for targeted teachers in high need areas could help boost our efforts to provide quality facilities and quality teaching to every child in West Virginia.

Such measures could broaden our ability to replace outdated facilities with state-of-the-art schools like Lincoln County High School that could serve as a means to attract new teachers to areas where their skills are desperately needed.

As you astutely noted, however, some of our counties, particularly those in the Panhandles and in the southern coalfields, do face challenges in recruiting and retaining teachers. Economic despair in some southern communities make recruiting new graduates difficult, while economic prosperity in the eastern counties has the same effect. In fact, Berkeley County, not far from our nation's

Capital, is growing by about a school a year. At the same time, nearby Loudon County in Virginia, brings a van into Jefferson County to encourage our seasoned veterans to cross the border for better schools and more money. That's one reason the West Virginia Legislature passed legislation this year providing for a well-deserved 3.5 percent raise.

We also are taking steps to help those coming from nontraditional routes, such as the business world, to join the teaching ranks through alternative certification. (See <http://wvde.state.wv.us/certification/educator/>.)

I do not believe, as your question suggests, that our 21st Century Skills initiative will be perceived as a burden rather than opportunity. In fact, West Virginia teachers overwhelmingly tell us the type of curriculum and professional development we are offering is what they want so that they can better relate to their students and improve performance.

Last year, the West Virginia Department of Education sought input from teachers statewide through Voices from the Field to shape the vision of the 21st century classroom. From Wheeling to Beckley, Martinsburg to Hurricane, teachers agreed that today's students should not be concerned about how many facts can be memorized but how to solve problems and communicate solutions if they are to compete (<http://wvde.state.wv.us/pd/> <http://wvde.state.wv.us/pd/elearning/catalog.php>).

Teachers told us they want computer work stations at their desks and technical support in their schools to help them become facilitators of learning. They want and deserve access to technology and resources. They told us if we want 21st century schools, we must provide a 21st century budget.

We are working hard to provide teachers with the tools they want but it is a daunting, expensive endeavor. Many counties are challenged with limited fund and people to repair existing equipment or buy new.

Quality teaching will push students beyond mastery of basic skills to become tomorrow's better educated worker, who can manage complexity, solve problems and think critically.

West Virginia has a highly experienced teaching corps with 96 percent of its teachers considered highly qualified under the federal No Child Left Behind Act of 2001. The average teacher in West Virginia is about 46 years old with about 18 years of classroom experience. And a majority of them hold a master's degree or higher.

But while content knowledge is essential to quality teaching, teachers need training to help them blend their strong subject mastery with the 21st century skills needed in today's digital world.

Although West Virginia has barely begun its transformation to the 21st century classroom, we recognize teacher quality as the most important school-related factor influencing student learning and are committed to helping teachers expand learning beyond the four classroom walls.

9. Mr. Paine, the public education system has been criticized for maintaining an old and outdated approach to improving student achievement. That is, public schools moved away from its focus on dollars spent, days of instruction and student-teacher ratio, for example, to outcomes, in which student performance, instructional effectiveness, and operation efficiency are the measures for success. As an educator, what are your thoughts regarding performance-driven school systems? (Senator Cantwell)

No Child Left Behind has created a school environment in schools across this county that is performance driven. However, what we've learned in West Virginia is such a system has little benefit when the performance measures are not rigorous.

I am an adamant supporter of educational accountability and strongly believe in closing the achievement gap. No Child Left Behind has played an important role by helping us focus on this equity mission.

The basic intentions of No Child Left Behind – quality schools and skilled teachers – are good. However, I believe the law has left out the quality mission. The focus on testing and punishing failing schools undermines education and ultimately student success.

Despite concerns with the performance-driven components of No Child Left Behind, West Virginia met the federal mandates and did so with numerous accolades. We were the ninth state to have our No Child Left Behind accountability plan approved. And we were one of the first three states to win wholesale federal approval of our No Child Left Behind assessment plan by the U.S. Department of Education.

But doing well does not mean that our students are being prepared with the skills necessary for success in the world awaiting them. Rather than preparing our students for their future, we realized we had created an educational system that was preparing students for our past.

This law had forced us to aim for the middle in terms of student performance. In today's world where our competitors are in China and India instead of another state, the middle is not good enough. Little or no mention is made of bringing all students to above mastery and distinguished levels of performance. It is the

accomplishment of the quality mission that is essential to prepare students for the demands of the 21st century and the focus of our 21st Century Skills initiative.

West Virginia recognizes the failed quality mission of No Child Left Behind and is taking steps to move beyond its minimum requirements of bringing all students to mastery levels of performance. The West Virginia Board of Education has made moving beyond mastery its No. 1 goal through the adoption of more rigorous content standards and objects that incorporate 21st century skills. Today's graduates need to be problem solvers and effective communicators, who are proficient in core subjects to succeed in a global society. They also need to master thinking skills, information and communications technology literacy skills and life skills. They need to be globally aware and be literate in finance, economics and business and that is where our 21st century initiative exceeds the performance measures of No Child Left Behind.

We've also learned that we must update our assessments to reflect learning in the 21st century. The world of the 21st century learner is much more complex and requires more sophisticated pre-requisite skills than in the past.

Current high-stakes assessments alone do not evaluate the skills that the education and business communities believe will ensure success in the 21st century. There is no single assessment tool that will accomplish everything. Balanced assessments, including summative, formative and classroom assessments, are key.

We also must make sure teachers have the professional development they need to accurately assess the new skills they will be teaching using balanced assessments.

10. How can businesses help schools be more cost-effective while increasing academic achievement? (Senator Cantwell)

Most schools today, particularly in a state like West Virginia with limited resources, already operate on lean budgets. Who has not heard about teachers who spend hundreds of dollars out of their own pockets every year to buy supplies for their classrooms. It's one reason such expenditures are now tax deductible.

While we can always learn ways to be more cost-effective, I believe one of the best ways businesses can help schools is to serve as partners.

We share similar goals. As an educator, I want to see all our students graduate and be successful in the global world. Businesses want productive employees, who are problem solvers and critical thinkers. By working together, we can make sure that happens.

To make our 21st Century Skills initiative a success, we knew we must have business involvement. Last year I co-hosted a series of eight forums with business leaders across West Virginia to learn what it is they look for when hiring new employees. The series was designed to encourage open discussion with businesses on ways to better prepare West Virginia students to enter the workforce. Input from business leaders confirmed that we were on the right path with our 21st Century Skills initiative.

We have taken this initial step further with the creation of a Schools Advisory Council, made up of educators, business and community leaders and parents with the goal of assisting schools with our 21st century initiative.

Businesses also can get involved through the Partnership for 21st Century Skills. The Partnership's framework puts a special emphasis on information and communications technology literacy, critical thinking, communication skills, global awareness, and business, economic and civic literacy. These same skills are at the core of the West Virginia Department of Education's 21st century education model.

11. You state in your testimony that "...an incentive to build 21st century schools and school systems might be legislation to provide tax incentives to businesses that support the critical elements of 21st century learning in states and schools." Please provide an example of an incentive that would encourage public-private partnerships in public schools. (Senator Cantwell)

We have a great example of public-private partnerships working in West Virginia to the benefit of some of our youngest students. West Virginia has passed legislation that requires universal preschool be available to all of the state's 4-year-olds by the 2012-2013 school year. Half of the programs will be in collaborative settings with Head Start, child care and private programs.

This has led to West Virginia providing better access to preschool programs and dedicating more dollars to the effort than many other states in the country.

The State of Preschool: 2006 State Preschool Yearbook compiled by the National Institute for Early Education Research at Rutgers University ranks all 50 states on access to, resources for and quality of state preschool initiatives in the 2005-2006 school year.

West Virginia is sixth this year in providing access to state-funded early childhood education for 4-year-old children. The state also is ranked 10th in the amount of money it spends per child at \$4,529, up from \$4,323 in 2005, and we are not a rich state.

Research shows that high quality preschool improves high school graduation and college attendance rates, employment and earnings and lessens future crime and delinquency. It also helps fight unhealthy behaviors like smoking and drug use.

Yet 12 states – Alaska, Hawaii, Idaho, Indian, Mississippi, Montana, New Hampshire, North Dakota, Rhode Island, South Dakota, Utah and Wyoming – had no state-funded preschool programs in 2005-2006.

Preschool programs are an important part of the 21st century school. Other states can learn from our example.

Government can encourage businesses as well as private foundations to support such endeavors through tax incentives and employee benefits.

**OPENING STATEMENT
SENATOR KEN SALAZAR
SENATE FINANCE COMMITTEE HEARING: “REALIZING A COMPETITIVE
EDUCATION: IDENTIFYING NEEDS, PARTNERSHIPS AND RESOURCES.”
MARCH 20, 2007**

Thank you, Chairman Baucus and Senator Grassley for holding today’s hearing. Education is a critical part of America’s overall competitiveness in the global economy, and I believe that, as this Committee examines how to improve that competitiveness, this hearing is an excellent starting point.

America has been a leader in the global economy for over half of a century. Throughout our nation’s history, America has been the leader in making monumental scientific and economic strides – on everything from cars to computers to medicine – that have made life easier and better for people in our country and all over the world. The Americans responsible for these innovations were once students in our schools, and we need to work to ensure our educational system can continue to provide our students with the tools they need to keep America competitive.

Now, as other nations become increasingly competitive, it is more important than ever to examine whether we are targeting our educational resources wisely, to identify whether and where gaps exist, and to make the necessary improvements.

I believe the challenge of keeping America’s students competitive in an increasingly global economy centers on one of the issues we will hear about today – the importance of providing students with a “relevant” educational experience that gives them knowledge of the world around them and the skills they will need to compete in that world.

Our nation has historically given local and state educational agencies a large degree of control over determining education policy. While I believe this is an important principle to preserve, I also believe we need to ask ourselves what challenges this dynamic presents as we strive to enable students to compete on a national and international basis.

These challenges are particularly acute in rural school districts. I grew up in one of the most rural and poor counties in the country, Conejos County. I saw firsthand the challenges rural schools face in teaching children the skills they need to succeed. I also know my teachers, as do all American teachers, wanted to provide me the best education available. Unfortunately, they often lacked the resources to do so.

As such, rural schools are at a disadvantage in providing a competitive education – a “relevant” education. While urban and suburban school districts often have ready access to the newest technology and best teachers, rural schools are often forced to make do with

outdated equipment and dilapidated buildings. As my colleagues well know, over the past few years, all American public schools have been asked to provide more educational resources with less funding. This discrepancy has hit rural schools especially hard.

One way I believe we can help rural schools remain competitive is by helping them attract good teachers. Teachers in these districts are paid below the average for teachers, which as testimony proves here today, is below the salary of most American jobs. I have introduced legislation – the Rural Teacher Retention Act – that would seek to address this problem by helping states to supplement the salaries of highly qualified teachers who commit to teach in rural school districts for at least three years.

I also believe we must support innovative partnerships that train our young people to enter the workforce, both in rural communities and elsewhere. Many of these programs put young people into experiential vocational programs, teaching them the computer, technical and science skills needed to work in various industries.

One such program in my own state – the Adams County Education Consortium – was created out of a partnership between four school districts, several community colleges, and the local business community to create projects, classes, job fairs, and other opportunities that give students skills they can use, and that businesses want.

As we explore these and other issues, I believe we need to constantly remind ourselves about the importance of ensuring that all students – whether in urban Denver or in rural Conejos County – receive a “relevant” educational experience. In an increasingly interconnected world and an increasingly global economy, that is not too much to ask.

**SENATOR CHARLES E. SCHUMER
STATEMENT**

FINANCE COMMITTEE HEARING ON EDUCATION COMPETITIVENESS

MARCH 20, 2007

Thank you, Mr. Chairman. I appreciate your calling a hearing on the issue of education competitiveness. It's undeniable that sustaining a talented, college-educated workforce is essential to our success in a global economy. I just want to make a short statement.

I have introduced two bills that each address a different aspect of competitiveness: one that will improve K-12 preparation in math and science, and another that will make college more affordable, and therefore accessible, to students.

The Math and Science Teaching Corps Act, which I introduced last Congress, would create a teacher corps that is strong in math and science so that students are prepared to compete in a technological economy. All too many of our students are taught by teachers who did not major or even minor in the fields they teach. The bill creates a federal fellowship program to recruit, train, and retain outstanding math and science teachers.

Candidates are selected for their strong content knowledge in math or science, trained to become teachers, and paid federal stipends to supplement their incomes and retain them in the teaching field. This program is modeled on the successful Newton Fellowship Program operated by Math for America, a nonprofit organization in New York City.

Also, many of the witnesses here today have discussed the importance of an affordable college education. I have long been a supporter of creating and sustaining incentives in the tax code to increase access to higher education.

A college education has become a necessity in the challenging world our young people are facing – yet it is priced as a luxury. Over the past two decades, growth in the price tag of a college education has outpaced inflation. The relentless increase in college costs means that too many families simply can't afford to finance their child's education. Skyrocketing tuition costs mean hard choices about the family budget. They mean debt and second mortgages for hardworking families.

I travel to dozens of colleges across New York State every year for graduations and it's one of my favorite things to do. I love it because you get to see so many excited graduates eager to take on the world and truly proud parents.

But the sad part is, I see more and more worried faces because the cost of tuition and the enormous amount of debt students and parents have to take on to pay for it is skyrocketing.

Under current law, there are three separate tax breaks for higher education costs: the Hope Credit and the Lifetime Learning Credit, which are permanent law; and the above-the-line college tuition deduction, which expires at the end of this year. More than ten million taxpayers receive one of these benefits each year.

Each of these programs helps to make college a little bit more affordable for students and their families by providing them with a modest tax benefit – but the programs also create confusion and complexity because claiming one of them immediately disqualifies a family from

being eligible for the others – and the rules and dollar amounts are different for each one, and fairly complicated. As a result, many students who are potentially eligible for these credits never end up claiming them.

The way I look at it, we often hear the other party talking about tax simplification, but most of the time, that's really code for eliminating certain taxes on investment or business income. College tuition tax assistance is one area where, if we were truly concerned about tax complexity for middle-income taxpayers, Congress could make sensible changes.

College affordability is a crucial issue. So is serious reform of the tax code. With both of these issues in mind, I have introduced legislation that takes a step towards making the tax code a little less complicated for middle-class families, while at the same time expanding access to college.

My bill, the Higher Education Opportunity Act (S. 851), would consolidate the Hope and Lifetime Learning Credits and the above-the-line deduction into one single, streamlined, easy-to-understand tax credit. This is a simplification proposal originally recommended by the nonpartisan Joint Committee on Taxation in 2005, and I have modified it slightly to make a portion of textbook expenses eligible and to ensure that community college students continue to receive benefits comparable to current law. I understand that the witness from the community college in Montana has suggested some ways to improve the bill – for example, he would like a larger credit for textbooks. Mr. Chairman, we can certainly entertain those changes when the full Committee considers the bill.

Under my legislation, which is cosponsored by all three of the new Finance Committee members, students and families can claim up to \$2,500 in college costs, calculated on a declining sliding scale. The credit is front-loaded so that students with relatively low tuition costs – like those attending community colleges – still receive a substantial benefit. For example, a community college student paying \$3,000 in tuition would receive a credit of \$2,000. And unlike the current Hope Credit, my consolidated credit can be used beyond the first two years of post-secondary education.

I want to make sure that we provide assistance to those on the margin of college entry, students for whom college education would be out of reach without these tax incentives.

The new credit would include expenses for tuition, fees, and textbooks; it could be used for up to three students per household; and would be available for both graduate and undergraduate education. The credit begins to phase out at income levels of \$70,000 (and \$140,000 for joint filers).

This legislation was also one of the provisions in S. 636, the Middle Class Opportunity Act, which I introduced last month to provide tax relief targeted to middle-class families.

Having three duplicative tax incentives to achieve the same goal is not just inefficient, it is also needlessly complicated. So let's kill two birds with one stone: Let's put a permanent college tax incentive in the tax code, and reduce the paperwork and compliance burden all at the same time. I look forward to receiving the Committee's consideration.

Thank you, Mr. Chairman.

Testimony of Gregory B. Taylor
Vice President for Programs in Youth and Education
W.K. Kellogg Foundation
Battle Creek, Michigan

For the U.S. Senate Committee on Finance

Hearings on Realizing a Competitive Education:
Identifying Needs, Partnerships and Resources



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*To help people
help themselves
through the practical
application of knowledge
and resources to improve
their quality of life and
that of future generations*

Good morning. Chairman Baucus and members of this committee, thank you for the opportunity to testify today. I am Gregory Taylor, Vice President for Programs for Youth and Education at the W.K. Kellogg Foundation.

The W.K. Kellogg Foundation was established in 1930 “to help people help themselves through the practical application of knowledge and resources to improve their quality of life and that of future generations.” To achieve the greatest impact, the Foundation targets its grants toward specific areas. These include: health; food systems and rural development; youth and education; and philanthropy and volunteerism. Within these areas, attention is given to exploring learning opportunities in leadership; information and communication technology; capitalizing on diversity; and social and economic community development. Our grants are concentrated in the United States, Latin America and the Caribbean, and southern Africa. We are based in Battle Creek, Michigan and in FY 2005-06, distributed approximately \$287 million in grants for projects in the United States, Southern Africa and Latin America.

In addition to supporting the education and development of young people, the focus of my testimony today, the Kellogg Foundation has a long history of working with communities and vulnerable citizens. Previous efforts have fostered community and state partnerships designed to create a sustained impact on policy and people’s lives. The Kellogg Foundation played a major role in the development and expansion of the community college system throughout the United States. We supported the establishment of the agriculture extension service and more recently worked to bring about change in our nation’s foster care and adoption programs.

In Mr. Kellogg’s day, and up until he died in 1951, the prospects for children in the United States seemed inevitably and naturally to be improving. For many children at the dawn of the 21st century, however, this is no longer the assumed outcome. For the first time in our nation’s history, many worry that the next generation faces diminishing prospects. Perhaps more than ever before in the history of our Foundation, some of the most quoted words of Mr. Kellogg take on prophetic meaning:

Relief, raiment and shelter are necessary for destitute children, but the greatest good for the greatest number can come only through the education of the child, the parent, the teacher, the family physician and the community in general. Education offers the greatest opportunity for really improving one generation over another.

The current framework that defines and organizes what our country calls “education” into the K-12 system is in desperate need of a “version 2.0” if the next generation is to have better opportunities and see improvements. Expert research is showing how the achievement gap for poor and otherwise disadvantaged children is created in the first five years of their lives. We now understand that fundamental cognitive, emotional and social attributes combine with healthy physical development to build IQs (intelligence) and EQs (emotional) to equip young brains and hearts with resilience and learning attributes that will guide them their entire lives.

Of the four million American children who start kindergarten each year, as many as one-third are unprepared to learn. Many will never catch up. The reasons for this are complex, but this much is clear: The multiple systems – from family to schools to government – that should be

supporting young children too often are failing to do so. The Kellogg Foundation seeks to permanently improve systems that affect children's learning.

The concept of seamless support systems for children's learning, often called P-20 (an education policy term that refers to the full range of child education from birth and preschool through post-graduate work or the 20th grade) is one that has gained wide appreciation in recent years. The concept is widely recognized with P-20 councils now in dozens of states and localities. Currently there are 30 states engaged in P-20 activities. Of these, 8 states have formalized these councils through legislation or legislative mandate. It is evident that phrases like "the earlier the better" and "seamless systems of support" are no longer hypotheses for enhanced learning but rather accepted wisdom. I hope to share some of our experiences with the Committee today as related to the educational needs and resources of students, parents, teachers, educational institutions and employers.

Our work on early education and learning has four dimensions: cognitive, social, emotional and physical. Each affects the others and gains are not sustainable over time unless all are addressed and supported in a way that is particular to each individual.

Early childhood development and education, youth development and health care providers generally understand this and strive to attend to all dimensions as part of a balanced whole. They speak in terms of the "whole child," "developmentally appropriate practices" and "family-centered support systems" as a means of describing their commitment to the simultaneous development of the individual and the family on multiple fronts.

In contrast, educator preparation and practice tends to be more narrowly focused on cognitive outcomes and measures, methods and classroom management. The systems that support education tend to be disconnected from other service providers. And, despite all that is known about learning styles, the unique attributes of every child, and the effects of vastly differing cultures, communities, concepts and circumstances of home and family, schools for the most part have not adapted to our country's changing needs and workforce.

In most school districts there is little if any interaction between local child care centers, early care and education providers and the K-3 public school system. Transitions between pre-K and K-3 usually consist of a "meet and greet" session in the late summer for parents of prospective kindergartners. Rarely is there an alignment of teaching or curriculum or coordination of teachers and parents.

The current challenge is to take the best of what we know and apply it. Unfortunately, our knowledge of what works far outstrips actual practice in this arena. As we looked at how the Kellogg Foundation might help improve practices and policies, we formulated a future vision around three major education and learning stages. This testimony focuses on the first stage, which involves children from birth to age 8. I have also included a short overview of another facet of our work called New Options for Youth that begins at age 16.

The first stage of education and learning comprises pre-natal and infant care through early childhood education. We know infants and children are constantly learning, right from birth. They are in fact born learning. The earliest months and years provide a foundation for

future growth and development; from birth through third grade, there is a seamless learning environment consisting of home and family, informal child care and licensed care.

Frank Porter Graham's Child Development Institute at the University of North Carolina at Chapel Hill uses the term "First School" to describe the experience of children age 3 to grade three who, brain research and developmental studies indicate, are best looked at in terms of determining developmentally appropriate materials and approaches. The major transition for this age group is the one from home and early care to school. To deal with the age 3 to grade three continuum successfully requires the early childhood development community and the public school system to work together in new ways. This is both a tremendous opportunity and a tremendous challenge.

SPARK with its motto of "Ready Kids, Ready Schools, Ready Community" is the Kellogg Foundation's current effort for children age 3 to grade three. Our goal is to ensure that all children – and in particular, vulnerable children – are ready for school, and that the schools are ready for children.

The SPARK Initiative is built around Supporting Partnerships to Assure Ready Kids. SPARK is a six-year initiative developed by the W.K. Kellogg Foundation that unites communities so that all children can be successful in learning before and after they enter school. We are midway through the Initiative and present below some of the critical lessons already learned from our grantees' experiences in eight locations: the District of Columbia, Florida, Georgia, Hawaii, Mississippi, North Carolina, New Mexico and Ohio.

Our purpose is to improve learning outcomes for vulnerable children and youth that are sustainable. Children, youth and families are the primary building blocks to any society and as such, they need to be at the center of any system designed to support them.

If children are adequately prepared for school and can make a smooth transition to primary education, we are finding that they are better prepared and do better in their later elementary and high school education. Thus, SPARK seeks to create for every child a smooth transition from quality early learning settings, including the home, to a ready school.

SPARK's theory of change – that is, how we believe it works to improve children's success in school – can be described in this way:

- Effective partnerships and leadership work to coordinate and align community systems and increase the readiness of children and their parents, schools and communities.
- Partnerships that are deliberate and distinct collaborations and an intentional leadership development effort involving the key partners are the key levers of the change we seek.

SPARK is based on four key principles:

First, strong partnerships among families, providers, community organizations, and ready schools ensure that all children can learn and succeed in school.

Second, quality is a critical element of a child's early learning from birth through the early years of school.

Third, parents and families at home and working with early care providers are critical to ensuring that children succeed in school.

Fourth, school leaders and teachers working with the community's support can indeed create smooth transitions from early learning settings so that children can succeed in school.

I want to address more fully our experience with "partnerships" as I understand it is the focus of today's hearing and also because they are central to the SPARK Initiative and important levers for change.

We believe that effective partnerships consist of relationships between individuals, families and institutions that work together on behalf of children.

In SPARK, there are two key partnerships.

- *Primary Partnerships* – The linkages and interactions among those who directly and daily touch the lives of children – families, early education providers and elementary school teachers and principals.
- *Policy Partnerships* – The partnerships that focus on changing the systems and policies that impact children and their learning. Policy partners include school districts, state agency representatives, child advocacy organizations and the business community.

The quality of those partnerships and of the leadership that they create is the basis of the change needed to improve the quality of learning and life for our youngest citizens. When you match quality partnership and quality leadership to innovations in learning, then policies and practice improve.

As Jack P. Shonkoff and Deborah A. Phillips pointed out in the 2000 Institute of Medicine and National Research Council report *From Neurons to Neighborhoods: The Science of Early Childhood Development*: "Brain research continues to shed light on the critical importance of the earliest years of life to lifelong healthy development and success and society's need to ensure the nurturing and healthy development of very young children."

According to the State Early Childhood Policy Technical Assistance Network our society's increasing knowledge about brain research and brain development has improved early childhood policy in five key ways:

- Addressing the achievement gaps that exist at third grade – by race, socioeconomic status, and neighborhood – requires actions even before kindergarten entry.
- Social and emotional development is key to healthy development and learning.
- Parents are their children's first and most important teachers.
- Primary, preventive health services can make a difference in physical health and overall development.
- Quality matters in early care and education programs.

The incubators creating innovative policies based on what we know about children's brain development are the states. We see signs of recognition of the need for new structures and systems at the state level. In 2006, early childhood education was named a legislative priority by 24 governors, compared to 17 in 2005. Nearly half of all governors now endorse early childhood education as a critical start to children's success in school. Some states such as Washington have created whole new departments of early learning.

But within the states, communities are leading in the development of practices and approaches that put what we know about children's brain development into practice.

Parents, principals, teachers, early care providers, grandparents, community organizers, business leaders, and civic leaders are the foot soldiers of this change. Public opinion surveys over the past five years show that Americans increasingly support early care and education, but want it to be of high quality. Public support, however, is based on the link between quality early learning and school readiness. People understand that recent advances in brain science have revealed that young children are *ready to learn* much earlier than previously thought and that our early care "system" needs to respond.

Why Ready Schools?

There has been tremendous innovation in how we change, shape and improve systems that touch the first five years of a child's life. Thus, we define a ready school as one that acknowledges that quality early learning experiences can pave the way for children to succeed. Ready schools accept the responsibility that they need to ensure that children continue to learn and succeed after they enter school, for their progress in school is essential to achieve the knowledge and skills that are required in a modern economy.

Let me share with you ways in which our SPARK sites in Florida, Georgia, Hawaii, Mississippi, New Mexico, North Carolina, Ohio and Washington D.C. have nurtured innovation.

In its search for a framework for describing ready schools, the SPARK Initiative Level Evaluation Team reviewed several models brought to our attention by experts in the fields of early care and elementary education, other relevant literature and the SPARK grantees and then identified the following principles. This is by no means a complete list of all the characteristics of good schools and applies mainly to elementary schools.

1. Children succeed in school.

The school promotes and supports healthy growth and development in five domains suggested by the National Educational Goals Panel:

- Physical well-being;
- Social relationships and emotional development;
- Approaches to learning that incorporate cultural aspects of learning styles;
- Use of language; and,
- Cognition, general knowledge and problem solving.

At the same time, children acquire culturally relevant knowledge and skill sets necessary and valuable to the functioning of a modern economy.

- 2. The school environment encourages a welcoming atmosphere.**
 - The school projects an open, child-focused, welcoming atmosphere.
 - It shows friendliness, respect, high teacher and staff morale, and the use of restrained and appropriate discipline.
 - The building and grounds are inviting and developmentally appropriate.
 - Children's work is prominently displayed and bulletin boards contain family-oriented material.

- 3. Strong leadership exists at every level.**
 - School leaders believe that all children can learn, that teachers and staff can develop professionally, and that all schools can meet or exceed state performance standards.
 - The principal has good management skills.
 - The school connects with and garners support from the superintendent, school board, and the state Department of Education.
 - In turn, the superintendent, school board, and the state Department of Education provide a coherent and appropriate set of policies and regulations.

- 4. The school is connected to early care and education.**
 - The school works closely with early care and education (ECE) providers to improve the quality of ECE to help children get ready for school.
 - ECE and elementary school teachers communicate and coordinate with one another.
 - ECE and the school align their standards and curriculum at the local, district and state levels.
 - The school participates in or provides transition activities for children entering pre-K or kindergarten, such as school and home visits, summer camps, and orientation sessions for parents.
 - The school gets assessment data from ECE providers to plan and individualize children's learning.

- 5. The school connects culturally and linguistically with children and families.**
 - The school seeks to help children from all circumstances and backgrounds succeed.
 - The school uses culturally appropriate curricula.
 - Children and families are encouraged to share their backgrounds and experiences with other children and families.

- 6. There is a high level of parental involvement.**
 - The school communicates with and involves parents in a wide range of activities, from providing information to parents, to engaging them in policy and decision-making.
 - Special populations such as immigrants, refugees, and non-English speaking children and parents are included in all school-related activities.

7. The school forms partnerships with the community.

- The school functions as a community center, drawing children and families from surrounding neighborhoods for multiple activities and purposes.
- It partners with the community to provide opportunities and services to children and families, such as health screening and health services, courses in English and other languages, and instruction in GED preparation, computers, and parenting.

8. The school seeks out and uses assessment results.

- The school uses assessments and their results to plan and tailor instruction to individual needs.
- It has strategies in place to improve test scores and reduce achievement gaps.
- The school ensures that testing is reliable, valid, and developmentally and culturally appropriate.

9. The school constantly seeks to improve its quality.

- The school follows a written improvement plan that includes a strategy for maintaining its mission and goals over time.
- It supports staff in professional development and consults with educational and non-educational experts for staff training and quality improvement.
- Management uses evaluation data for decision-making.

Below is a snapshot of what we have learned to date from each of our grantees:

North Carolina SPARK experiences highlight the strategy of coalescing around state education leadership as a force to shape Ready Schools policies. From the SPARK experience in North Carolina, education leaders in other states can learn how intentionally linking early education to K-12 school systems can lead to enhanced school readiness and continued success in learning. In North Carolina, the effort to create ready schools brings together education leaders from both worlds at the state level where the Department of Public Instruction integrates standards of early learning with those of the early grades, and integrates ready schools into performance standards. The linkages, between state and county and between pre-K and elementary schools, will also shape local efforts to develop concrete plans to assist transition practices.

Mississippi SPARK experiences highlight two key strategies for children's learning success. The first is engaging business leaders to become effective advocates for early education in the state. Working with key business councils and organizations, Mississippi SPARK seeks to develop a cadre of business leaders with a deep understanding of ECE issues who can then become effective advocates for policies related to the state's economic future. The second strategy is to engage parents in their child's learning by providing them with comprehensive support systems that identify obstacles and provide practical support to overcome them. Integral to this model is to also teach parents about their child's development and learning and, in doing so, help them become effective advocates for their child's success in school.

Georgia SPARK experiences highlight the value of using the Parents As Teachers model to engage parents in pre-K and school transitions and to foster parent leadership, using community-based partnerships to implement the linkages between parents and schools.

The **Miami-Dade SPARK** project in Florida highlights the formation of deep partnership with the public school system and integrating strong community partnerships in order to enhance a community's comprehensive early learning efforts. SPARK was added to the existing platform, several years into an overall early care movement centered on carefully crafted community consultations involving over 100 community leaders, a broad community mobilization and a ballot initiative. Under the guidance of a central leader, David Lawrence, a public-private partnership connected political and school leaders and others to encourage acceptance of the voluntary pre-K initiative in Miami-Dade. SPARK's integration into the movement built on a ready-made collaboration between pre-K and elementary schools called "Ready Schools Miami," laying the groundwork for expanding to all 208 elementary school innovative training, practices and policies.

New Mexico SPARK highlights the strategy of schools, parents, and early learning providers working together as a team to support children's transitions and learning in school. SPARK supported an initiative called *Joining Hands* to foster teams within a school that includes principals, teachers, parents and early learning providers from outside the school. The teams create parent involvement programs, professional development opportunities for teachers and import other best practices that support early childhood education.

Hawaii SPARK highlights the strategy of using P-20 councils as a leverage point to improve quality of early childhood education and has created models for culturally responsive early childhood education.

Lessons learned by **SPARK Ohio** shed light on how to get kids ready for school. Ohio demonstrated that training parents to be learning advocates, carefully screening kids and following up with appropriate referral services *does* make a difference in children's readiness for kindergarten. Ohio is now experimenting with "dosage" – how much of a quality pre-K experience is necessary to show statistically significant increases in kindergarten readiness. They are adapting their 3 and 4 year-old program into a shorter summer program, with evaluation results expected in September 2007.

SPARK D.C. has made inroads in two domains: A partnership with Washington, D.C. health agencies led to a "health passport" as well as to coordinated early screening efforts for health problems, with follow-up services, such as inoculations. It has also led the way in using NAECY accreditation for pre-K, kindergarten and first grade classrooms as a quality improvement tool.

I would like to share with you a menu of key approaches and high-impact strategies used in the SPARK sites. These will provide insights into how communities are being strategic and systemic about making sure that their children are ready for school, and that their schools are ready for children. Each community's initiative is different and uniquely responsive to its own needs, but all have used a combination of these approaches:

- Tapping into existing funding streams such as Title I money to create the intentional, deliberate partnerships needed for ready schools;
- Taking advantage of current mechanisms and policy efforts to improve early education;
- Providing support and skill building for parents, but engaging community-based actors such as organizations and schools as the key linking mechanism;
- Expanding the number of engaged, knowledgeable community- based stakeholders;
- Linking public and private actors around specific goals;
- Linking providers of community based early learning structures with the K-12 system in a comprehensive manner; and,
- Developing projects to serve all children while ensuring that there is a special focus on vulnerable children.

Further, the following have emerged in our sites as the SPARK High-Impact Strategies:

1. Parent Engagement:
 - Featuring comprehensive approaches that blend home visits, parent education and access to family support services, so that parent engagement can enhance pre-K systems.
2. Transition and Alignment:
 - School infrastructure and leadership coming together to support children transitioning to school;
 - Strengthening and connecting early childhood education through professional development that bolsters the likelihood of successful transitions from early learning to school (such as joint professional development training that pairs pre-K with K-3 teachers; and,
 - Defining basic principles and characteristics of Ready Schools, as well as creating deliberate partnerships to form a systemic approach to transitioning from early learning settings to school.
3. Expanding Quality Early Childhood experiences through
 - Public-private partnerships;
 - Multi-pronged community-based initiatives;
 - Finance mechanisms; and,
 - P-16 and P-20 Councils that are being developed in the states.
4. Developing and nurturing leaders in both formal and informal networks by:
 - Capacity building for knowledge and infrastructure; and,
 - Funding collaborative efforts between positional (e.g. business, government, advocates) and non-positional leaders (e.g. parents, teachers, clergy, child care providers).

At the Kellogg Foundation, our focus has been more at the community level, asking how parents and communities can be more deliberate and more collaborative in the development of the youngest children. Our own emerging framework seeks to articulate a comprehensive developmental continuum from a child's birth to the end of third grade, at age 8. The child's first five years at home, among neighbors, in community and child development settings, constitute

the most important years of his or her life. The first four years in school, among teachers, classmates, parents and adult guides, constitute the second most important phase of the child's lives. And the transition from home and community into school—from the first five years of life to the first four years of school, may be the most important transition in his or her life.

Children's subsequent experience as successful learners in a school setting, their accomplishments in literacy and numeracy and their excitement and sense of purpose and fulfillment are benchmarks and milestones that are critical for young children to achieve by the end of third grade. Our new awareness of the dynamics of child development, beginning at birth, cries out for our inventiveness and innovation with new community-based systems that embrace new parents and infants together.

From these approaches and strategies, we have identified SPARK policy principles that could guide and inform policy options you might consider. These are organized around what we consider as key to children's success in schools.

On Quality:

- Every child should be supported by adults and institutions who understand what a child needs at each stage of development, who are equipped for their roles, and who communicate with one another.
- Every professional serving young children should be well trained in early childhood education and development.
- Every community should ensure that children have access to early learning settings that are of high quality and staffed by qualified instructors.

On Partnerships:

- Linkages between public and private actors around specific goals on school readiness can strengthen communities.
- Linkages between providers of community-based early learning structures with the K-12 system in a comprehensive manner lead to smoother transitions to school.
- Building leadership skills among parents, providers, principals and teachers can strengthen partnerships.

On Ready Children and their Families:

- A child's school readiness is the result of successful learning *throughout* his or her early years.
- We must be deliberate and effective in supporting children's cognitive, emotional, physical development and social growth, beginning at birth.
- Every child should begin school with confidence.
- Every parent should have access to the information and support they need to be their children's first, best teachers.

On Ready Schools and their Communities:

- Every community should measure children's progress in all of these dimensions.
- Every community should have programs in place that ease a child's transition into kindergarten and from grade to grade.

- Every community should offer formal ways for parents, community-based early childhood education providers and elementary schools to work together to strengthen and align their efforts.

In addition to our SPARK Initiative, the Kellogg Foundation is engaged in New Options for Youth with an emphasis on ages 16 through 24 and beyond. Our goal is to create a new credentialing system as a valued alternative to the high school diploma and associate degree.

Our New Options Initiative works outside of the current employment and education systems to seek out and partner with innovative community-based organizations, businesses, educational institutions, and municipal governments that want to create a new credentialing system to prepare young people for work or further education. Innovative leaders from these institutions together with the young people they seek to serve are charged with co-creating prototypes and action plans for a new credential that would be valued by employers and young people.

This initiative focuses on out-of-school young people aged 16-24 who have been failed by the traditional school system. Most schools, dropout recovery programs and other social service systems have attempted to help this group by doing something “to” or “for” youth. By contrast, New Options builds its efforts on the passions, strengths and interests of young people themselves. New Options anchors its work around businesses and community-based organizations, in which young people are gaining marketable skills and generating products and services of value to the community.

According to the National Center for Education Statistics at the U.S. Department of Education, each year since 1985, 4 million young people aged 16-24 are not enrolled in or have failed to complete high school. And many of those who do finish high school report that they are neither motivated to further their learning in formal education environments nor do they feel prepared for jobs and careers that match their passions and interests. Currently, few alternatives exist for those whose learning styles are not suited to the “one-size-fits-all” approach of traditional classroom settings and methods. Through a new credentialing system, New Options seeks to create legitimate and viable pathways to better jobs and education.

We are also exploring a venture capital investment strategy to fund innovation; this would use grants to bring together youth and forward-looking leaders in business, nonprofit organizations, and government to design and employ new credentialing concepts. Co-created ideas from these sites would then be merged and unified into a national prototype. The Phase I goal of New Options is to fund up to 15 prototypes, which could then yield two or three models robust enough to implement, sustain and provide leverage in future phases.

The New Options Initiative is built on several foundational concepts or key features including:

1. **Youth Voice and Choice:** Many youth-serving organizations try to help out-of-school young people by doing something “to youth” or “for youth.” These deficit approaches attempt to fix youth through a wide range of dropout recovery programs and social service

delivery systems. By contrast, New Options takes an asset approach, which builds on the passions, strengths, talents and aspirations of young people and creating opportunities for them to discover their full potential, in which their voices and choices drive decisions for their future.

2. **Market-based Approaches:** While many nonprofit organizations provide opportunities for out-of-school youth to grow, develop and learn on their own terms, a select group takes this idea one step further. The latter help young people not only to gain marketable skills, but also to generate products and services that the marketplace values. New Options seeks to partner with organizations that have youth-designed products and services that business and municipal governments are buying. Youth-created products and services include designing Web sites, starting recycling programs, producing music, generating radio commentaries, mapping neighborhood assets, and creating public murals.
3. **Business Partnerships:** To create a new sustainable model for youth workforce development through youth voice and youth choice, market forces must align with youth aspiration. In a time of diminishing commitment to public spending, the private sector must be engaged to connect the dreams of young people with market realities. Further, nonprofit organizations must partner with business beyond traditional charitable connections (e.g., donating, volunteering, sponsoring, etc.) and labor-related relationships (e.g., internships, entry-level jobs). Nonprofit organizations must build private-sector partnerships that can advance a company's core business and improve that company's bottom line. New Options will anchor its work in the private sector to harness market forces as drivers of new opportunities.
4. **Innovation and Co-creation:** New Options will use a venture capital investment strategy to co-create and develop innovative prototypes for a new credential. New Options will not attempt to find, replicate, scale, or sustain existing practices or programs. Nor will New Options seek to make incremental changes in existing workforce or education systems. Instead, New Options will bring together key stakeholders including business leaders, educators, government officials, CBO directors, and young people themselves to co-create new prototypes. New Options recognizes that solutions exist in the community, that multiple perspectives lead to the best answers and innovations take root only when stakeholders have meaningful ways to participate and contribute.
5. **National Systemic Change:** Early stages of the initiative focus on co-creating prototypes for a new credential in specific local geographic sites. Some prototypes will demonstrate what is possible and emerge as potential national models. Most prototypes will not. By making room for failure in the prototype building process, New Options will move only the most promising examples forward for review and implementation. In the end, the co-creation and innovation process must yield a new credential with national currency. It must be attractive and appealing to young people (labor supply), and it must signal value and quality to business (market demand).

To accomplish this, New Options will follow an intentional innovation process at the national and local level. As the planning phase is now complete, New Options is now developing site criteria for participation. At the end of Phase One, selected sites will be expected to produce a local prototype for a new credential that has been co-created by business, education, government, CBOs and youth leaders.

These local prototypes will be merged and integrated into two, possibly three, national models that can then be launched in Phase Two of the initiative. If there is demonstrable success in one model, New Options will concentrate Phase Three resources on scaling and sustaining that model.

At the local or site level, New Options will make Phase One investments to develop up to 15 prototypes for a new credentialing system. These prototypes will credential the marketable skills young people are gaining through either the products and services they are creating or the content areas where they have demonstrated passion and interest. These include such interest areas as media (film, video, TV, radio, web, print), performing arts (theater, music, dance, poetry), technology (computers, robotics, telecommunications), and community development (neighborhood improvement, environment, landscaping, horticulture).

Sites that are selected for a prototype development grant will bring together business, nonprofit, education, government, and youth leaders to develop concepts for a new credentialing system. Most sites will follow an innovation process and will: 1) create an understanding of their local context, especially regarding what type of credentialing system businesses and young people want; 2) analyze the context to determine where the new opportunities exist; 3) synthesize ideas into several new credentialing concepts; and 4) fashion one of these concepts into a viable prototype.

Recommendations:

The jurisdiction of this committee is broad and its impact on setting children on a pathway to learning is profound. Every program on children and families you review, revise and create will shape a child's learning life. But beyond the programs, your power is in setting the framework so as to provide incentives to communities to pursue community-based strategies that allow parents, schools, and community members to form partnerships and craft strategies that reflect their assets, needs, and goals is very important.

In looking back over the Foundation's history and our Youth and Education work over the past 20 years, we have found three strategies that tend to recur as tipping points for transforming systems to better serve children and youth. More than anything else, 1) the quality of partnerships; 2) the quality of leadership; and/or 3) the quality of innovation have influenced the quality of the results.

With this in mind, we would like to make the following recommendations as you continue your oversight and work during this session of Congress.

1. Pay close attention to how policies can create incentives for schools and communities to work more closely to provide comprehensive services to young children so that they can be successful in learning before and after school.
2. Build flexibility into funding streams to communities that serve vulnerable populations, so that they can more easily partner with schools and early learning settings.

3. As you examine workforce development issues, keep in mind that the learning continuum begins at birth and that investments in children from birth to 8 years of age can be your wisest investments.
4. Encourage more federal and state interagency partnerships as related to programs and policies that impact young children and their families. The systems families interact with should be seamless and easy to navigate. Joint planning by key agencies can streamline the process by which families access opportunities and services, but also could lead to less duplication of services, less bureaucracy, and an overall wiser, more effective use of tax dollars.
5. Finally, think of foundations as key partners in your work to identify new approaches and mechanisms to help communities as they seek to be effective in helping families. Private-public partnerships have fueled many of the early learning innovations that have occurred in states and local communities. Our investments can inform your challenges. We can do some of the research and development for new solutions.

In 2007, we stand at an important moment in our country's history. In our last century, there were many points at which something new had to be invented after dramatic events that reshaped our educational institutions and our economy. For example, for the education of returning military personnel, Congress created and expanded the G.I. Bill after World War II in the 1940s. For young adults seeking alternative paths to higher education, states and private foundations helped to create and expand the community college system in the United States in the 1960s; this followed on the work of a commission appointed by President Truman in the late 1940s, which had defined the need and possible policy paths.

With the gathering evidence and insight of our best scientists and educational leaders, we must ask what new structures, practices and programs are crying out to be invented to support the early learning of infants, toddlers and preschoolers?

Among many contributions, the role of foundations in America today is as a source of our nation's research and development, both as financier and social entrepreneur. We do so with tax-deductible dollars, and one of the ways we demonstrate our accountability to the American people is by making public the results of our pilot projects and initiatives. This is a time to be innovative and creative about meaningful experimentation on issues important to our country's future.

We at the W.K. Kellogg Foundation stand ready to help you in that search for innovation and new ideas so that our children may thrive in the 21st century. Mr. Chairman, members of the Committee, I thank you for the opportunity to participate on today's panel.

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Senate Committee on Finance
**“Realizing a Competitive Education: Identifying Needs,
Partnerships and Resources”**

March 20, 2007

The High School Dropout Crisis and the Cost to America

Mr. Chairman, thank you for the invitation to speak with you today. I appreciate your commitment to education, and interest in keeping America competitive as well as that of the other distinguished Members of the Committee.

In a couple of months, millions of high school seniors will walk across the stage at graduation ceremonies to receive their high school diplomas. Auditoriums and gymnasiums around the country will be packed to the brim with proud parents and relatives. For many students, Graduation Day will be the culmination of thirteen years of study; for others, it will be the doorway to postsecondary education. But for nearly 1.2 million students nationally who started high school with these graduating students, it will likely be just another day that they are unemployed or working at a minimum wage job because they have already dropped out of school. This dropout crisis is an obvious problem for students and parents, but it should also be of major concern to America’s citizens, businesses, and elected officials.

Analysis by my organization, the Alliance for Excellent Education, reveals that if the 1.2 million high school dropouts from the Class of 2006 had earned their diplomas instead of dropping out, the U.S. economy would have seen an additional \$309 billion in wages over these students’ lifetimes. And that’s only for one year—we can expect the country to lose another \$309 billion in potential earnings later this year as dropouts from the Class of 2007 fail to graduate with their classmates. If this annual pattern is allowed to continue, more than 12 million students will drop out of school during the next decade at a cost to the nation of \$3 trillion.

To put that number into perspective, President Bush's budget request for Fiscal Year 2008 was \$2.9 trillion.

But why is this an issue now? As we all know, there have always been students who didn't finish school, and have gone on to do well in life. However, as you all know, today's economy is much more global. Whereas past generations of Americans only had to compete for jobs with students from Boston or Birmingham, today's students compete with students from Bangalore and Bangkok. And, based on the most recent international data, American students are already coming up short.

In reading, American 15-year-olds rank 15th compared to other OECD countries. In math, our students' performance was even worse, with American 15-year-olds scoring below the international average and 24th overall.

Imagine that these international tests were the Olympics. Would the nation tolerate such a dismal performance? In the 2004 Summer Olympics, when the United States men's basketball team won the bronze medal, newspaper articles called the team's performance a "humbling two weeks in Athens" and an "Olympic low point for U.S. men's basketball." Stu Jackson, the chairman of the U.S. Senior Men's National Committee, wasn't as critical, saying that the team's performance was not "an indictment on the U.S. team" and that the "rest of the world is getting better."

Well, Mr. Chairman, the same is true in education. Forty years ago, the United States led the world in producing high school graduates. Today, the nation ties for 17th in high school graduation rates. Our nationwide graduation rate is only about 70 percent. And, among minority and low-income students, that figure is even lower—only 52 percent of Hispanic and 55 percent of African-American students graduate on time, compared to 78 percent of white students. That's a gap of more than 20 percentage points!

And the news could get worse. Based on projections from the U.S. Census Bureau, the white population is only expected to grow by 1 percent by 2020, while the Hispanic population will increase by 77 percent and the African-American population by 32 percent. If the nation cannot do a better job of serving minority students and ensuring that they graduate from high school, the nation's overall graduation rate will fall even further as a growing number of minority students are left behind. However, the Alliance projects that if the U.S. education system could raise minority high school graduation rates to the current level of whites, and if those new graduates go on to postsecondary education at similar rates, additional personal income would be more than \$310.4 billion by 2020, yielding additional tax revenues and a considerably improved economic picture.

If the nation's graduation rate starts to decline, how much longer before U.S. companies start to move their operations in the United States to India or China where they can tap into a workforce that is as highly educated as Americans—if not more so—and willing to work for much lower wages?

So, what's wrong with American high schools and why are they failing so many of our students? Let me give you an analogy, drawing upon my being a classic car fan.

Back when I was in high school, I owned a 1965 Chevrolet convertible. It was a wonderful piece of machinery. It looked good, went fast, and hugged the turns. Today, aside from the sentimental value it would have as a showpiece, the vehicle would be considered useless by modern-day standards. Even at its best, the 60s engine was far less efficient than today's computerized ignition. It certainly wouldn't have side impact air bags and anti-lock brakes. And it goes without saying that the car would lack today's technology: Instead of a six-disc CD changer and a DVD player, you'd have an AM radio.

America's high schools are in a similar situation. Like the 1965 car, they were designed for an era long since passed. Fifty years ago, the nation could afford to have almost half its students drop out of high school because there were good-paying jobs waiting for them. But in the knowledge-based economy of the 21st century, every student needs to graduate from high school, prepared for college or the workforce. In short, America's high schools cannot keep up with current economic demands—domestic or international—any more than a 1965 vehicle is ready to meet today's automotive standards.

And the cost is not only to the individual. Recent research conducted by a group of the nation's leading researchers in education and economics has shed some light on exactly how much a high school dropout costs the nation in lost taxes, increased health care costs, higher spending on crime, and more expenditure on support programs such as welfare.

According to the recent report, which was published by Teachers College at Columbia University, male high school graduates earn up to \$322,000 more over the course of their lifetimes than dropouts, while college graduates earn up to \$1.3 million more. Because they earn higher salaries, individuals with a high school education and beyond pay considerably more in taxes. Whereas male dropouts pay approximately \$200,000 in taxes over the course of their lifetimes, high school graduates pay an additional \$76,000–\$153,000 and college graduates pay an extra \$503,000–\$674,000.

While some high school dropouts might eventually find good jobs and earn decent livings, most will spend their life in a state of uncertainty—periodically unemployed or on government assistance. Many will cycle in and out of prison. In fact, about 75 percent of America's state prison inmates, almost 59 percent of federal inmates, and 69 percent of jail inmates did not complete high school, according to Alliance analysis. If we could increase the male graduation rate by only 5 percent, we could save \$7.7 billion a year on crime costs.

High school graduates also have better health and lower rates of mortality than high school dropouts. Individuals with higher educational attainment also are less likely to use public social services such as Medicaid. An Alliance analysis found that if every student in the class of 2005–2006 graduated from high school, the nation could save \$17.1 billion in lifetime health costs.

Now that I've explained some of the economic benefits to graduating more students from high school, how can we make that a reality?

The good news is that we know a great deal about how to educate low-performing adolescents to high standards, and many high schools across the country are doing so. These schools are raising

achievement levels and increasing the options available to students who would otherwise drop out or merely “get by.” Unfortunately, there are too few of these successful schools nationwide. This shortage is exacerbated by a general lack of attention to the problems in our high schools by the public and policymakers—particularly at the federal level.

The realities of global competitiveness, the rapidly-diminishing prospects of those students whose high schools fail to prepare them for college and work, and the resulting widening opportunity gap all make high school reform an imperative from an economic, national security and civil rights perspective. The time is right for the federal government to take bold leadership in advancing high school reform—leadership that is appropriate to the crisis and in line with the federal government's tradition of intervening to assure the security of the nation, reduce poverty, increase equity, and advance research to inform effective practice.

The reauthorization of the No Child Left Behind Act (NCLB) offers an opportunity for Congress to put the “Secondary” into the Elementary and Secondary Education Act and take the critical first steps forward towards improving our nation's high schools. To that end, we offer the following priorities for federal high school reform policy:

- **Turn Around Low-Performing Middle and High Schools by Creating a Secondary School Improvement Fund:** Title I is designed to provide the federal investment in turning around low-performing schools. However, this investment fails to reach most eligible middle and high schools, leaving the vast majority of low-performing secondary schools without the additional supports necessary for successful school improvement. You must address this gap by creating a comprehensive Secondary School Improvement Fund to improve low-performing middle and high schools using research-based interventions chosen locally to meet the needs of students and schools. This fund should both finance student supports and school-level interventions, while also building the capacity needed at the state and local levels to make secondary school improvement possible. You should also create a Secondary School Innovation Fund, to go beyond the research and best practices and stimulate the innovation that will truly create the high schools of the 21st century.
- **Improve Graduation Rates and Promote Meaningful High School Accountability:** At the high school level, the federal accountability system does not adequately measure student preparedness for college or work, nor whether a high school is even graduating its students. Graduation rates must be weighted on par with assessments in determining AYP, and like assessments, must be disaggregated and increase over time to ensure all students graduate. NCLB set a new standard for accountability in our nation's schools, but focused too narrowly on test scores as the only measure of school quality. High school accountability should include an appropriate analysis of school performance and student indicators of achievement to better align interventions to the students' and school's needs.
- **Improve Adolescent Literacy:** Almost 70 percent of eighth grade students read below grade level. Unfortunately, the federal investment in reading, the Reading First program, disappears after third grade, which is exactly the point at which expectations for student

literacy increase. This lack of basic reading skills contributes greatly to students failing to master the knowledge they need to succeed after graduation, or simply dropping out entirely. Congress should authorize the Striving Readers program on par with Reading First, a \$1 billion formula grant program to states to support both professional development and targeted interventions to improve adolescent literacy.

- **Advance Shared Standards and Assessments Aligned to College and Work Readiness:** While one-third of students do not graduate from high school at all, another third graduate but without the skills and knowledge to succeed in college or the workforce. Congress should support a process for developing common education standards to ensure that all students are held to the same high expectations aligned with the requirements of post-secondary education and the workforce. The federal government should also offer high-quality, performance-based assessments to regularly measure student progress towards those standards which will remove a significant financial burden from states and increase the quality of assessments. In addition, the federal government should provide states with incentives and supports for adopting such standards and aligning them with their key systems, such as their curricula, graduation requirements, and professional development.
- **Build State Data Systems:** High-quality data systems are critical to improving secondary schools across the nation. However, most states and school districts have not yet built such systems. Current federal investment in data systems has only funded fourteen states. The federal government must help states build the infrastructure needed for data to be collected, reported to the public and used by educators to improve education. Congress should significantly increase its investment in grants to states to build such systems in accordance with the recommendations of the Data Quality Campaign, as well as grants to build the capacity to use data to improve teaching and learning through professional development, effective data collection and other key functions.
- **Get Effective Teachers to the Students Who Needs Them Most:** Research shows that teachers are the greatest in-school factors in improving student achievement. Currently, federal policy sets a good bar to begin teaching, but it does not ensure teachers are effective in helping students learn. Federal policy should help attract and retain the most effective teachers to low-performing schools by improving working conditions and supporting good practices like time for teachers to collaborate and use data, comprehensive teacher induction programs and smaller course loads. Federally-provided professional development funds should be targeted to struggling districts to provide evidence-based activities and strategies to teachers to improve effectiveness.

While these priorities do not cover all of high school reform, they do provide the cornerstones necessary to build a solid foundation for an effective federal partnership in advancing state and local efforts toward that critical goal.

For education reform to truly take hold and be successful, it must happen at all levels of education, from the schoolhouse doors to Capitol Hill. As a nation, we will never reach the goals of No Child Left Behind or making every child a graduate without significantly increasing

funding to improve America's high schools—levels of investment equal to the levels of reform. But I am not interested in making the current dysfunctional system just more expensive. Reforms must be targeted and research based and investment should match that reform.

Currently, there is little federal investment in our nation's high schools and we are getting what we pay for. As of now, the federal funding in education funds targets the bookends of the education system—concentrating on grades pre-K–6 and higher education, with little to no focus on the secondary school level. Funding for grades pre-K–6 totals nearly \$18 billion. Funding for postsecondary education totals nearly \$16 billion and that is without taking into account student loans or other tax incentives. However, funding for grades 7–12 is close to \$5 billion.

There is no disagreement that early education programs improve student achievement, especially in the lower grades. However, there is also little disagreement that that impact fades over time. Students who have early education experiences continue to outperform their peers; however, the advantage gets smaller over time even if the students never fully regress to the level of those who do not have early education interventions. In addition, there is no question that funding for federal financial aid is critical to increasing access to a postsecondary education. However, until all students have the academic preparation to go to and succeed in college, real improvement in access to postsecondary education will not be realized.

It is imperative that Congress take the opportunity to bring the nation's high schools into the 21st century, through action that addresses the needs of America's middle and high school students. Failure to seize this opportunity, however, could have serious consequences for the nation's economic prosperity in the future as today's dropouts and undereducated graduates become tomorrow's poorly educated workers.

COMMUNICATION



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Realizing a Competitive Education: Identifying Needs, Partnerships and Resources
March 20, 2007

Statement for the Record

Mr. Chairman and members of the committee, on behalf of over 900 colleges and universities that make up the National Association of Independent Colleges and Universities (NAICU), I thank you for the opportunity to submit a statement for the record on the very important issue of U.S. competitiveness in a global economy. The higher education community joins our colleagues in industry in urging Congress to make competitiveness a top legislative priority.

The U.S. is falling behind other countries in the race for the world's best jobs. While other nations are investing more to educate their students in the areas of science, technology, math and engineering, we are spending less. America's comparative advantage in the global marketplace has always been connected to the relative skills and education of its workforce. If the U.S. wants to maintain its role as a superpower, it is vital that we prepare our future generations to continue to have that edge in the global economy of the 21st century.

NAICU has been focusing on these issues and the role of the federal tax code in encouraging and assisting with the investment in the highest quality higher education. We support the many tax incentives that have been enacted over the past 10 years and encourage that they not only be maintained, but strengthened and made permanent. These include:

* The above-the-line deduction for tuition and related expenses. This important deduction serves a much-deserving middle class of students and families. Its structure and income limits assist those taxpayers who do not qualify for the Hope or Lifetime Learning tax credits. We support making this deduction permanent, as well as adjusting the income limits for inflation. It is currently set to expire at the end of this year (2007).

* We are willing to work with the Senate Finance Committee and Congress to simplify the important Hope and Lifetime Learning tax credits and the tuition deduction. It will be necessary, however, to ensure that no one currently receiving a tax break will lose out in a consolidated plan. It is equally important that any new super-credit or deduction not result in an increased reporting burden on our institutions.



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* We support making IRC Sec. 127, employer-provided education assistance, permanent for both graduate and undergraduate course work. There would be no better competitiveness initiative than allowing working students and their employers to enjoy the partnership of tax relief that Sec. 127 offers. Many of the working students that rely on Sec. 127 are science, technology, and engineering majors.

* Congress should restore the tax-free treatment of scholarships and grants used by students for room and board expenses. Under current law, only scholarship amounts used for tuition and fees are excluded from taxable income. Prior to 1986, amounts used for room and board were also excluded. Restoring the complete tax-free treatment of these funds will further assist our best and brightest students as they pursue undergraduate and graduate level degrees.

* Finally, we encourage Congress to continue to assist our institutions as we struggle to find revenue sources outside of the tuition stream. Charitable giving incentives like the IRA charitable rollover - enacted last year - allow individuals with excess retirement funds to donate a portion of those funds to charities (including colleges and universities) without prior tax penalties. Our recently completed IRA rollover survey shows that U.S. private colleges and universities raised nearly \$70 million as a result of the rollover. It is currently due to expire at the end of this year (2007). We strongly encourage Congress to make this important provision permanent.

Again, thank you, Mr. Chairman, for allowing NAICU to submit this statement for the record. We look forward to working with you, the Senate Finance committee, and Congress to generate, advance, and sustain the talent of our workforce. We can do this by supporting our students, our colleges and universities, and our partners in industry by strengthening and continuing the important tax incentives our sectors have come to rely on.

