

Testimony before the  
U.S. Senate Health, Education, Labor and Pension Committee

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Twenty-five years ago, some of America's most thoughtful leaders published a report entitled *A Nation at Risk*. In that evaluation, they stated that if a foreign nation had done to our children in our schools what we have done, we would consider it an act of war. Less than a decade later, I had the privilege of serving on the first Commission on the Skills of the American Workforce. The Commission's report, *America's Choice: high skills or low wages!*, echoed those who had written *A Nation at Risk*. That report stated that the jobs of Americans with low skills were threatened by low-skilled workers in poor countries who were willing to work for much less. That turned out to be true. But now, with the advent of China and India and other countries, very large numbers of highly educated people are joining the global workforce willing to work for half or less than Americans, while at the same time they are available to employers worldwide at the click of a mouse.

In 2004, the Brookings Institution published the *Brown Center Report on*

*American Education*, which explored the question of how well American students were learning. After first noting in an earlier study that reading skills had not improved, the study then turned to mathematics and noted that math performance was improving slightly. However, in a stunning and stinging critique, they analyzed a sample of NAEP (National Assessment of Education Progress) items and discovered that the mathematics required to solve many of the problems was extraordinarily easy. The report stated that, “most of the arithmetic one would need to know how to solve the average item on the eighth grade NAEP is taught by the end of third grade.” In other words, we told our kids that their scores were improving, when in fact we were testing eighth grade students on what they were taught in the third grade.

I am sick of the big lie. I am sick of a system, which leads 300 million Americans to believe that we continue to give our children a world-class education. We do not.

The truth is that we continue to do the same things in our classrooms and expect different results. It is not as if we were not trying. Over the past thirty years almost every one of those years has seen us, as a people, devote more of our resources to the education of our children. In terms of constant dollar expenditures per pupil, between 1971 and 2002, they have grown from \$3400 per pupil to \$9,000 per pupil. This means that the cost per pupil over this period has risen by 240 percent, after correcting for inflation, at the same time that the scores of our children on the fourth grade NAEP literacy assessment have been

virtually flat (although our performance on math is better). The problem is we keep getting very small gains at an ever-higher cost. More importantly, and this is what is being ignored today, the rest of the world has decided that they want what we have and they are determined to get it by providing their kids the best education in the world.

For most of the 20<sup>th</sup> century, the United States led the world in the percent of working age adults who had completed high school. That lead is being overtaken by nation after nation, some of them developing countries. And, in just a few decades, the U.S. share of the global college-educated workforce has fallen from thirty percent to fourteen percent, even as the numbers of Americans entering college has increased. But worse still, the United States leads the developed world in the proportion of students who drop out of school.

Equally, if not more importantly, the quality of those who do graduate is, in international terms, mediocre. In a series of international comparisons of math and science performance that began in the 1960s, United States students scored in the lower half of the distribution. The 1995 results of the Third International Mathematics and Science Study (TIMSS) placed U.S. students far down in the world rankings. Among all the industrialized nations in the world, we were next to last! We beat only one country, Cyprus. But student performance is not the only issue. The International Adult Literacy Survey (IALS), measuring the literacy of our workers compared to the literacy of workers in other countries with which we compete, characterizes the literacy levels of American workers

compared to the levels of the workers in the other countries as “mediocre.”

Here is a portrait of a failing system: for every 100 ninth graders, 68 graduate on time; of those, 40 enroll directly in college; of those, 27 are still enrolled the following year; of those, 18 earn an associates degree within three years or a B.A. within six years. 82 don't make it!

When I was asked to address this committee it was my hope that we might take this opportunity to look not just at our current circumstance as a people, but to look more broadly at the economic and educational challenges we face. The timing is good. If nothing else, this might be a particularly good moment to reflect on our nation's progress in human development over the course of the last 25 years.

Within two years after *A Nation at Risk* was published, I appeared before this distinguished committee in my capacity as our Secretary of Labor, and I remember to this moment the intensity of interest each and every member of this committee had in the subject of workforce development. That meant much to me.

In 1990 I was privileged to chair what is known as the Skills Commission. Our report was titled, *America's Choice: high skills or low wages!*. In the report, we expressed deep concern that the United States was going to face a very real problem from international competition, and that the problem would be of

primary effect among our low skilled workers. We underestimated the challenge. Now the world's supply of highly skilled and relatively low paid workers is rapidly increasing. Because of the Internet, those employees are available to the world's employers without moving. Thus, a coalescing global labor market is now beginning to push wages down at all skill levels, and the people who do routine work, are those most at risk, because that is the easiest work to automate or send offshore. Let me try to emphasize one point very clearly: for every job that is going offshore, ten are being automated.

In 2006, I joined a number of very distinguished and thoughtful individuals to take another look at these problems, and we published one more of these seemingly endless studies. Our report was titled, *Tough Choices or Tough Times*. Let me take a moment to sketch out our central concern.

First, as I said, global employers have their choice of the world's workers and it is a fact that the world's supply of highly skilled, relatively low paid workers is rapidly increasing. If, as I noted earlier, those employees are available to any firm without moving because of the Internet, it's fair to ask, why should employers take our workers? The truth is that they won't unless we can match and exceed their skill levels. But, we are not going to compete in a highly technologically networked global economy with the kind of numbers I mentioned earlier.

In a nutshell, our kids and our workers are going to have to be much better

educated, matching the top nations' performances in language, math and science. They have to be very differently educated. There are major changes needed in standards, assessments, curriculum and pedagogy.

Let me be very specific. We've had it too easy. Much of the last century, because we were taking advantage of American women, giving them virtually no choice other than to teach, we got the very best and the brightest to teach our kids and they were wonderful. We ate everybody's lunch. Then things changed. Women now have choices, and that is a wonderful, fantastic thing, not just for them, but for all of us.

Here's the challenge. We've got to get the best and the brightest among our college students today to consider teaching. We must recruit new teachers from the top one third of entering college students, and that means we must pay them as professionals. Today we call our teachers professionals and treat them like raw recruits.

We can spend a lot of time on how to do that and how important it is. What I want is to back off and ask you a more fundamental question.

Why is it that a quarter of a century after *A Nation at Risk* told us that we were in peril as a people and as a country if we did not dramatically change our ways and give our kids and our workers the best education and training in the world, why is it then after that report and the countless studies from some of our best minds in

this entire nation, that we keep doing the same things and expecting different results? Why is it that we think we're supposed to look at these problems as Republicans or Democrats and liberals or conservatives, instead of as Americans? Why is it that we refuse to tell the American people the truth about what we are doing or not doing for our kids? Why do we keep kidding ourselves?

Last year, the Educational Testing Service (ETS) published a report entitled *America's Perfect Storm -- Three Forces Changing our Nation's Future*. The three forces they describe are divergent skill distributions, the changing economy, and demographic trends. They note that the United States now ranks 16th out of 21 OECD countries with respect to high school graduation rates. Between 1984 and 2004 reading scores among 13 and 17-year-olds remained flat, and the achievement gaps were large and relatively stable. The report adds that manufacturing as a share of total employment had fallen from 33% in 1950 to just over 10% today. It noted further that college labor market clusters, including professional, management, technical and high-level sales, were expected to generate 46% of all job growths in the next 10 years. And, that given these present trends over the next 25 years or so, as better-educated individuals leave the workforce, they will be replaced by those who, on average, have lower levels of education and skill. Over the same period, nearly half of the projected job growth will be concentrated in occupations associated with higher education and skill levels. This means that tens of millions more of our students and adults will be less able to qualify for higher paying jobs. Is anyone paying attention?

Are they really ready to work? That's the question asked by the Conference Board, Corporate Voices for Working Families, The Partnership for 21st Century Skills, and the Society for Human Resource Management. These four outstanding organizations did an in-depth survey last year of business, HR, and other senior executives. I want to read you the first sentence of the executive summary, and I quote, "the future US workforce is here -- and it is woefully ill-prepared for the demands of today's and tomorrow's workplace." Let me be specific. 80% of the employer respondents rate new job applicants with a high school diploma as deficient in written communications. 55% report high school graduate applicants as deficient in math, and both skills are rated as very important for successful job performance.

There can be no higher priority for this nation than the positive and effective transformation of American education and training, in other words, the human development of our people.

Certainly from the publication of *A Nation at Risk* in 1983, I have felt that America's primary challenge lay in the critical need to better prepare our youth for a rapidly changing world. When I led the US Department of Labor, we published *Workforce 2000* calling for major educational changes. In subsequent years, I led three commissions, each of which called, with increasing urgency, for dramatic improvements in our education and training systems.



Today I co-lead a fourth: the *New Commission on the Skills of the American Workforce*. Our report, *Tough Choices or Tough Times*, suggests that the great majority of US schools as presently led, financed, and composed, are simply incapable of preparing our youth to meet the demands of a knowledge-based, technologically networked, truly competitive global economy. We make the case, factually and clearly, that many countries have already passed us, and that many other nations are rapidly gaining on us in the quality of their graduates. Unless soon reversed, this situation will inevitably lead to a steady decline in the US standard of living. The simple fact is that the Internet – a word none of us had even heard the last time I appeared before this committee – the Internet has changed the way we communicate, the way we compete, the way we work. Here is the problem our employees, our employers, and our educators have.

Any routine task can be automated, and/or digitized and/or outsourced, and thus the world of work in this day and time increasingly rewards innovation, creativity, and problem solving skills. It requires an ability to source and evaluate the worth of information, work with others, and understand and communicate with those from other cultures. These skills will be compensated well, the firms such individuals work within will prosper, and the nation which has an abundance of individuals and firms with these assets will prosper competitively and economically.

This is, in truth, a different world. Have we changed the way we prepare our students and ourselves for that world? No. Rather we keep doing the same things,

perhaps even more of those same things, and expect different results. As the *New Skills Commission* notes, the problem with our present reform efforts is the absence of an over-arching reform, because the present system simply does not work – as a system. The gaps are across the board:

1) Children come to school, in the millions, unprepared to learn. Simply throwing them into elementary school without addressing this fact will inevitably lead to frustration, a sense of inadequacy, and a fear of education. Many hit a wall by the third grade, and drop out emotionally, if not physically. Early childhood cognitive development for – at a minimum – economically disadvantaged kids and minority kids, if not all children (I believe the latter), is essential.

2) The new skills mentioned above require a far different pedagogical approach. This will take a rethinking of what knowledge and skills are taught and how they are measured in our schools. Other nations that outperform us on international tests of student performance already set high standards and use high quality exam systems that incorporate the kinds of knowledge and skills necessary to succeed in the 21<sup>st</sup> century economy. We need to look carefully at these instructional systems and ask ourselves why we are not using similar high quality systems.

3) The bottom one-third of entering college students takes education as a major. The reasons are legion, but the result is a steady decline in the quality of those entering the profession. To make matters worse, they are then treated as

anything but 'professionals' and paid truly substandard compensation. It is no wonder that half leave in the first five years – and those who do are more often than not the best. It is not logical to ask teachers to teach skills they have not themselves been taught. Teacher preparation in the US is a disgrace.

4) The way we organize most school districts leads to a stifling, top-down, bureaucratic, expensive, and non-productive result. Innovation, individual IEPs for all students, creative classroom techniques/approaches, entrepreneurial principals should be the norm, not the exception. They are not.

5) If we were to prepare our students to leave school when ready to go to community college or technical college without the need for remediation, we could give them new and exciting choices – before they are bored to death by classes which, to them, have no relevance. The operative phrase above is “without remediation.” States that are able to do this could save an enormous amount of money—money which could go a long way to pay for some of the changes mentioned in 1 through 4 above.

6) All the above changes will require that our federal statutes be modified to address those states ready, willing, and able to move on these ideas. The No Child Let Behind law was a serious effort on behalf of Congress and the President to give new emphasis and support to reform efforts across America. Those good intentions must not result in barriers to innovate and make fundamental changes in our state education systems.

7) Mr. Chairman, while these K-12 reforms are urgent, they would not directly affect the skills, productivity, and earnings of the year 2020 workforce. Unless we boost the competitiveness of the active adult workforce now, we may lose too much ground to the rest of the world before the full effects of K-12 reforms take hold.

The U.S labor force in the year 2020 will include 165 million people, 100 million of whom are out of school and at work today. Two-thirds of these workers will remain part of the active workforce at least through the next decade as well. So what do we know about these workers?

We know that about 30 million adults do not have a high school credential – about 20 percent of all adults and one-third of the foreign-born. Their access to further education and skill development is blocked without this gateway credential. We need a new federal commitment to adult education: All members of the workforce 16 year old and older will have access to a free education up to the new high school standard -- ready for college without remediation.

But that is not enough. The U.S. labor market is very turbulent. More than 4 million jobs are gained and 4 million lost every month in this country.

Knowledge becomes outmoded and new technologies demand higher skills and new competencies. How are workers to ensure that their knowledge and skills remain current and up to date?

In this environment, it is increasingly critical that workers across the country are able to get the training they need to quickly move to new jobs, often in new industries requiring different knowledge and skills. I encourage you to support the creation of Personal Competitiveness Accounts that will enable Americans to get the continuing education and training they need throughout their working lives. By creating a tax-protected account at birth that parents, grandparents, aunts and uncles can contribute to and then later, employers and the employee – along with government for low wage workers – can add too, adults would have the capital they need to pay for education and training as work requirements change. I think of this as a new GI Bill for our times.

Soon we will need to re-examine our complex of employment, unemployment, training, and trade adjustment laws and programs, to cover all workers who suffer permanent job loss whether from trade, technological change, or domestic competition so our experienced, tenured workforce can have real opportunities for retraining and skill upgrading. If we want America's workers to be agile and to support our full engagement in the global economy, we must substantially upgrade our adjustment assistance and training support for them – commensurate with the large potential gains from trade that America expects.

Senators, I urge you to think hard about providing support to states who are committed to making the tough choices outlined above to revamp their education systems. From investing in early childhood education for low-income children,

to professionalizing teaching, to holding school leaders accountable for increased student performance while at the same time freeing them to organize their schools to do just that, to providing early college options to high school students ready for college without remediation, to providing those most in need with the comprehensive help they need to meet new standards. These are the kinds of changes that our states must make for this country to continue to prosper.

A few weeks ago, the Chairman of this committee reminded me of the words of a very young President more than 45 years ago. This is what he said, “The world is changing—the old ways will not do.” Those words are just as true today.