

LIFELONG EDUCATION OPPORTUNITIES

HEARING

OF THE

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

ON

EXAMINING LIFELONG EDUCATION OPPORTUNITIES, FOCUSING ON S.
694, TO AMEND THE WORKFORCE INVESTMENT ACT OF 1998 TO PRO-
VIDE FOR A JOB TRAINING GRANT PILOT PROGRAM

APRIL 14, 2005

Printed for the use of the Committee on Health, Education, Labor, and Pensions



U.S. GOVERNMENT PRINTING OFFICE

20-732 PDF

WASHINGTON : 2005

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
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LIFELONG EDUCATION OPPORTUNITIES

THURSDAY, APRIL 14, 2005

UNITED STATES SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The Committee met, pursuant to notice, at 10:02 a.m., in room SD-430, Dirksen Senate Office Building, Senator Mike Enzi, (Chairman of the Committee), presiding.

Present: Senators Enzi, Alexander, Burr, and Isakson.

OPENING STATEMENT OF CHAIRMAN ENZI

The CHAIRMAN. Good morning, and welcome to today's hearing on "Lifelong Education Opportunities."

I am honored to have the Secretary of Education, Margaret Spellings, and the Secretary of Labor, Elaine Chao, here today to talk on an issue that is critical to our Nation's future. I am also pleased to have a second panel of five individuals who will extend our understanding of the impact of these issues in the States and in business and education.

I am also pleased that in the audience we have 15 legislators from Wyoming. I would guess that this is one of the few times that Wyoming will have a larger percentage of people than any State in the Nation.

[Laughter.]

We are very pleased to have them here. They are extremely interested in education and have an outstanding system.

I would also like to thank the Governors and witnesses on the second panel for rearranging their schedules to be here. I had previously decided not to have a second panel so that we could fully utilize the time of the Secretaries. We decided to go longer at the insistence of Senator Roberts who wanted to be sure that his Governor could present some information on behalf of the National Governors Association that is absolutely critical to our work.

Lifelong education opportunities are vital to ensuring that America retains its competitive edge in the global economy, and that every American can participate in our Nation's success. In our technology-driven economy, school can never be out. It is estimated that 60 percent of tomorrow's jobs will require skills that only 20 percent of today's workers possess. It is also estimated that the average person leaving college will change careers 14 times, and 10 of those have not even been invented yet. Without a lifetime of education, training and retraining opportunities for everyone, we will not be able to meet 21st century challenges. As new technology

emerges and workers change careers, they will need to learn new skills or apply their old skills in new ways.

Earlier this year, I introduced S. 9, the Lifelong Education Opportunities Act of 2005. It has four stated purposes: to set high expectations and raise achievement levels for all students regardless of their backgrounds; to improve accountability for results; to provide flexibility to the States to manage Federal program dollars effectively; and to support a lifetime of learning opportunities for students and adults at all stages of life.

If our students and workers are to have the best chance to succeed in life, we need to focus on all our Federal education and training programs from pre-kindergarten through postsecondary education to on-the-job and continuing education, everything from birth to retirement. We must ensure that everyone has an opportunity to achieve academically and obtain skills that they need to succeed regardless of their background.

On March 21st, I visited a classroom in Hudson, Wyoming. The town has 207 residents, and boasts of two world-famous restaurants. But its children are taught in a single classroom in an elementary school. There are 2 teachers and 17 children. There are 5 kindergartners, 5 first graders, 5 second graders and 2 third graders in one classroom. They have almost as many classroom pets as they have kids. But it is a learning environment that is critical to Wyoming.

Most recently the Governors held an education summit that provided an action agenda for improving America's high schools. For years institutions of higher education and employers have expressed their dissatisfaction about the need our high school graduates have for remediation in order to do college work or to participate in the workforce. Each year, taxpayers pay an estimated \$1 to \$2 billion to provide remedial education to students at our public universities and community colleges. Businesses report spending even more to address the lack of literacy and basic skills of their entry-level workers.

Let me share a few facts that speak to the seriousness of this issue.

American 15-year-olds performed below international average in mathematics, literacy and problem-solving, according to the 2003 Program for International Student Assessment.

Reading proficiency among 12th graders has declined to the point where just over one-third of them are even considered proficient readers.

Only 68 of every 100 ninth grade students graduate on time; in other words, within 4 years. America's high school graduation rate is among the lowest in the industrialized world, and the impact on our minority students has been especially severe.

Nearly one-third of entering college freshmen need at least one remedial course.

The United States has one of the highest college enrollment rates, but a college completion rate average to below average among developed countries in the world.

In this decade 40 percent of job growth will be in jobs requiring postsecondary education, those jobs requiring associate degrees growing the fastest.

Four out of every 5 jobs will require postsecondary education or the equivalent, yet only 52 percent of Americans over the age of 25 have achieved that level of education.

Seventy-five percent of today's workforce will need to be retrained just to keep their current jobs.

Median earnings of a high school graduate are 43 percent higher than those of a non-graduate, and those of a college graduate are 62 percent higher than those of a high school graduate.

Two-thirds of the 7 million worker gap in 2010 will be a skilled worker shortage.

What does this mean? What do we know? To begin with, we know that we must improve high school completion rates. Education beyond high school and lifelong learning opportunities are essential for everyone to assure individual success, as well as our Nation's future prosperity. We need to provide better preparation at every level of education and strengthen the connections between secondary and postsecondary education. In this global economy learning is never over and school is never out. Technology is demanding that everyone continue to learn and gain skills to remain competitive in the workplace. The labor force participation rate for individuals over the age of 16 who are willing and able to work was 68.8 percent in January 2005, the lowest in over 15 years, as more Americans conclude that they cannot meet the skill demands of today's workplace and they choose to no longer participate in the workforce.

For these reasons and many others, I am looking forward to the testimony of our witnesses today. We are facing a significant challenge, one that I prefer to think of as an opportunity.

With most of our Federal policies that deal with training and the workforce needing reauthorization, we have an opportunity to provide the clear message that we can no longer accept the status quo or business as usual. We need to take a fresh look now at how we can restructure our education and training programs to better meet the needs of our economy, and at the same time ensure every person has the opportunity they need to obtain the academic and technical skills they need to succeed today, tomorrow and for years to come.

Again, I welcome everyone. When Senator Kennedy gets here, we will give him an opportunity for a statement.

I will introduce the first panel of witnesses, and we appreciate your being here, two representatives from the Administration to talk about lifelong education opportunities. None better than these two distinguished witnesses we have today, the Secretary of Labor, Elaine Chao, and the Secretary of Education, Margaret Spellings.

Secretary Chao has been the Secretary of Labor since 2001. Previously she was the Deputy Secretary at the U.S. Department of Transportation, and was Chair of the Federal Maritime Commission. She has worked in the private sector, a fellow with the Heritage Foundation, and as a White House Fellow. She has been a strong advocate for fulfilling our Nation's technical and skilled training needs.

Secretary Spellings was confirmed by the Senate on January 20th this year, which was my first order of business as Chairman of this committee. She previously served as the Assistant to the

President of Domestic Policy, where she helped craft the No Child Left Behind Act. She worked for 6 years as Governor Bush's Senior Adviser, developing and implementing the Governor's education policies. Like Secretary Chao, she has been a strong advocate for her areas of responsibility as evidenced by her involvement on the No Child Left Behind and other education issues.

We welcome you both.
Secretary Chao.

**STATEMENT OF THE HON. ELAINE L. CHAO, SECRETARY OF
LABOR, U.S. DEPARTMENT OF LABOR**

Secretary CHAO. Thank you. Mr. Chairman and members of the committee, I am very pleased to have the opportunity to testify before you today with my distinguished colleague, Secretary of Education, Margaret Spellings.

Mr. Chairman, you are absolutely right, America has always been a Nation of innovators, entrepreneurs and opportunity, and the engine of our growth in our country remains strong. The United States has one of the highest growth rates of any industrialized Nation, growing at an annualized rate of about 4 percent in 2004 and creating about 3.1 million new jobs since June of 2003.

But progress also means challenges, and therefore, we have just got to ensure that gains in our economy are indeed shared by all, and that is why it is really critical that workers have the opportunity to gain the skills that they need to succeed in the 21st century workforce.

This Administration is addressing the core issues of skills, competency through the most significant education reform in 50 years, and I will leave that to my colleagues to address.

Today, as you mentioned, a high school education is only the beginning. The average American worker will hold an average of 9 jobs before the age of 32. That means that learning has got to be a lifelong pursuit, and reforming our Nation's job training system is absolutely critical to providing workers with opportunities to continuously upgrade their skill levels.

In many respects our current kind of stovepipe approach, our silo approach to workforce investment still reflects an economy of over 50 years ago. Today we have just got to do more than just simply fill job orders or slots in predetermined training classes. We have to improve the outcomes for workers by updating the design of the current system. We know that a workforce investment system with over a dozen different funding streams, each with its own separate rules and reports and definition is not very effective in meeting the individual needs of workers today.

I am also sorry to say that the current system is structured so that it is too focused on bureaucracy and processes. It should really be much more worker-oriented, client-oriented, and be much more focused on better outcomes for the people that it serves.

This Administration believes that the solution is a flexible integrated system, and the keys to success are: (1) strong State leadership; (2) effective execution at the local level; and (3) the ability to customize solutions to meet the needs of local communities, workers and also employers.

That is why the President has put his job training reform proposal on the table. The principles underlying these reforms reflect a new vision and a new approach to the workforce investment system that is going to bring the system into the 21st century and better serve our workers and our country.

So the first principle is to give State and local communities maximum flexibility to custom design a workforce system that best meets their needs.

And second, in exchange for this greater flexibility, the Administration will require greater accountability, and that means that we are going to ask States to set increasingly rigorous annual performance milestones, and the long-term goal to be achieved over a period of 10 years will be to place every person who receives federally-funded training in a job.

Third, the multiple layers of bureaucracy that we are seeing in the system eats up just too much of its valuable and available resources, and people within the system acknowledge this as well, so this Administration proposes to spend more on actual worker training in the workforce investment system.

Fourth, this Administration proposes to create a more effective governance structure by enhancing governance structure by enhancing the role of the State and local officials. The Workforce Investment System is currently administered with much, much, too much micro-management by the Federal level.

Fifth, this Administration proposes to strengthen the One-Stop Career Center System. You know, we have 3,800 One-Stop Career Centers throughout the whole country. They are a wonderful resource, and these centers are the foundations of the workforce investment system. But the funding for the operation of these One-Stop Centers is uncertain in many local areas, and we have to address that.

Finally, this Administration proposes to enhance individual choice through what is called Innovation Training Accounts. These accounts will allow individual workers to custom make and create their own individual training program that fits and meets their needs, using again a broad array of public and private training resources.

Mr. Chairman, this Administration believes that these reforms will really help transform the public workforce investment system into a worker-centered powerhouse that will help people succeed, workers succeed in the 21st century workforce. It is going to create a workforce investment system that is responsive to individual communities' workers. It will adapt quickly to local economic conditions, and most of all, it will do an even better job of serving workers.

With that, thank you so much for having me here. I have a longer testimony which I will submit for the record, and I will be more than glad to answer any questions that you may have.

[The prepared statement of Secretary Chao follows:]

PREPARED STATEMENT OF HON. ELAINE L. CHAO

Chairman Enzi and members of the committee, I am pleased to have the opportunity to testify before you today with my distinguished colleague, Secretary of Education, Margaret Spellings, and discuss the President's proposals to enhance the Nation's workforce investment system.

Today, our country finds itself in a situation unlike any we have experienced in our history. Advances in the fields of communication, technology and travel have effectively removed national borders as barriers to global commerce. Competition now comes from the company across the ocean as well as the company across the street.

The United States has been known as the leader in technological innovation. We invented computer operating systems, the Internet and the Global Positioning System. However, there are signs that we are facing more serious competitive challenges from new centers of innovation. For example:

- Foreign-owned companies and foreign-born individuals account for nearly half of all U.S. patents.
- In 2003, China overtook the United States as the world's leading destination for direct foreign investment.
- And today, Asian countries now spend as much on nanotechnology as the United States.

To ensure that we remain the world leaders in the 21st century innovation economy, we must face these challenges. We must look at the systems and structures that support and feed our economy and ask if they are equipped to handle the demands of the global economy.

Throughout history, the driving force of the American economy has been the ability to nurture new ideas that result in job creation and prosperity. In this generation, as in the past, American entrepreneurs and innovators have drawn on our well-educated workforce, our large and diverse economy, our technological capability and our financial sophistication to create the new industries and jobs that make America grow and prosper.

The economy is healthy and growing, as evidenced by the 3.1 million new jobs that have been created since May 2003. As the economy grows, jobs emerge that demand higher skills than ever before. How can we get ready to meet the workforce needs of the future to ensure that we maintain our competitive advantage in the global economy?

We maintain our competitive advantage by increasing the skill levels of Americans. The needs of the 21st century economy are very different than those we have encountered in the past. Today's changing workforce needs reflect the economy's significant transformation. Industries such as manufacturing and retail now need workers who understand computers and robotics and supply chain management. Fields such as health care and construction need more technical and skilled labor than ever before. Newer industries—for example, biotechnology and geospatial technology—have emerged, and others that are today just the gleam in the eye of some entrepreneur will soon emerge. The fastest growing jobs of the future will need to be filled by “knowledge workers,” who have specialized skills and training. In fact, the demand for knowledge workers is already growing at an astonishing pace.

As the demand for workers with specialized skills and training grows, some economists fear that we are facing a “skills gap,” a situation in which the demand by employers for skilled workers would outpace the supply. We already have heard from companies that are having difficulty filling jobs with workers who have the skills they require. Fields like health care, information technology, and advanced manufacturing have jobs and solid career paths left untaken due to a lack of people qualified to fill them.

The growing need for knowledge workers comes at a time when the labor pool as a whole is growing much more slowly as a result of the aging and retirement of the baby boom generation in combination with other demographic changes. In fact, given current retirement trends, combined with lower birth rates in recent years, the aging and retirement of the baby boom generation will likely result in labor shortages in some industries and geographic areas. Furthermore, employers are losing their most experienced workers just as labor force growth is slowing, with the result that shortages of workers with the right skills needed by employers could become common.

In a knowledge-based economy like ours, a top priority for all of us must be to ensure that we have the skilled workforce we need to spur economic growth and productivity. The success of workers today depends on opportunities for a continuum of education and training. It starts with a solid foundation in math, science, and communication skills learned in school. Our children must have a solid foundation in the basics if they are to succeed in the 21st century workforce. The No Child Left Behind Act should help enormously, but more needs to be done, particularly at the high school level. President Bush has proposed an initiative to raise student achievement and narrow achievement gaps in our Nation's high schools, expanding on the success of the No Child Left Behind Act. We know that when schools and teachers are held accountable for results, the performance of their students im-

proves. It is now time to extend this principle beyond grade schools to our Nation's high schools.

Gaining a strong educational foundation in school is critical, but we also know that it takes more than a high school education to succeed in the new economy. In fact, the fastest growing jobs, on average, require a postsecondary credential, that is a vocational certificate or other credential or an associate or higher degree. These are the jobs that will drive innovation in the world economy and determine which countries will lead that economy. Competency in a single skill will no longer last a lifetime. Workers today must commit themselves to lifelong learning and to continually upgrading their skills. Our postsecondary education and training systems must provide them with opportunities to do so.

Our postsecondary education and training institutions need to ensure they are providing students with relevant, marketable skills. We need a wide variety of choices to provide these skills—not only 2-year and 4-year degree programs, but apprenticeship programs in the skilled trades and other professions, and job training leading to an industry-recognized credential or certification. Additional support for lifelong learning will be available through the President's proposals to strengthen the Pell grant program and a new Loans for Short-Term Training program, which the Departments of Education and Labor would jointly administer and which would help dislocated, unemployed, transitioning, and older workers, among others, obtain the skills needed to succeed in our knowledge-based economy.

The private sector makes an enormous investment both in training new workers as well as keeping current the skills of those already on the job. The investment of the private sector in employee education and training reflects its understanding that the investments made in improving the skills of the workforce translate into a competitive advantage for the Nation.

The workforce investment system also plays an important role in preparing a skilled workforce. The Workforce Investment Act of 1998 (WIA) was groundbreaking legislation that promoted important improvements in the delivery of employment and training services nationwide through its One-Stop delivery system. Now our challenge is to take those reforms a significant step further to promote further innovation, to strengthen the One-Stop Career Center system to better serve workers and businesses, and to make the system even more responsive to the needs of local labor markets.

In many respects, our current "stovepipe" approach to workforce investment is still reflective of its social program roots of 50 years ago, but today's economy requires more than simply filling job orders. Like the education system, the workforce investment system must continuously adapt to the changing economy.

Many of the problems in the current system lie with the design of the system itself. We know that a workforce investment system with over a dozen different funding streams, each with separate rules, reports, and definitions cannot be effective in meeting the demands of the worldwide economy. Such a system will always be focused on the barriers to workforce solutions rather than the solutions themselves. And, such a system will always be more concerned about how much each program funding stream is contributing and who is serving what group of the population, than about solving the Nation's workforce challenges. Employers will never participate fully, or enthusiastically, in such a system.

So what is the solution? It is a flexible, integrated system with strong State leadership and effective local execution and customization. It is a system where States can move resources to address regional needs and local officials can work with employers to preserve jobs. Finally, it is a system with the leadership and vision to act as a catalyst for economic development.

Although we often speak of the American economy as a whole, the Nation is made up of local labor markets that are unique. The local economy in New York City looks quite different than that of a rural area in Tennessee. We must design a flexible workforce investment system that empowers State and local officials to create workforce solutions customized to that area's workers and employers. We must make certain that outstanding plans for innovative strategies are not thwarted by the maze of conflicting funding streams, program eligibility requirements, reporting systems and performance measures.

This approach to workforce investment is at the heart of the President's High Growth Job Training Initiative, launched by the Department of Labor in 2002. The High Growth Job Training Initiative identifies high-growth businesses and industries, evaluates their skill needs, and ensures that workers are being trained with the skills these rapidly expanding businesses require. Under this initiative, the Department has awarded \$164.8 million in 88 grants for innovative training programs in high growth industries such as health care, biotechnology, energy, information technology, and advanced manufacturing. Grants are given to partnerships that in-

clude the workforce investment system, business and industry, community colleges and other education and training providers, and economic development entities working collaboratively to develop industry-specific workforce solutions. The results, products, and knowledge gained from these demonstration projects are disseminated widely to the workforce system and our strategic partners in business, industry, and education. By training workers with skills that are in demand, more workers will be able to obtain quality jobs with higher wages and enhanced career opportunities. At the same time, employers will be able to fill critical workforce needs.

The President's Community College Initiative, which provides for Community-Based Job Training Grants, builds on the High Growth Job Training initiative. Through these competitive grants, the workforce investment system will partner with community colleges to provide an innovative approach to workforce investment that responds to the changing 21st century economy. For fiscal year 2005, the Congress approved and financed this new initiative, and the first grants will be awarded beginning in the summer of 2005. This Community College Initiative will help fully utilize the expertise of America's community colleges to better train workers for jobs in high growth sectors in local communities.

The flexibility, partnerships, and demand-driven focus of these initiatives are also at the heart of President Bush's proposal for comprehensive reform of our Nation's job training system. The principles underlying these reforms reflect a new vision and new approach to workforce investment that will bring the system into the 21st century.

First, we must give States and local communities maximum flexibility and authority to design a workforce system that meets their needs. The centerpiece of the President's proposal for job training reform is the consolidation of the WIA Adult, Dislocated Worker, and Youth and the Employment Service funding streams into a single grant to States. Governors would have the option of including the State's resources from an additional five programs into that single grant. These programs are the Veterans' Employment and the Trade Adjustment Assistance training programs, administered by the Department of Labor; the Vocational Rehabilitation and the Adult Education programs, administered by the Department of Education; and the Food Stamp Employment and Training program, administered by the Department of Agriculture. Together, they represent over \$7.5 billion in Federal resources. The consolidated grant would have a single State Integration Plan and a single performance and reporting system, thereby simplifying planning and reporting requirements. While program-specific requirements will be minimized, States will not be permitted to reduce participant levels for targeted populations such as veterans and individuals with disabilities.

One practical indicator of the need for reform and greater flexibility of which I have been aware is in the overwhelming number of requests for WIA waiver authority. Forty-one States have requested 162 waivers to create a workforce investment system that is responsive to the needs of their economies. Under current law, in order for States to implement a workforce training program that better meets the needs of their citizens, they have to ask the Federal Government for permission, through the waiver process. That is not an effective strategy for remaining relevant in the new economy. The consolidation of Federal job training programs will remedy this. It will also empower States to train more workers, reduce administrative overhead, achieve better results, and design workforce investment systems that train workers for jobs in the 21st century economy.

Accountability is a second principle of the President's job training reform proposal. In exchange for greater flexibility for States and local officials, we will demand greater accountability. The performance measures that were begun under WIA will be simplified and improved and the incentives and sanctions will be strengthened. States will be held accountable for performance on three primary outcome measures—entered employment, retention in employment, and earnings gains. States will set increasingly rigorous annual performance milestones towards the goal of, within 10 years, placing every person who receives federally-funded training in a job. This is an ambitious goal, but it also reflects what the workforce investment system should aspire to—that all workers receive the job training and other services that they need to find and retain a job.

Third, the overhead costs of the system must be reduced. Layers of bureaucracy and regulatory loopholes have resulted in a system that focuses too much money on infrastructure overhead, and trains too few workers. We need to more accurately define what are acceptable administrative costs, and put a greater emphasis on training. By eliminating unnecessary overhead and simplifying administration through the consolidation of job training programs, we can achieve \$300 million in savings that can be used to train an additional 100,000 workers.

Fourth, we must create a more effective governance structure by enhancing the role of State and local officials. The workforce investment system is currently administered with too much micro-management at the Federal level. What looks good on paper in Washington, DC, does not always play out well in the communities across the country.

One key reform in this area is streamlining the membership requirements of State and Local Workforce Investment Boards. One-Stop partner programs would assume a stronger role on the State Board to ensure their investment in and commitment to an integrated system. Local Board membership would be streamlined to provide an increased voice for business representatives, community groups and worker advocates. These changes will create State and Local Boards that are able to more effectively make the policy and planning decisions that shape the Nation's workforce investment system.

Fifth, we must take steps to strengthen the One-Stop Career Center System. The One-Stop Career Centers are the foundation of the workforce investment system, but the funding for the operation of those centers is uncertain in many local areas. Dedicated One-Stop infrastructure funding from the One-Stop partners determined at the State level would alleviate a great deal of the current local negotiation issues around operations and allow local areas to focus on what is most important—meeting the service needs of workers and employers.

Also, the One-Stop system must be able to provide all the services that individuals need to find jobs and upgrade their skills, and to serve all populations, including those with the greatest barriers to employment. One-Stop Career Centers should be authorized to offer a wider range of services for low-wage workers and directed to remove barriers to serving targeted populations, including older workers and individuals with disabilities. In addition, we must remove the obstacles to serving incumbent workers, as the 21st century economy requires American workers to continually upgrade their skills.

Finally, individual choice should be enhanced in the workforce investment system through the use of Innovation Training Accounts. These accounts will allow individuals to combine a broad range of public and private training resources through a single, self-managed account. Individuals will be able to choose the training that best meets their needs, including longer-term training that is necessary for today's high skilled jobs. Innovation Training Accounts provide workers with ownership over the education and training they pursue, so that they can take advantage of the opportunities that the 21st century economy has to offer.

Another important vehicle for providing individual choice for American workers is Personal Reemployment Accounts (PRAs). PRAs are a flexible approach to provide unemployed job seekers with more control over their access to training and services and help them return to work quickly. The Department of Labor is currently administering PRAs on a small scale through a demonstration project in seven States and proposes that this be a service option in WIA when it is reauthorized. PRAs provide unemployed individuals with up to \$3,000 to purchase intensive career, job training and supportive services from One-Stop Career Centers, the marketplace, or a combination of the two. Workers who find new jobs quickly and retain those jobs for 6 months will receive a reemployment bonus.

These key reforms will produce a workforce investment system that is responsive and agile enough to anticipate and respond to the opportunities presented by the 21st century economy, thereby promoting the success of both American workers and businesses. Thank you for this opportunity to discuss with you the President's proposal for reauthorization of the Workforce Investment Act of 1998. I would be happy to respond to any questions that members of the committee may have.

The CHAIRMAN. Any statements that members of the committee have and the full statements of all people who testify will be a part of the record.

I appreciate your condensing that so that we have more time for the questions and the other panel, and appreciate your testimony.

Secretary Spellings.

I do not think your microphone is on.

**STATEMENT OF HON. MARGARET SPELLINGS, SECRETARY OF
EDUCATION, U.S. DEPARTMENT OF EDUCATION**

Secretary SPELLINGS. I am new.

[Laughter.]

Thank you very much for your interest in this very important topic. I am delighted to be here with my colleague, Secretary Chao, whom I have worked with on this issue for more than 4 years, and to great effect, and I am really happy to be in this role and partnering with her from a new vantage point as well.

As Secretary Chao pointed out, we live in a very different world today than the one our parents and grandparents knew. In that world a single occupation could last a lifetime from graduation day to retirement, a single skill could ensure a worker a comfortable living for his or her family. Today, guarantees of stability and security are fewer, but opportunities are far more numerous if we are prepared to seize them.

The question is: are we prepared? Are our children receiving a quality education? Do young adults have the skills they need to succeed in this world?

To answer these questions we must first look in the mirror. In Texas we say: "If all you ever do is all you've ever done, then all you'll ever get is all you've ever got."

[Laughter.]

And we have to change that system, along with that old adage. The old Government model of top-down structures, process over results, multiple funding streams with limited flexibility, is simply not adequate for this time. We need to have the courage to change the way we do business. This change starts with public education and preparedness. No Government program available at age 20 can make up for a poor education from ages 5 to 18.

A little over 3 years ago, Congress joined President Bush to tackle the educational status quo, and the result was the No Child Left Behind Act. Its focus on accountability, high standards, local control and research-based instruction is showing real results. Nearly every State now reports improved academic performance, and students at greatest risk of being left behind, such as those in large urban school districts, are leading the way.

The President's 2006 budget provides a \$603 million increase for core Title I grants to local educational agencies to keep this progress going strong, and now we must take the next step.

Earlier this year, Bill Gates told the Nation's Governors that training the workforce of tomorrow with the high schools of today is like trying to teach kids about today's computers on a 50-year-old mainframe. That may have been an exaggeration, but not by much. The old high school model is not serving us as well as it can or should. Forty percent of schools offer no advanced placement courses. Fewer than half of the students require at least 3 years of math or science to graduate, fewer than half the States. And we still measure performance by the amount of time students sit in classrooms, not by what they know and are able to do.

So it comes as no shock that nearly one-third of incoming 9th graders do not make it to graduation day within 4 years, as you pointed out, Senator Enzi, or that those who do, less than one-third are fully prepared for college, according to the Manhattan Institute, or that our college dropout rate is 6 times higher than Japan's.

I believe Governor Mark Warner, with whom I traveled a few weeks ago, the Democratic Chair of the National Governors Association, speaks for all of us when he says, "It is imperative that we

make reform of the American high school a national priority." I believe it is time to apply the bipartisan principles of No Child Left Behind to grades 9 through 12.

President Bush's 2006 budget would provide \$1.5 billion for a high school initiative to improve the academic achievement of at-risk students and measure performance annually to ensure all students get the help they need.

The budget also contains unprecedented financial support for students taking advanced placement classes, new enhanced Pell grants to encourage more challenging course work, and community college access grants to let students earn college level credit in high school for both academic and technical courses.

The key to success, of course, is a highly qualified teacher in every classroom, and the President's budget would make permanent the increase on loan forgiveness from \$5,000 to \$17,500 for highly qualified math, science and special education teachers serving low-income communities, as you have done in your legislation, Senator. And the President's Adjunct Teaching Program will bring outside professionals with the kind of expertise we need into the classroom, answering the question, why not have a NASA scientist teach physics in our public schools?

This attitude of change extends to higher education. The President, as you know, is seeking the reauthorization of the Higher Education Act, but we want to improve it as well. For the first time, Pell grants would be made available year round to allow students to learn on their own timetable, and the maximum award would be increased by \$100 each of the next 5 years. An estimated 5½ million students would benefit.

Our Jobs for the 21st Century Initiative will help community colleges identify and meet the needs of local job providers. It is a bold partnership between the Department of Education and the Department of Labor. As a former Austin Community College employee myself, I know how hard these institutions work to be responsive to their diverse students and to the community they serve. Portland Community College's Gateway to College Program, for instance, helps former dropouts earn a high school diploma, then continue on to a certificate or a degree program in their academic or technical field. They understand that you do not have to have a 4-year bachelor's or master's degree to enjoy a successful career and life.

Finally, our reform of the Perkins Vocational Program will ensure that the people it was designed to help have the rigorous background in math and science, as well as the technical skills to succeed in the modern workplace.

The data that we know and the fact that you have just heard tell us that the status quo is not working. As President Bush has said, if we do not adjust quickly and if we do not do smart things with the taxpayers' money we are going to have a shortage of skilled workers, and we are no longer going to be on the leading edge of change. In other words, we cannot pour new funds into old Federal models. We need to anticipate needs and take steps to meet them.

One of the best ways is through technology. As part of our Adult Education National Plan, we are establishing a web-based system to inform adults of programs and activities that help them learn

English and math, and will offer access to software so that they can learn these skills from any computer at any time.

Technology is changing the world faster than our imagination can predict. Our high schools may be different places a decade or two from now. The old regimented factory-type model based on time spent in classrooms may give way to a new competency-based model that measures progress according to what kids have learned, not the date on the calendar. Such a model would take full advantage of community resources, private sector initiatives and the advanced interactive technologies kids and teachers use at home and at school.

We already see it in the movement to create digital high schools and the explosive growth of distance learning. It is a smarter, faster and more student-centric model of learning. I compare it to tax season, which we are all thinking about right now. In the past you would see lines of cars stretching to the post office at midnight on April 15th. That was the old model. Now sophisticated computer programs and electronic filing allow us to get the job done faster and better.

I have traveled to elementary and secondary schools across the country from Ohio to California, and closer to home in Annapolis and Richmond. I have spoken with parents, teachers, principals and administrators, and I have not heard many questions about specific Federal programs. I have heard questions about how well we are preparing young adults to succeed in higher education and the workforce. They understand, as you said, that we live in a world in which 80 percent of the fastest-growing jobs will require a postsecondary education. Reform cannot wait.

According to the President's Council of Advisers on Science and Technology, our students lose interest in math and science the further they advance through the educational system. Meanwhile, Craig Barrett, CEO of Intel, reports that China and India are expanding their university level math, science and engineering programs at a pace comparable to the United States after World War II. He adds, "If the world's best engineers are produced in India or Singapore, that is where our companies will go."

In 2001, India graduated nearly 1 million more students from college than the United States. China has 6 times as many graduates majoring in engineering. Both are now members of the World Trade Organization. If only 10 percent of their population is well educated, that means 230 million new competitors. Clearly, we are no longer the only economic kid on the block.

This is a time of change and opportunity, but we can take advantage only if we change as well. We must stop being captives of the past and start thinking like competitors and consumers. President Bush's proposals will help create a seamless educational continuum from K-12 through college and beyond, to serve young students and adults seeking to adapt to the ever-changing economy.

All Americans need a strong foundation of academic skills in order to fulfill their roles as workers, parents and citizens. We look forward to working with you and the committee and the rest of the Congress to help make that happen.

I would be glad to answer any questions you might have, and I thank you very much.

[The prepared statement of Secretary Spellings follows:]

PREPARED STATEMENT OF HON. MARGARET SPELLINGS

Mr. Chairman and members of the committee, thank you for this opportunity to testify on the importance of lifelong learning, an approach to education that I believe has become increasingly critical for both individual and national success in our ever-changing, technology-based, globally competitive economy.

Little more than a generation ago, a single skill or occupation could last a lifetime, comfortably supporting a worker through young adulthood, the family years, a college education for the children, and on into retirement. Things are different today, and more than any particular skill or body of knowledge, education must be about learning to learn, about gaining the skills to learn and adapt throughout a lifetime of change. Our schools and colleges, and the kinds of programs and services they provide, must reflect changes not only in the skills and knowledge that students need to obtain, but in the new ways in which today's and tomorrow's students are going to learn. This is what we are trying to encourage at the Department of Education, leveraging a relatively small Federal investment into creating a new kind of education system, one based on accountability, choice, and a continuum of opportunity stretching from early childhood to middle age and beyond.

READING: THE PREREQUISITE FOR LIFELONG LEARNING

No Child Left Behind has been President Bush's signature education reform initiative. It incorporates what I believe should be the core elements of any system of lifelong learning: expanded student and parental options and choice, a focus on what works rather than on what is the latest fad, clear accountability for results, and freedom for educators to use Federal funds for the programs and activities they believe are needed in their local schools, rather than on how people in Washington decide they should spend the money.

Better instruction in reading is at the heart of No Child Left Behind. The President recognized long before he came to Washington—with a little help from his wife, Laura—that reading was the place to start if we truly want to ensure that no American—child, teenager, or adult—is left behind by our education system.

Thanks to programs like Reading First, which draws on scientific research to help ensure that all children can read well by the end of the 3rd grade, we are making progress in improving reading skills. But we have a long way to go. According to the National Assessment of Educational Progress, more than one-third of all 4th graders continued to read below the basic level in 2003, while more than half of African-American and Hispanic students fell below that level.

By 8th grade, reading scores on the NAEP are better, with three-quarters of all students at or above the basic level, but nearly half of African-American and Hispanic students continue to read below the basic level. These numbers really hurt, because by the end of 8th grade, students tend to find themselves at a crossroads, with one path leading to high school graduation and postsecondary education, and the other path—far too often—leading to growing frustration with school and ultimately to dropping out altogether. I don't think I have to remind the members of this committee what this latter path means for both lifelong learning and lifelong earnings.

In light of the NAEP data, it also should come as no surprise that a great many of those students who do graduate from high school need remedial classes in reading at the postsecondary level. For example, a recent RAND study noted that almost half of the students in the California State University system—which typically enrolls students graduating in the top third of their high school class—require remediation in English. And, of course, students who are unprepared for college-level work tend to graduate at lower rates than those who are prepared.

The message here is that it's very hard to overestimate the impact of reading skills—or the lack of those skills—on lifelong learning opportunities. That's why improving reading skills has been such a critical part of all of our major education initiatives, and why I hope the strong connection between reading and lifelong learning will be a key principle that members take away from this hearing.

THE STRONG FOUNDATION OF NO CHILD LEFT BEHIND

No Child Left Behind remains the linchpin of our educational improvement strategy, and the key foundation for ensuring that all Americans are prepared to take full advantage of lifelong learning opportunities. The law emphasizes the early grades; demands that all students, regardless of background, are on grade level in core academic subjects like reading, mathematics, and science; insists on annual

testing to help parents, principals, and teachers identify weaknesses in time to do something about them; and ultimately will ensure that all students are proficient in reading and math and thus prepared for further education and training throughout their lives.

And we believe the law is beginning to work as intended. States and school districts are reporting high scores, achievement gaps are narrowing, more schools are making adequate yearly progress, and districts are focusing as never before on improvement strategies involving groups of students previously ignored and left behind. And when schools do not improve, students and their parents have new options, including transferring to a better-performing school or obtaining high-quality supplemental educational services.

I think we are justifiably proud of the work we are doing and the results we are getting as we continue to implement No Child Left Behind in concert with our State and local partners. And we plan to stay the course, as reflected in the President's request of a \$603 million increase for the core Title I Grants to Local Educational Agencies program for fiscal year 2006.

A NEW FOCUS ON HIGH SCHOOL

At the same time, we recognize that change takes time, and while we are seeing progress in the early grades, our high schools are continuing to leave far too many students behind. This is clear from the high school graduation rate. According to one source, only 68 out of every 100 ninth-graders in public schools graduate on time with a regular high school diploma. American companies and universities currently spend an estimated \$16 billion on remedial education annually.

To a great extent, these data reflect the fact that high schools are too often doing the same thing that they have done for the last century. They are not, for instance, harnessing new technologies effectively to deliver instruction. Nor are they taking advantage of new ways to bring the highest-quality teachers, such as professionals who have up-to-date knowledge and experience, into our classrooms.

In response, President Bush has proposed a \$1.5 billion High School Initiative aimed at giving States, districts, and principals more flexible, effective tools for improving high schools than they have under the existing array of uncoordinated, narrow-purpose programs that the initiative would replace.

The Initiative includes two major components. The first is a High School Intervention program, which would give States, school districts, and schools the flexibility to support a wide range of locally determined reforms aimed at increasing student achievement, eliminating achievement gaps, and ensuring that every student graduates with a meaningful high school diploma. Schools would implement targeted interventions designed to meet the specific needs of at-risk students, which would be determined by individual performance plans based on 8th-grade assessment data and student interests. Interventions could include dropout prevention, integration of rigorous academic courses with vocational and technical training, and efforts to increase college awareness and preparation. They would focus, in particular, on the students who are most at risk of dropping out or leaving school without the skills and knowledge necessary for further education or employment.

The President also is asking for \$250 million for new High School Assessments to increase accountability for high school achievement and give principals and teachers new tools and data to guide instruction and improve student performance.

In addition to the High School Initiative, our 2006 budget request contains a set of complementary proposals targeting secondary education. These include a \$175 million expansion of the new Striving Readers program to improve the skills of teenage students who are reading below grade level, a \$120 million Secondary Education Mathematics Initiative to train teachers to raise mathematics achievement for at-risk high school students, and funding to expand support for the Advanced Placement and State Scholars programs, which help strengthen high school curricula.

EASING THE TRANSITION TO COLLEGE

Both the State Scholars and Advanced Placement (AP) proposals reinforce the idea of education as a continuum: our Enhanced Pell Grants for the State Scholars program would reward students for taking a rigorous high school curriculum by helping them pay for college, while increasing the availability of AP courses would make it possible for high school students not only to study and master college-level material, but also to get college credit for their efforts.

Similarly, our new Community College Access Grants program would provide \$125 million to support dual-enrollment programs under which high school students would earn both high school and postsecondary credit for taking college-level

courses. The program also would encourage States to facilitate the transfer of community college credits to 4-year institutions.

Each of these programs helps to ease the transition from high school to postsecondary education and training, both academically and financially. Our colleges, just like our elementary and secondary schools, need to meet the changing needs of their customers, the students. These days, many students do not fit the traditional mold of those who enter a 2- or 4-year college immediately out of high school and then work full-time toward a degree. They are, instead, folks who are already in the workforce. Many of them cannot take time off from work, and they need new ways of obtaining a higher education that fit in with all the demands on their time. Higher education programs that make effective use of technology are one way of doing that. We need to be taking a much closer look at these innovations as we move into the future.

PAYING FOR COLLEGE AND JOB TRAINING

The high cost of college and other postsecondary education and training continues to be an obstacle to lifelong learning for many students, particularly for those from low-income families. Indeed, for too many secondary school students, doubts about their ability to pay for postsecondary education can be a strong disincentive to even bother staying in school and obtaining a high school diploma.

This is why President Bush has placed such a high priority on strengthening the Pell grant program, which helps students from low-income families pay for postsecondary education and training. The President's 2006 budget proposal would raise the maximum Pell grant award by \$500 over the next 5 years, from \$4,050 to \$4,550, while restoring the financial stability of the program by eliminating the cumulative Pell grant funding shortfall. For new students who have completed a rigorous high school program of study, our enhanced Pell grants proposal would result in eligible students receiving an additional \$1,000. Thus, a low-income student could qualify for a total of \$5,050 next year and \$5,150 for his or her second year in college.

The President's proposal also would allow students attending 2- and 4-year degree-granting institutions to receive more than one Pell grant in the same year, giving them more convenient and flexible options for completing their course requirements and obtaining their degrees.

In order to fund the extraordinary new investment the President has proposed for the Pell grant program, over \$19 billion over the next 10 years, we had to take a hard look at the current student loan programs and identify savings. Our student loan reauthorization proposals include strategic reductions in subsidies to financial participants in the Federal Family Education Loan (FFEL) program that fully pay for our Pell grant enhancements and for improvements in the loan programs, including higher loan limits for first- and second-year students, better repayment terms for all students, and expanded opportunities for distance education.

In addition, we are proposing a new program of Short-Term Training Loans, which, in fiscal year 2006, would support up to \$284 million in loans to an estimated 377,000 students, including dislocated, unemployed, transitioning, or older workers. This program, which would be administered jointly with the Department of Labor, would help workers and students acquire or upgrade job-related skills through short-term training programs that currently are ineligible for Federal student assistance.

WORKFORCE INVESTMENT ACT PROGRAMS

A major piece of business currently before this committee is the reauthorization of the Workforce Investment Act of 1998. The Department of Education administers programs covered by WIA in two important areas, Adult Education and Vocational Rehabilitation. The Administration fully supports the enactment of a WIA reauthorization bill that improves the quality, accessibility, and accountability of federally-funded Adult Education programs and that continues our Vocational Rehabilitation programs.

The Department's Adult Education program and our reauthorization blueprint for that program are critical to any lifelong learning strategy because, while we believe the No Child Left Behind Act and our high school initiative will result in a much better education for current and future generations of school children, many current adults are out of school and lack the academic skills they need to succeed in the workforce. Some are immigrants who seek English language instruction in order to advance in their jobs and adapt successfully to life in America. States have reported improved results in Adult Education in recent years, but outcomes overall remain unacceptably low. For this reason, the Administration's blueprint for the reauthor-

ization sets higher expectations for State performance and insists on greater State and local accountability for results, including consequences for States that do not meet their agreed-on adult education performance levels. Our proposal also promotes the development of State standards and curriculum frameworks to help instructors become more effective in the classroom. And, in order to give adult learners a broader array of choices, we would expand the number of workplace literacy programs, improve the capacity of community- and faith-based organizations to provide adult education, and promote greater use of technology to deliver services.

In the case of the Vocational Rehabilitation programs authorized under the Rehabilitation Act, our focus is on improving employment outcomes for individuals with disabilities, particularly those with the most significant disabilities. While many individuals with disabilities are obtaining jobs and remaining employed, the unemployment rate for people with disabilities is still unacceptably high. Not only are people with disabilities much less likely to be employed than people without disabilities, but the more severe the disability, the less likely a person is to be employed. Moreover, there is wide variation among the States on performance, measured against the evaluation standards and indicators used by the Department in monitoring the States. Better tools are needed by the Department to strengthen accountability for improved results. Finally, an important component of the President's proposal for WIA reauthorization is the WIA Plus Consolidated State Grant (WIA Plus) program. In addition to the base consolidation of four Department of Labor programs, this proposal provides Governors with the option to consolidate up to five additional Federal employment and training funding streams, including Adult Education and Vocational Rehabilitation. Through increased flexibility and accountability, this proposal would: improve the employment outcomes of individuals served through the consolidated program; serve more individuals; improve access to a full array of educational and job training, employment, and supportive services available from all funding streams; and ensure a connection to a workforce investment system that is directly linked to and accessed by employers.

CONCLUSION

Lifelong learning is no longer an option, but a necessity, both for individual success and for our continued national economic prosperity. President Bush, with the help of the Congress, has laid the foundation for a comprehensive Federal approach to both preparing our citizens for a lifetime of learning and encouraging our education system to continuously make available opportunities for education and training, from early childhood through middle age and even the retirement years. We look forward to working with the members of this committee to help build on that foundation.

Thank you, and I will be happy to take any questions you may have.

The CHAIRMAN. Thank you for your testimony.

I appreciate all of your help, especially both of you with the longer testimony which helps to build the record from which we do the work that we do.

I would mention that Senator Kennedy is not here because he is helping with the Armed Services hearing and providing a quorum for the Judiciary Executive Meeting, which means we are moving some people through as judges, and we are glad he is providing a quorum for that. The same applies to Senator Sessions. And Senator Roberts is involved with an Intelligence Committee situation, not a crisis, I am always supposed to emphasize that.

[Laughter.]

Of course, one of the signs of how many people show up is how contentious the hearing is, and this is one that we are working on in a very bipartisan way and making great progress in all of the bills that are before us. I do appreciate the bipartisan way that everybody is working. It shows that it is a concern for what happens with the kids and adults out there that will be affected by these programs, and it is important that we get them reauthorized in a timely manner so that we can move on to some of the other things that we have to reauthorize. I think we have about \$68 billion worth of reauthorizations that are supposed to be done by the end

of September. I think we only got two or three done during the last 2 years, so the other 38 will be quite a challenge for us.

I would ask both of you if you would discuss the initiatives within your department that we might learn from as we work on the reauthorizations of the Workforce Investment Act, the Higher Education Act, Head Start, Perkins Career and Technical Education Act. How can we coordinate the provisions in these various acts to make sure that we provide opportunities for all Americans to have skills for the 21st century? How can the Department of Labor and the Department of Education work together to better prepare the workforce for the new economy?

Secretary Chao.

Secretary CHAO. Thank you, Mr. Chairman. As Secretary Spellings mentioned, she and I have personally worked on a number of issues and initiatives within the workforce while she was at the White House, and we continue that collaborative effort going forward. Our two departments also work closely with one another.

Most recently the Department of Labor has implemented the President's High Growth Job Training Initiative. This initiative is very important because it is providing national leadership for a demand-driven workforce system that ensures that no worker is left behind, and it prepares workers for the higher skill, higher wage jobs in the 21st century economy.

Also across the country we are supporting efforts, partnerships with community colleges, employers and the public workforce system to train workers with the skills that they need that we have all heard about just in the recent testimony.

And the community-based job training initiatives also continue the work of the President's High Growth Job Training initiative, by again, incorporating through these two initiatives a focus on high growth, high demand industries, and also the emphasis on partnerships with the Workforce Investment System.

Secretary SPELLINGS. Let me talk for a second about some specific examples of just that. In fact, just last week we co-chaired and partnered together on a virtual summit that went out to about 10 community college sites all over the country with our staffs both leading it, and I think that shows the kind of cooperation that is going on here in Washington.

One of the things we have also worked together on—and you can help us on this as you reauthorize these statutes as well—is common definitions, and common performance standards, and common expectations. We tend to send mixed signals about what we want from this particular funding source versus that, and so to the extent that you can help reconcile some of that, that is very useful. We have a memorandum of understanding between these two departments that has been ongoing since 2001 I believe.

And on the early childhood end, I would tell you that Secretary Levitt and I have revived an interagency process on those issues which we have asked Reid Lyon to help guide us, or translating our best research and best science into practice at the policy level, and we have both provided staff to that effort as well.

So a number of specific examples building on Secretary Chao's answer.

The CHAIRMAN. Thank you, and I appreciate and I am aware of the cooperative spirit and the interaction between the two departments, and really appreciate it. I think that does provide some tremendous opportunities for implementation as well as improvement.

In Wyoming and many other States, we are looking at a severe shortage of workers within the next decade. For example, in Wyoming it is estimated that we are going to lose one-third of the State Government workforce through retirement within the next 5 years. What can we do to address the deficit of skills, abilities and knowledge in both the short and long term to ensure that the Nation's competitiveness is upheld?

Secretary CHAO. I think, Mr. Chairman, first of all, in the short term we need to understand much better what are the skills that are required to be competitive in today's environment. That starts with connecting with employers so that workers in declining industries can be trained for better paying jobs with high growth potentials in high growth industries. I think in the long term we need to encourage more high school graduates to continue their education through community colleges, apprenticeships and other training opportunities, and that is again why the President's vision for the comprehensive job training reform is so important because there is a long term and there is a short term component to all of this, and we look forward to working with you on all these issues.

Secretary SPELLINGS. I would agree with that completely. Again, the primary, prime directive, as I call it, at the Department of Education is that preparedness pays, to make sure that we have workers in the pipeline or kids in the pipelines that have the skills that can step into those jobs that the retiring workforce—although some might say that having State employees retire would be a good thing, but we need to make sure that we have kids in the pipeline that can meet those needs, and the only way we are going to do that, obviously, is ramping up the levels of rigor and the number of kids who are meeting those levels and those standards more rapidly and more effectively.

The CHAIRMAN. Thank you.

For Secretary Spellings, given the fact that 68 out of 100 ninth graders will not graduate from high school on time, which is the lowest of any industrialized nation, what do you suggest we do to raise that completion rate and ensure that colleges and universities, as well as employers and students do not spend significant amounts of time and resources in remediation?

Secretary SPELLINGS. I think there are a couple of things that I want to amplify on that particular piece of data. When we start to look at that information in a disaggregated sort of way as we talk about, in other words, by student group, you know, minority kids are being hurt the most. That is the underpinning of that statistic. They are dropping out at higher levels than more advantaged students. So I just want to make sure that that point is made.

But I think again it is putting standards in place, both in technical training programs that many of these students find attractive so that they do embed the necessary reading and math rigor that they are going to need to apply in the workplace and they are going to need in order to avoid remediation. I think it is the ability to use measurement, to use assessment to find out where kids are,

what the deficiencies are and what the educational cure might be, if you will, so that we can get those kids out of high school.

Additionally, I think—and this is embedded in the President's budget in a striving readers and a math intervention program, that requires us really to take a look at every 9th grader and say, "How are we going to get you out of high school? What are your needs? What are your deficiencies? What are the necessary things for you to have in place to meet those standards?" In many cases, it is a deficiency in reading, and we need to take what we have learned from our brain research and at the early grades and move those strategies up in middle and high schools to make sure kids have necessary literacy levels.

The CHAIRMAN. Thank you. My time has expired.

Next we will have Senator Lamar Alexander, who is the Subcommittee Chair for Education and Early Education.

STATEMENT OF SENATOR ALEXANDER

Senator ALEXANDER. Thank you, Mike. I want to say how much I appreciate the Chairman's broad focus on this. This helps a lot, and I appreciate the way the two Secretaries are working together. I learned pretty early in my public career that better schools means better jobs, and it is just about that simple.

You have also well stated, all of you, the point that while September 11 was a big surprise to our security, our next big surprise is likely to be to our pocketbook, and the major way to avoid that big surprise is to focus on brain power, and you have given some of the statistics there. We have 5 or 6 percent of the world's population and we produce about a third of the money, and the rest of the world is looking at that and saying, "How do they do that?" And the way we have primarily done it is through science, technology and a good education system. That is what has produced most of our high standard of living. And so this is not a series of slogans we are spouting here, we have over the next 10 years a real challenge.

I want to ask you to help me with a specific example. The old model was we were focusing on making sure that students who graduated from high school had a certain level of accomplishment, and we still should focus on that. But as the Chairman said, the real person we are focusing on, I think even more today, is the person that if I am making a commencement address and someone gets a diploma, the cry that goes up from the audience is likely to be, "Way to go, Mom," because it is a mom who has gone back to school, either to change jobs or to take a new job or because she has lost a job. The question is, what is the appropriate and most effective thing to do from here to help? My experience in different levels of Government is to be skeptical of what can be done from here in terms of managing and customizing and writing big books about what should happen in 3,800 places or tens of thousands of places, so I welcome your comments about bureaucracy, management, consolidation and all of that.

To get right to the bottom line then, I am going to ask you a question. My bias has come to be that we should focus first on the person changing jobs. We should focus second on giving that person as many individual choices as possible of options for education and

training, and that we should focus third on letting the employer be as involved in the training as much as possible. In other words, I think the model we have got for higher education, where we provisionally give money to the student and do not give it to the institution, I mean if we did not have it, I guarantee you we would not be competitive 10 years from now because we would be all balled up in trying to figure out—we would be training people for the wrong jobs and putting money into bureaucracy, et cetera.

Now, as I am listening to you and I am thinking if I am the single mom or dad changing jobs, you mentioned training accounts. There is unemployment compensation. There are Pell grants. There are student loans. Secretary Chao, your testimony mentions personal reemployment accounts. What can each of you say to me about the idea of focusing most of our—as much of our existing money as possible to individuals and most of our new money to individuals, rather than the idea of giving it to institutions and ordering them to do this, that or the other, or perhaps you disagree with what I have said about a bias and a strategy for how to spend our Federal dollars.

Secretary CHAO. Senator Alexander, you make some excellent points, and I agree with your assessment of the current system. The current Workforce Investment System has 17 mandated programs. If you are a person out of work and you are discouraged, you are kind of down, you just want assistance. You do not want to have to find out and go through different bureaucracies as to what programs you can apply for. So that is what the President's Workforce Investment Act reauthorization reform is all about. It is to make simple the access to all these different programs to individuals who are going through a lot of stress in their lifetime. And so we also want to make sure that they are given the options because they know what they want to do best, they know what interest areas they hold and what kind of jobs they would be interested in.

We also need to get employers much more involved in the system because employers after all know where the jobs are, what skill sets are required, and all of these principles that you have outlined are indeed embodied in the President's new Workforce Investment reform proposal.

I would just add two other things. We have been experimenting with the Personal Reemployment Accounts on a voluntary basis in seven States in which a worker would be able to have a—would be empowered with a personal reemployment account, which would be about \$3,000. With that \$3,000 the worker can access or buy any kind of training program that they want that would advance their career in a high growth industry, because after all, we want people to go into high growth industries with good earning potential as they progress in their career path. Based on our preliminary results the personal reemployment accounts have been, number one, popular; and number two, seemingly quite effective.

Senator ALEXANDER. Thank you.

Secretary SPELLINGS. I think from our end, Senator, we can do things that recognize that people are going to need to be educated, that single mom, in their own time and in their own way. So we need to find ways, particularly within Pell and our financial aid re-

sources, to break down barriers, so that if people are taking courses through technology, they should be allowed to do that. If people are attending school year round or taking heavier course loads or some of these impediments that we have put up in our system. We need to remove those.

We at the Department of Education collect through our postsecondary education database everything you want to know about a full-time, first time, non-transfer degree-seeking student, but that is not your mom or the mom you talked about, and I think we can figure out this new changing student body a lot better. Many of our students now are what we call non-traditional, and I think we need to have systems that meet those non-traditional models as well.

I would also highlight the High Growth Job Training Partnership Initiative that Secretary Chao spoke briefly about, which literally has the employer, you know, guarantee a job, if you will, for the person who is going through the training. So it is a partnership between the community college, between the employer and between the individual, and those are the sorts of things that we want to make sure that we are connecting together.

Senator ALEXANDER. Thank you.

The CHAIRMAN. Thank you.

Senator Burr.

Senator BURR. Thank you, Mr. Chairman.

Welcome to both Secretaries. I think it is not a mistake that in addition to the Chairman you have three members of the Senate from the Southeastern part of the United States. Not only have we had a job dislocation problem, it continues today. I think what we see and what we feel when we go home is that we see what was a 50-year cycle of an economic sector, textile manufacturing, furniture manufacturing, or a vibrant agricultural community, where all of a sudden that economic sector has been tossed upside down. It is not totally gone, but we certainly know that it has changed drastically.

One of the things that I think you have to deal with and we have to deal with is do we ever see that kind of economic sector again? And I think the answer is no. The technology has affected that greatly, and whether it is a 10-year cycle or a 15-year cycle, we all understand that the ability for workers to find employment in large part means that they have to continue to have the ability to learn throughout their lifetime.

Secretary Spellings, I think it starts with teaching teachers to teach children to learn, and I think we do a good job of teaching teachers to teach. There is a difference between that and having teachers to teach them to learn. But my fear is that—and I think Lamar put it very well—that we have got this effort that we cannot lose focus of, we have to do things in parallel. I would only tell you that there is a next generation effort and there is a current generation effort, and we have got to make sure that both of them are serviced in the most effective way, though they may be very different.

Secretary Chao, you have responded extremely well from the Department of Labor to North Carolina's needs, and specifically the emergence of biotechnology as a new economic sector. And that was most recently felt with a grant to Forsyth Technical Community

College, which was very effective. How through the reauthorization of the Workforce Investment Act can we create more examples like Forsyth Tech and the biotechnology industry to assure that workforce training is coordinated with job paths and job skills of tomorrow?

Secretary CHAO. Senator, as you well know, we have worked very hard on addressing some of the dislocation issues in your State. In particular, I have Emily DeRocco, the Assistant Secretary of Employment Training Administration, and I want to give her a lot of credit for assembling all of the Government's resources to help the workers of Kannapolis, for example.

The President's reform package would offer flexibility because what is happening, for example, in the high tech will be very, very different from what is happening in North Carolina. Forsyth Community College is doing a great job in training workers for well-paying jobs in high growth industries like the life sciences, and we want to encourage that path. But each community is different, and so therefore the Workforce Investment System needs to have flexibility, and right now there are stovepipe funding mechanisms, silos, and there are good people in the system, but it is very hard for them to overcome the silo effect.

So, for example, currently under the Workforce Investment Act, local areas are prohibited from serving incumbent workers. So if, for example, a textile worker came into a One-Stop Center seeking help in retraining for a career in biotechnology, financial services or health care services, let us say, which are growth industries, before they were laid off they would have been denied services. That does not make sense. If there was a long-term unemployed person and you would think that the whole Workforce Investment System is geared toward them, and yet many of the long-term unemployed cannot access Workforce Investment programs because of the very narrow definitions and the lack of flexibility.

So this makes a little sense from an economic or a social point of view, and indeed it really restricts the ability of the local community to come together and help one another. So again, the Administration's reform proposal would free the States and the local communities to serve incumbent workers, long term unemployed workers on a more proactive basis, and also provide these individuals again with much better opportunities in accessing new opportunities.

So we are also proposing within the President's reform packet, the New Innovation Training Accounts. That again will also help workers access a whole range of new resources as well. But you are absolutely right, the inflexibility within the system and the inability to focus on the high growth industries is not an optimum use of our resources, and we are not doing the best job that we can for these workers.

Senator BURR. I will be very quick, Mr. Chairman.

Secretary Spellings, it seems like I have a tendency to come to you and always talk about community colleges, and maybe it is because we do have such an infrastructure in North Carolina. How can we use North Carolina's or any State's community colleges to better utilize and bolster the transition from high school into post-secondary education and training?

Secretary SPELLINGS. We can do that first by the President's call for this \$125 million Community College Access Grants, which does just that, which partners high schools and community colleges, allows for more dual enrollment, more articulation—to use our education word—between those two enterprises, around standards and certification programs and we are seeing more and more of that around the country, which I am really proud of.

Having worked in a community college and worked in schools, I understand that we do not always speak the same language. The standards are not the same. We frequently see more rigorous academic content at the community college level and we have to get that down into the high school level or say we are not going to do that any more, we are going to let our community colleges do that.

Senator in your comments, what I heard you saying is, how are we going to remain a world leader? And we have to ramp up the level of skills, and we need to focus in particular on math and science because that is where the jobs are. We do not have to have everybody get a baccalaureate degree, no doubt about that, but they must have higher levels of skills embedded in these standards of these technical training programs, and my experience is that community colleges do that really well.

Senator BURR. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Isakson, who is the Subcommittee Chair for the labor issues, which covers the Workforce Investment Act, part of it. I mentioned that Senator Burr is the Subcommittee Chairman for the Bioterrorism and Public Health area. Our Subcommittee Chair for pensions is also in the Armed Services Committee and on the floor with a supplemental budget today.

So Senator Isakson.

Senator ISAKSON. Thank you, Mr. Chairman.

Following up on Senator Burr's comment about students and community colleges, I want to ask you what I think is a very friendly question.

Secretary SPELLINGS. I hope so.

[Laughter.]

Senator ISAKSON. Secretary Spellings, the President's initiative at the high school to expand accountability and close the achievement gap as we have done in K-8 with No Child Left Behind is going to expand more opportunity for more students to in fact get a postsecondary education whether it be university, community college or adult and technical; would you not agree?

Secretary SPELLINGS. I would absolutely agree, and I would say that that is the genius of No Child Left Behind. Our high school investments I think could be used more wisely if we had more information to manage the enterprise.

Senator ISAKSON. The reason I made that statement, Mr. Chairman, is I had a—I did not realize I would recite this event that happened yesterday today until Richard's question, your being here—but yesterday I had a phone call from Dr. Alvin Wilbanks, who is one of the top superintendents in the country and the superintendent at large in his public school system in Georgia, the Gwinnett County system, which also has some of the highest test scores, not only in Georgia but in the United States. His call was

specifically to volunteer to see what he could do to assist the Administration and help to spread the word on the need for this accountability and close the achievement gap at the high school level. I am going to do a little pandering here, wanted to see you, Ms. Spellings, to do just that.

Secretary SPELLINGS. Cannot wait to meet him.

[Laughter.]

Senator ISAKSON. My point on this is here you have a system which embraced from the beginning—in fact had a program called Gateway—this whole idea of achievement, assessment, accountability and intervention early rather than late, that is looking to take—and it is a high achieving system but wants to do more—is looking to see to it that we are not leaving anybody behind. I believe, just as the No Child Left Behind is proving it over time, is going to prove conclusively that we fundamentally changed the lives of many, many children, I think raising the element of No Child Left Behind at the high school will in fact have the same positive effect.

I will call you on that, but I thought that was a great testimony that you ought to hear, not from me, but from Dr. Wilbanks.

Secretary SPELLINGS. Thank you.

Senator ISAKSON. Secretary Chao, 30 years ago when I started in the Georgia legislature and we started a program called Quick Start in our adult and technical education schools, we would tell a company, “if you will bring your company to Georgia, we will train the workers to do what you want them to do.” A lot of that training sometimes bordered on advancing their reading and math skills before we could advance them on any other skills, meaning that the level of training was more remedial than it should have been, and unfortunately today remains that way, which I think is why No Child Left Behind is such a great foundation to build on the skills of the 21st century workers in terms of their ability to learn skills.

But to that end, I want to reflect on last year’s debate in the House, and our work in the Education Labor Committee on the Administration’s proposals with regard to WIA, and I wanted to comment that consolidation and flexibility and student focused training is going to be the key in the 21st century to us, allowing people to reach their dreams, and in fact, find the jobs of the 21st century.

And I hope, Mr. Chairman, as we get to that markup that we will find ways, either through demonstrations or through actual programs, that we allow consolidation, we allow One-Stop, encourage One-Stop, we allow flexibility, and the Personal Re-employment Accounts are a dynamic idea because they are an individual motivator and incentive for the very person we are trying to benefit with the One-Stop.

So that is a statement and not a question and I apologize.

[Laughter.]

But I will give you my remaining 1 minute if you want to elaborate.

[Laughter.]

Secretary CHAO. Senator Isakson, you are absolutely correct. We are trying to help workers, again, who are going through a very difficult period in their lifetime. So when they believe in us, the

Workforce Investment System, and put their futures in our hands by coming to us for help, hoping that we will be able to indeed give them the new entre into a new life, we have a very big responsibility to carry through. So it is absolutely essential that these workers that are coming to us for help receive, number one, relevant training, that they are coming to an environment that is caring, that is client-based. As I mentioned, there are 17 different mandated funding streams, and it is very confusing for a worker to access all the different Government programs or to even know where to access and how to access the many different Government programs for which they are eligible, and that is the beauty of the One-Stop Centers.

It is supposed to be a One-Stop Center, an entryway into the many Government programs which are potentially accessible to them, and again, it has to be flexible and it has to be client-based, student-focused, as you mentioned, because I think the workers who are asking for this help deserve no less and we have a responsibility of ensuring that they are reconnected with the workforce.

Thank you.

Senator ISAKSON. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

And I want to thank Secretary Chao and Secretary Spellings for being here today, and I would mention that the record will stay open for another 10 days, and that is so that you can expand on any remarks that you want to. It is also so that members of the committee can submit questions. We try to keep the ones here of a more general nature. We have several that are more specific, but we found that has a tendency to put the people behind you to sleep.

[Laughter.]

It takes more time to really get the meat out of it, but there are some very specific things on the legislation that we will need your help on.

I really appreciate your participation and all of the help that you have given us so far. Thank you for being here today.

Secretary CHAO. Thank you.

Secretary SPELLINGS. Thank you.

The CHAIRMAN. At this point we will welcome the second panel. I will ask them to come forward. They are putting some name tags up at the front counter, switching out the water. While the switch is being made I will go ahead with the introductions.

The first member of the panel is the Governor of Kansas, Kathleen Sebelius. Senator Roberts wanted to be here today to introduce the Governor of Kansas, Governor Kathleen Sebelius. Unfortunately, his duties as Chairman of the Senate Intelligence Committee are keeping him very busy today. He sends his regrets. He wanted me to share with the members of the committee that Governor Sebelius and Senator Roberts' families share a long history. In fact, Senator Roberts used to work for Governor Sebelius' father-in-law, the former Kansas Republican Congressman Keith Sebelius. He was Congressman Sebelius' administrative assistant for 12 years before Congressman Sebelius retired and Senator Roberts followed in his footsteps by representing that first district in Kansas for 16 years.

Governor Sebelius has steered the Kansas Economic Growth Act to passage and restructured the existing Comprehensive Highway Package, ensuring the timely completion of all projects. She has also proposed sweeping educational reforms and has put forward several common-sense health care proposals to reduce costs and increase insurance coverage.

The second member of our panel is the Kentucky Governor, Ernie Fletcher, who just flew in.

[Laughter.]

One of Governor Fletcher's top priorities is economic development, and since coming into office more than 49,700 jobs have been created, ranking Kentucky as the fourth best among States. Pleased to have you here.

The third member of our panel is former Congressman from Wisconsin, Steve Gunderson. He is the Director of the Washington Office of the Greystone Group, a strategic planning and research consulting firm. I have come to respect Steve's work even more after reading his book, and I recommend this book to everyone, *The Jobs Revolution: Changing How America Works*. Some great statistics. I quote from it frequently. I do not always credit it.

[Laughter.]

Our fourth panel member is Brian Fitzgerald, who is the Executive Director of the Business Higher Education Forum, a Washington-based organization that encourages dialog among leaders of the business and higher education sector on issues central to the role of higher education in the global economy. Brian previously served as the Staff Director of the Advisory Committee on Student Financial Assistance, which was established to advise Congress and the Secretary of Education.

The final member of this panel is Ms. Pamela Boisvert. The first part of your name in Wyoming we would call "Boyce" because we have DuBoise, but Boisvert, I am sorry. The Vice President of the Colleges of Worcester Consortium, Inc., a not-for-profit association of public and private accredited colleges and universities in Central Massachusetts.

I welcome all of you. I assure you that your full statement will be a part of the record. I would ask you to condense your remarks to 5 minutes so that we will have time for questions before we have a vote that will be coming up.

Governor Sebelius.

STATEMENT OF HON. KATHLEEN SEBELIUS, GOVERNOR OF KANSAS, CHAIR OF THE NGA EDUCATION, EARLY CHILDHOOD AND WORKFORCE COMMITTEE, ON BEHALF OF THE NATIONAL GOVERNORS ASSOCIATION

Governor SEBELIUS. Thank you, Senator Enzi and committee members. It is a great pleasure to have the chance to be with you today. I am Kathleen Sebelius, the Governor of Kansas, and this year I have the pleasure of being the Chair of the National Governors Association Committee on Education, Early Childhood and Workforce Training.

You mentioned legislators from Wyoming, and I just noticed that there are some legislators from Kansas here also. The NCSL is meeting today, so I am glad to have some folks from our home

State who are on the front lines really figuring out education and workforce training at the State level.

A lot of what Secretaries Spellings and Chao said today we certainly agreed with, that our high schools particularly are in jeopardy. We have too many students dropping out, too many high school graduates unprepared for the demands of postsecondary education and work.

Governor Fletcher, my colleague from Kentucky who is here is going to focus specifically on some of the initiatives on high school reform, and I am going to talk a little bit about the P-16 alignment which is going on in a lot of States across the country, as well as the Workforce Investment Act.

To make this a little more specific, about 75 years ago I think, a Kansas child could have assumed that he or she would spend their lives on the family farm, producing wheat, soybeans and other crops, feeding Americans and the world, and today only 3 percent of our workers in Kansas are directly associated with farm jobs. That is a testimony to efficiency, but it means we also need to cultivate fertile minds as well as fertile soil in this day and age, and diversify that economic workforce.

As we have already said, the world is changing dramatically and we need to be prepared for those changes. The cost of not doing what we are supposed to be doing is extremely high. Sixteen billion dollars is spent every year on fixing the lack of adequate preparation for kids going to college. It is paid for by businesses, by colleges and by the under-prepared high school students themselves.

We think very strongly as Governors that aligning preschool through university education and workforce development need to work together. They are the best way to prepare an educated workforce and the best way to prepare for jobs for the future. There is a unique opportunity here in Congress, the pending reauthorizations of several major programs this year. The Workforce Investment Act, the Higher Education Act, Head Start, and the Carl Perkins Vocational and Technical Education Act represent an unprecedented opportunity to align Federal education laws and promote lifelong learning, the kind of P-16 and beyond system.

Governors really agree on a number of major requests. We hope that you here in the Senate and your colleagues in the House will embrace the state-coordinated P-16 efforts and support our lifelong learning initiatives, that you will provide—and both the Secretaries echoed this—greater flexibility to States, give Governors more authority to coordinate Federal funds. We are happy to be accountable for those funds and responsive to data requirements, but right now those data requirements are often duplicative and do not ask for the same sets of data, so a lot of time and energy and money, frankly, is spent on the bureaucratic requirements.

Complementing our educational efforts are specific programs to improve the skills of our States' workforce. It is a daunting task. Workforce development challenges us all, and yet there are few opportunities that yield such promise. We have a different workforce today, ethnic and cultural challenges to deal with, the needs of working families and individuals with disabilities. We have to address literacy gaps of low-skill workers and language needs of some

of our newly arrived workers, all within a diverse and dynamic economy.

What we are concerned with is a one-size-fits-all program with rigid regulation and service delivery structures, does not really work well for States across the country. We are different. We in the heartland are different from Kentucky and California and need some flexibility to recognize those differences. Again, we support accountability but feel that coordination at the State and local level can give us the opportunity really to use the funds in the most appropriate measure.

So the four or five things I would just like to highlight in the Workforce Investment Act would be:

Provide flexibility to Governors to coordinate our funds at the State level, and the option to coordinate funding streams;

Relieve some of the mandates that are currently in place like the amount of funding that must be spent on a specific category or group. We think State needs are different and State workforces are different;

More flexibility in success and participation, that individuals should be able to easily enter and reenter the system at different times, as opposed to going through a mandated sequence of events;

Serving the business community and fostering economic development. We in Kansas have just totally overhauled our workforce system to make it more market-driven, more nimble—broaden community college training, but very much involve the community. That works in Kansas. A different format may work better in Kentucky. We are trying to make sure that we deal with accurate forecasting so that our business leaders have the job security for the future.

Encourage innovation in States. Let us be the laboratories of what works and design programs in a way that we can give you the reports that are important, but also get rid of the limits on transferring the funds.

Align more clearly the workforce and education programs, and coordinate management and performance information.

Again, I appreciate the opportunity. We have submitted some detailed written testimony. We would be happy to answer some questions. We are eager to work with the Senate as you overhaul and review these programs so that we make sure that not only are all children prepared for success in the future, but that we have the best educated, best trained workforce for the future.

Thank you, Mr. Chairman and members of the committee.

The CHAIRMAN. Thank you very much.

[The prepared statement of Governor Sebelius follows:]

PREPARED STATEMENT OF HON. KATHLEEN SEBELIUS

Chairman Enzi, Senator Kennedy and members of the committee, I am Kathleen Sebelius, Governor of the State of Kansas, and Chair of the National Governors Association Education, Early Childhood and Workforce Committee. I appreciate the opportunity to appear before you today on behalf of the Nation's Governors on lifelong learning.

NEW NGA EDUCATION AND WORKFORCE POLICIES

In February, the Nation's Governors approved three new policies that offer bipartisan recommendations to align Federal education laws, accelerate State high school redesign, and promote lifelong learning through the Workforce Investment Act

(WIA). The full text of the new policies is attached. I'm very proud of our work on the NGA to reach a bipartisan agreement on these issues.

Today, I'll limit my comments to Governors' new vision to align Federal education laws and to streamline workforce programs. Governor Fletcher will discuss how Congress can help accelerate State high school redesign action plans.

EDUCATION AND THE ECONOMY

Our economy is changing, and we must change with it. Technology and trade have revolutionized the way companies do business. Manufacturers in Kansas must compete with manufacturers in Europe, Asia, and South America. What took 20 workers a full day to produce just a generation ago can now be handled by a single worker with the right machinery and a computer. A small shop owner in Frankfort can fill an order from Tokyo just as easily as a college student in Topeka can order from a store in Paris.

What all of these scenarios require however is skilled and educated labor. The Bureau of Labor Statistics projects that by 2020, there will be a 22 percent increase in the number of jobs requiring some postsecondary education. Yet during the next 20 years, we will lose 46 million skilled workers as baby boomers retire. Even with more people getting some form of secondary education, as many as 12 million jobs are likely to go unfilled; a loss that will disproportionately affect industries that are critical to our economic growth, including education, health care, technology, and manufacturing. This shortage constrains the productive capacity of key industries and jeopardizes the quality of services in others.

But developing an educated and skilled workforce is not just good for business, it is good for people. Census data shows the median earnings of a high school graduate (\$30,800) are 43 percent higher than those of a non-graduate (\$21,600). Those of a college graduate are 62 percent higher than those of a high school graduate. States stand to benefit too. Economist Anthony Carnevale estimates that if States expand college access among African Americans, Hispanics, and non-Hispanic whites, (the resultant earnings improvements would certainly narrow income differences and could add as much as \$230 billion in national wealth and \$80 billion in new tax revenues every year.)

NGA PRINCIPLES OF PRESCHOOL-COLLEGE (P-16) ALIGNMENT

In the 21st century, the economic strength of the United States will depend on the ability of each State and our Nation to develop a coordinated and aligned education and workforce system that supports, trains, and prepares a skilled set of workers. Now is the time to take action to create a seamless American education system, by aligning Federal education laws to promote lifelong learning. The pending reauthorizations of the Workforce Investment Act, Higher Education Act, Head Start, and the Carl D. Perkins Vocational and Technical Education Act present an unprecedented opportunity to align Federal education laws and promote lifelong learning.

The pathway to progress is clear. Federal education laws from pre-school through college, commonly referred to as P-16, must be aligned to foster State innovation, eliminate costly duplication, and ultimately improve education outcomes for all students.

NGA recently commissioned a study by Holland and Knight that examined the relationship between key provisions of these major laws: Head Start, the Individuals with Disabilities Education Act (IDEA), the No Child Left Behind Act (NCLB), the Carl D. Perkins Vocational Technical Education Act, the Higher Education Act (HEA), and the Workforce Investment Act (WIA). The initial analysis will inform congressional debates and will help the larger education and workforce community to begin a dialog on education alignment and coordination.

The NGA's study of relevant laws revealed several important initial points. Some laws, such as NCLB and IDEA provisions related to improving student performance, "read together" and can be implemented in an integrated fashion. However in too many cases, Federal education laws:

- Do not reinforce each other's substantive requirements;
- Establish duplicative requirements that may result in unnecessary burden on States (most notably the duplication in reporting requirements and data collection);
- Create no clear, coherent system to effective and efficient reporting of information to the (1) public, (2) Federal agencies, or (3) Congress; and
- Provide funding in ways that discourage the integration and strategic use of all available Federal dollars for a common purpose.

Too often, Federal education laws are isolated, one from another. But education begins in the early years and continues for a lifetime. The federal-state-local edu-

cation system must be coordinated to serve the needs of all students, young and old. Limits and restrictions on State innovation generate costs that our Nation cannot afford.

Governors believe that the Federal education laws should be aligned to:

- Embrace State coordinated P-16 efforts;
- Provide greater flexibility to States;
- Streamline Federal data reporting requirements;
- Expand gubernatorial authority to coordinate Federal funds;
- Recognize and reinforce constitutional gubernatorial authority over education in their States; and
- Support lifelong learning.

From California to Georgia to Delaware, Governors are leading P-16 reform efforts to oversee the integration of early, elementary, secondary and postsecondary education. Governors urge this committee to carefully consider how Federal education laws relate to each other. We need to break down the isolation, eliminate the duplication, and provide new flexibility, so that Governors can build more seamless education systems.

TRANSITION TO AND PREPARING FOR THE WORKFORCE

Education is the ultimate form of economic development. Education can not end at the classroom door. Rather its continuation is the cornerstone of developing and maintaining a competitive workforce. As Governors, we are continually working to ensure that our institutions of higher education and our workforce systems are ready to develop and sustain a skilled workforce for today's modern, global economy.

Our workforce's increasing diversity and growing needs for skills offer new challenges in how we educate and train workers. We must accommodate ethnic and cultural differences; we must provide for the needs of working and individuals with disabilities; and we must address the literacy gaps of low-skilled workers and the language needs of immigrant workers.

Exacerbating these challenges is the global economy that continually creates and eliminates jobs. Every year, up to a third of all jobs are either added or eliminated from the economy. This churning has contributed to the breakdown of the social contract between workers and employers and reduced the incentives for employers to invest in their workers. For many employees, the traditional concepts of job security, career ladders, and job progression simply do not exist. Increasingly, workers experience periods of dislocation and must have the tools to manage their own careers through first-rate labor exchange services. Lifelong education is a key part of moving through a career that consists of multiple jobs.

To address these issues, our public workforce programs must have enough flexibility to meet the demands of an unpredictable economy and a changing worker population. These programs cannot be a one-size fits all systems with rigid regulations and service delivery structures. Rather, the programs must recognize the differences among States and communities, and thus provide Governors, working with local government, business, and labor to design flexible ways to meet distinct needs. At the same time, programs must remain accountable, given their reliance on public investments.

REAUTHORIZING THE WORKFORCE INVESTMENT ACT

WIA authorized Governors to initiate broad structural reforms in their workforce development systems. With this authority, the Nation's Governors have made significant progress in restructuring these systems and strengthening the essential partnerships between Federal, State, and local governments and the private sector. Yet State-by-State experiences reveal that many challenges remain, such as providing a comprehensive, highly integrated education, training, and employment services for workers. In addition, States need help in meeting reporting requirements, coping with resource constraints and fully engaging the business community as partners.

On March 24th, the Nation's Governors sent a letter to the members of this committee enumerating our bipartisan recommendations for the reauthorization of the Workforce Investment Act. The full text of our policy is attached.

Governors believe that WIA reauthorization presents a great opportunity to enhance the Federal-State workforce system, support State innovation, and provide greater authority to Governors in overseeing the implementation and coordination of workforce programs. Combining a comprehensive, integrated, and flexible workforce system with nimble State economic development strategies, the Nation will have the tools for speedy, effective responses to the changing needs of workers and businesses alike, as they compete in the global economy.

To address those challenges and strengthen the Nation's workforce development system, Governors offer the following recommendations for any legislation to reauthorize WIA:

- *Provide flexibility to coordinate funds:* As noted by Secretary Chao, the Administration's proposal would consolidate four WIA programs: Adult Training, Dislocated Worker Training, Youth Training, and Employment Services. It also creates various options for consolidation with five other programs. Instead of consolidating Federal WIA programs, however, the Senate WIA bill should offer Governors the option and authority to coordinate WIA program funding to meet the unique needs of their States; and it should also include a hold harmless provision to protect against any diminished Federal investment in workforce and related programs. Congress should provide Governors with the option, at their discretion, to pool WIA, higher education, Temporary Assistance for Needy Families (TANF), and other sources of Federal training money to respond to the state-level needs of workers, businesses and other interests.

- *Eliminate youth spending mandate:* WIA should not mandate the amount of youth funding that must be spent on out-of-school or in-school youth. Governors should be able to direct youth funds according to the needs of their respective States.

- *Improve access and participation:* Congress should ensure that individuals can easily enter and reenter the system at any point and access services as needed, not in a prescribed sequence. Congress should also work to fully engage businesses in the workforce system and eliminate barriers that prevent workers and businesses from receiving assistance in a timely and efficient manner.

- *Serve the business community and foster economic development:* WIA needs to better serve the business community and to connect with the economic development needs of the State. WIA reauthorization should also recognize the important partnerships among Federal, State, public, and private workforce programs and the Governors' authority to press for innovations. For these reasons, Congress should support strong State public-private partnerships to ensure an adequate supply of workers for high-growth occupations as determined by individual States. To facilitate the relationships between Governors and their business community, Congress should also encourage coordination by the U.S. Department of Labor.

- *Encourage innovation:* Congress should remove barriers to State innovation; these include, but not limited to, overly burdensome reporting requirements, inconsistent terms and definitions, and limitations on transferring funds.

- *Align related workforce and education programs:* Partnerships within One-Stop centers have proven difficult to foster; given myriad agencies, organizations, financing, and responsibilities involved in delivering the array of services in one location. Governors recommend that the Federal partner agencies develop a joint initiative to align Federal regulations and encourage support for and participation in One-Stop centers. Alignment efforts should encompass WIA, higher education, TANF, vocational rehabilitation, vocational and technical education, trade adjustment, veterans' employment, and other distinct programs. In particular, Governors strongly support efforts to coordinate WIA and TANF to give welfare recipients and other low-income workers easier, more effective access to education and training.

- *Coordinate management and performance information:* The initiative should address common management and performance information, including cost sharing, resource allocation, and joint case management, it should also facilitate the sharing, processing, and providing of services to participants. Establishing cross-system measures could support consistent information systems that span State and Federal workforce programs.

- *Streamline the Workforce Boards:* The Senate WIA bill should give Governors the authority to design and re-designate the local workforce areas without Federal interference.

- *Eliminate Section 191:* Section 191(A) of WIA has led to problems within some States by requiring that all WIA funds are subject to appropriation by the State legislature. This unnecessary provision should be eliminated to ensure that gubernatorial authority to allocate Federal funds.

CONCLUSION

We must never stop learning. Congress should view today's workforce and education programs as part of a continuum of lifelong learning. Current and future workers should have the opportunity to equip and reequip themselves for productive work through training, education, and professional development. Governors stand ready to work with Congress and the Administration to ensure that our workers and economy continue to lead the world in the 21st century.

NATIONAL GOVERNORS ASSOCIATION,
WASHINGTON, D.C. 20001,
March 24, 2005.

Hon. MICHAEL B. ENZI,
Chairman,
Committee on Health, Education, Labor, and Pensions,
U.S. Senate,
Washington, D.C. 20510.

Hon. EDWARD "TED" M. KENNEDY,
Ranking Member,
Committee on Health, Education, Labor, and Pensions,
U.S. Senate,
Washington, D.C. 20510.

DEAR CHAIRMAN ENZI AND SENATOR KENNEDY: On behalf of the Nation's governors, we are pleased to offer the following bipartisan recommendations for your consideration as you work to improve the Workforce Investment Act (WIA).

WIA reauthorization presents an opportunity to enhance the Federal-State workforce system, support State innovation, coordinate the delivery of services, and provide greater authority to governors to oversee the implementation and coordination of workforce programs. Through a comprehensive, integrated, and flexible workforce system and State economic development strategies, the Nation will be better equipped to quickly respond to the changing needs of its workers and businesses as they compete successfully in the global economy.

Governors urge the Senate to strengthen the Nation's workforce development system by incorporating the following recommendations into any legislation to reauthorize WIA:

- **Improve access and participation:** Congress should ensure that individuals can easily enter and reenter the system at any point and access services as needed, not in a prescribed sequence. It should also work to fully engage businesses in the workforce system and eliminate barriers that prevent workers and businesses from receiving assistance in a timely and efficient manner.

- **Provide flexibility to coordinate funds:** Instead of a Federal consolidation of WIA programs. Congress should provide governors with the option and authority to coordinate WIA funding to meet the unique needs of States and include a hold harmless provision to ensure that the Federal investment in workforce and related programs is not diminished. Congress should provide governors with the option, at their discretion, to pool WIA and related sources of Federal training money at the State level.

- **Encourage innovation:** Congress should remove barriers to State innovation, including, but not limited to, overly burdensome reporting requirements, inconsistent terms and definitions, and limitations to transfer funds.

Additional information and specifics regarding the governor position on WIA can be found in the attached NGA policy which was revised and reaffirmed last month at the NGA Winter Meeting.

Governors look forward to working with you to improve and reauthorize WIA in the coming months. Thank you for considering our views.

Sincerely,

GOVERNOR KATHLEEN SEBELIUS,
Chair, Education, Early Childhood
and Workforce Committee.

GOVERNOR TIM PAWLENTY,
Vice Chair, Education, Early Childhood
and Workforce Committee.

NATIONAL GOVERNORS ASSOCIATION

POLICY POSITION

ECW-1. Governors' Principles to Ensure Workforce Excellence Policy

1.1 Preamble

In the 21st century, the economic strength of the United States will depend on the ability of each state to compete successfully in the global economy. Today's jobs require workers to have more advanced training and higher levels of education. In

order to compete most effectively, state economic development strategies must build a skilled workforce through lifelong learning and worker training.

Governors recognize that a strong workforce development system must encompass education, human service, and economic development programs and ensure the attention and investment of all levels of government and the private sector. In this era of global competitiveness, an effective workforce development system should address the needs of all workers, regardless of the worker's skill level. Through a comprehensive, integrated, and flexible workforce system, the Nation will be equipped to quickly respond to the changing needs of its workers and businesses to compete successfully in the global economy.

The Workforce Investment Act (WIA) authorized Governors to initiate broad structural reforms in their workforce development systems. With this authority, the Nation's Governors have made significant progress in restructuring their workforce development systems and strengthening partnerships among Federal, State, and local governments and the private sector. These reforms are producing highly skilled workforces that strengthen businesses and the economy. Yet experiences from States reveal that many challenges remain, such as providing a comprehensive, seamless system of education and training and employment services for workers; meeting reporting requirements; coping with resource constraints; and fully engaging the business community as partners. To address those challenges, Governors support additional efforts to strengthen the system and provide the following core principles and recommendations to guide actions by the Administration and Congress.

1.2 Principles for Workforce Excellence

The Governors recommend the following principles to help ensure workforce excellence.

1.2.1 A Comprehensive, Flexible, State-Based Workforce System. The workforce system should be a comprehensive and flexible state-based system that is centered on the needs of local regions and communities and accountable for results. The workforce system should be readily understood, accessible, and responsive to local and regional workers, job seekers, students, and businesses. These customers should receive information about the full array of services available from public and private sources and should be able to easily enter and reenter the system at any point and access services as needed, not in a prescribed sequence. Governors should have the flexibility to build on the current strengths in the system, including the authority to design and re-designate the local workforce areas without Federal interference.

1.2.2 Lifelong Learning Opportunities. Job training and education programs should be available to the entire workforce and the business community as part of a continuum of lifelong learning. Current and future workers should have the opportunity to equip and re-equip themselves for productive work through training, education, and professional development. Education and workforce partners should pursue new educational methodologies such as modularization of curriculum, portable credentials for students and workers, e-learning, and other distance learning opportunities. In addition, student financial aid guidelines should be revised to better serve working adults. Due to the vital role that job training and education programs play during an individual's lifetime, it is critical that Federal education and workforce programs be aligned to function most effectively to support the lifelong learning opportunities for individuals in state-determined high demand occupations.

1.2.3 Education and Career Linkages for Students. In a knowledge- and skill-based economy, education is increasingly linked to economic success, with post-secondary education and training often leading to higher earnings and employment stability. WIA should reinforce with students the importance of acquiring basic skills, such as reading or math, that lead to a high school degree or equivalent, thus ensuring students have the foundation of skills and knowledge to enter any career and to support continued lifelong learning. For these reasons, the workforce development system should effectively support career exploration opportunities and should link education and work through work-based learning, internships, career guidance, youth apprenticeship, and other options that enable students to obtain the academic, occupational, and work-readiness skills needed for employment. Businesses, unions, schools, colleges and universities, community-based organizations, teachers, students, and all levels of government must share the responsibility to ensure that alignment of these programs produces economic success for students.

1.2.4 Barriers to Innovation. Governors continue to develop innovative workforce systems that respond to customer needs, reduce fragmentation, promote accountability, deliver services efficiently, and engage the business community. To ensure a higher quality Federal-State workforce system for America's workers, Congress should remove barriers to innovation including, but not limited to, overly bur-

densome reporting requirements, inconsistent terms and definition, and limitations to transfer funds.

1.2.5 Governors' Leadership in Workforce Programs Innovation. WIA reauthorization should recognize the important partnerships among Federal, State, public, and private workforce programs and Governors' authority to develop an innovative workforce development system. Congress should encourage the U.S. Department of Labor (DOL) to coordinate with the Governor when working with a State's business community.

1.2.6 Integral Role of the Private Sector. Workforce development has two major groups of customers—workers (both current and future) and businesses. Although WIA made strides in recognizing the needs of businesses, work remains to ensure that businesses are fully engaged in the law. Federal policy should not undermine the vast investment that private sector businesses have made to train workers. Also, Federal initiatives should be designed to support state-based programs, particularly State efforts to build partnerships with business. Federal WIA policy should support strong public/private partnerships and provide Governors the authority to build these partnerships to ensure an adequate supply of high-growth industries and occupations. Federal efforts should be designed to support state-based programs, including State efforts to partner with businesses.

1.2.7 Efficient Assistance for Business Firms and Dislocated Workers. Federal dislocated worker initiatives and funding should be responsive and flexible to address the impact of economic changes on workers in States across the Nation. In addition, workers and businesses negatively affected by Federal policy decisions should receive adjustment assistance in a timely and efficient manner. Federal assistance should be provided through state-based networks and initiatives, and final authority to implement the provision of assistance should be determined by the Governor.

1.3 Recommendations for Strengthening the Workforce Development System

The Nation's Governors strongly support the following recommendations to strengthen the workforce development system.

1.3.1 Funding. Governors support an increase in the Federal Investment in WIA programs to support lifelong learning and economic development. WIA funding helps support critical workforce services to ensure that America's workers will remain competitive in the 21st century global economy. To adequately respond to the global economy, WIA funding should be flexible and responsive to worker shortages, high demand occupations as determined by each State, major shifts in the national economy, and State economic development goals.

1.3.2 Flexibility to Coordinate or Transfer Funds. Congress should provide Governors with the option to coordinate WIA funding to meet the unique needs of their States and should include a hold harmless provision to ensure that the Federal investment in workforce and related programs is not diminished. At their discretion, Governors should be given the option to pool WIA, higher education, Temporary Assistance for Needy Families (TANF), and other sources of Federal training money at the State level to respond to the needs of workers and businesses.

1.3.3 Performance Measures. Governors urge the development of a new streamlined—yet strong—performance measurement based on State and local input. The framework should include a core set of measures that are meaningful across workforce development programs. These measures should readily illustrate the value the workforce development system adds to meeting economic development goals. Governors should be closely consulted if any Federal measures are adopted. Performance measures should be flexible and easy to collect to allow the evaluation of short-term results on and long-term efforts by workers and businesses. The current multiplicity of measures and data collection impedes service delivery in States. Congress and DOL should also support the voluntarily development of State integrated performance measures and information systems that include common definitions and measures.

1.3.4 Reporting Requirements. The current workforce system is fragmented and consists of inconsistent terms and definitions, as well as overly burdensome reporting requirements. This system impedes efficient service delivery in States and localities; deters participation of eligible job training providers, including educational institutions such as community colleges and apprenticeship programs; and discourages partnerships within one-stop centers. Governors urge Congress to streamline and improve Federal reporting requirements. Until Federal law is revised to provide such flexibility, Governors expect DOL to approve appropriate waivers of Federal regulations to reduce the financial burden of unnecessary paperwork and remove barriers to innovation.

1.3.5 Regulations. Governors urge DOL to develop regulations in close consultation with States. Moreover, DOL should only develop regulations when the law is unclear and needs clarification, and these regulations must be consistent with the intent of Congress.

1.3.6 Federal Partner Programs. Partnerships within one-stop centers have been difficult to foster given the myriad of agencies, organizations, financing, and responsibilities involved in delivering the array of services in one location. Governors recommend that the Federal partner agencies develop a joint initiative to align Federal regulations to consistently encourage support for and participation in one-stop centers. Alignment efforts should encompass WIA, higher education, TANF, vocational rehabilitation, vocational and technical education, trade adjustment, veterans' employment, and other distinct programs. In particular, Governors support efforts to coordinate WIA and TANF systems to help welfare recipients and other low-income workers better access education and training.

The initiative should address common management and performance information, including cost sharing, resource allocation, and joint case management, as well as the sharing, processing, and providing of services to participants. Flexibility to establish cross-system measures could support consistent information systems across State and Federal workforce programs.

1.3.7 Greater Access to WIA Training. Training is important in providing a continuum of skill development, ranging from initial preparation to ongoing career advancement. A basic tenet of WIA is to facilitate an efficient transition for qualified individuals through core, intensive, and training services. Governors recommend that DOL work with States to issue clarifying guidance to ensure that enrollment in training is not blocked or delayed by a rigid application of WIA eligibility criteria for intensive services and training, particularly when a one-stop partner has already properly determined the need for training.

1.3.8 Readjustment and Training for Dislocated Workers. Under current law, to be eligible for job training services, dislocated workers must first participate in the required sequence of services. Governors recommend that States and localities be given flexibility to apply eligibility criteria to permit rapid passage through the initial services when there is a ready presumption that other work is not available. To ensure training opportunities for unemployed workers, participation in WIA intensive and training services should be allowed to satisfy unemployment insurance work search requirements. Additionally, Governors recommend that the wage-replacement performance standard be eliminated because it inadvertently discourages enrollment of high-wage workers when replacement jobs are not available at similar pay levels.

1.3.9 Flexibility for Youth Programs. Under current law, local WIA program administrators are required to contract-out training and development services for youth, regardless of a lack of qualified service providers. At the same time, Governors may grant waivers to local boards allowing them to consolidate service delivery for adults and dislocated workers in rural areas. Similar rules should apply to the WIA youth funding stream so that local boards may streamline program services in areas with insufficient numbers of qualified service providers.

WIA should not mandate the amount of youth funding that must be spent on out-of-school or in-school youth. Governors should have the discretion to direct youth funds according to the needs of each State.

1.3.10 Incentives for Comprehensive System Building. Incentives, including access to waiver authority and additional Federal funds, should be provided to all States to establish comprehensive workforce development systems in partnership with local governments and private sector leaders.

1.3.11 Section 191. Section 191(A) has led to problems within some States by requiring that all WIA funds are subject to appropriation by the State legislature. This unnecessary provision should be eliminated to ensure that Governors retain unfettered authority to allocate Federal funds.

Related Policies

ECW-11, Employment Security System Policy
 ECW-15, Principles of Federal Preschool–College (P–16) Alignment
 HH S-21, Welfare Reform

*Time limited (effective Winter Meeting 2005 Winter Meeting 2007).
 Adopted Winter Meeting 1993; reaffirmed Winter Meeting 1995; revised and reaffirmed Winter Meeting 1997; revised Winter Meeting 1998, Winter Meeting 2000, Winter Meeting 2002, Annual Meeting 2005, and Winter Meeting 2005 (formerly Policy HR-1).*

ECW-13. High School Reform: Aligning Secondary and Postsecondary Education Policy

13:1 Preamble

Governors are leaders in high school reform and Federal policy should support their authority, initiatives, and innovation. States are implementing and developing strategies to increase student participation in college preparatory courses, better align expectations between high school and postsecondary education, and ensure students graduate from high school ready for college or the workplace.

Governors recognize that education is a fundamental State responsibility. To ensure the proper federal-state-local partnership, Federal education laws and regulations must be accompanied by broad flexibility. While States invest significant resources in education programs, Governors also recognize and appreciate the Federal Government's contribution to provide additional resources or assistance for those most in need.

High school reform requires systemic change in Federal education policies to break down barriers, align and raise standards and expectations, and allow for greater flexibility at State and local levels. Also critical to reform will be an increased focus on rigor and relevance of secondary school for all students. Federal programs for middle school, high school, career and technical education, and postsecondary education must be aligned to support State high school reform efforts and to ensure that every child graduates from high school ready to succeed in the global economy. Federal funding must be appropriated to meet new school improvement goals and current mandates.

13.2 Principles for High School Reform

Governors recommend the following principles for Federal high school reform.

- Support State efforts to reform high school.
- Recognize Governors' responsibilities in early education, kindergarten–12th grade (K–12), and postsecondary education, and strengthen their authority to coordinate statewide education policies across grades and education settings.
 - Better align early education through college educational standards.
 - Increase academic rigor for all students.
- Support State high school accountability through a range of testing and assessments.
 - Support expanded and diverse learning options.
 - Address literacy needs of adolescents.
 - Expand guidance and counseling services to students.
 - Better prepare high school students for college or work expectations.
 - Support new models for teacher and school leader compensation.
 - Expand professional development for secondary teachers and school leaders.

13.3 Recommendations for High School Reform

Governors support the following recommendations to reform high school, align secondary school with postsecondary or college expectations, and promote lifelong learning.

13.3.1 Preschool-College (P-16) Alignment of Educational Standards, Systems, and Expectations. Governors have taken the lead in recognizing the fundamental State responsibility for a seamless progression from early childhood through lifelong learning opportunities. Recognition of this seamless educational continuum is important in fashioning education policies at the Federal level. Congress should support State efforts to closely align high school standards with expectations and requirements for postsecondary education and work. Congress should encourage K–12 and postsecondary institutions, or provide incentives to States, to streamline high school assessments with college admission or readiness for work testing.

13.3.2 K–12 Accountability. Governors support State efforts for rigorous testing and assessment of high school students. States have made considerable progress to institute standards-based testing and demand greater accountability in K–12 education. Governors urge Congress to closely consult with States on any Federal expansion of testing and to continue to respect Governors' authority over education. Any costs associated with federally mandated testing or Federal reporting on State exams must be completely covered by the Federal Government. Maximum flexibility in designing State accountability systems, including testing and other assessments, is critical to preserve the unique balance involving Federal funding, local control of education, and State responsibility for systemwide reform. Maximum flexibility in State testing will help improve how students are assessed for academic proficiency and postsecondary readiness.

13.3.3 Professional Development for Teachers and School Leaders. High school reform will require new investments in the capacity of teachers and school

leaders. Governors support expanded flexibility to increase professional development opportunities for secondary school teachers and school leaders, in particular those individuals working in hard-to-serve schools or critical shortage areas, such as math, science, reading, and special education.

13.3.4 Models for Teacher and School Leader Compensation. Governors understand that systemic improvement in high school achievement, as well as college and workplace readiness, may require additional support for teachers and school leadership. High schools must compete with other more highly compensated professions for teachers and school leaders, especially in the areas of math and science. Congress should support state-administered pilot projects on performance pay, especially in critical shortage areas or hard-to-staff schools.

13.3.5 Dual Enrollment and Early College. Governors recognize the importance of promoting innovation and integration among secondary, postsecondary, and industry-recognized institutions. Federal policies should encourage—not discourage—promising State efforts in dual enrollment programs that permit students to obtain college-level credits or provide the opportunity to earn an industry-recognized credential while still in secondary school. Specifically, Congress should encourage State dual enrollment or early college programs, and allow high school students participating in these programs to be eligible for Federal financial aid.

13.3.6 High School Rigor. Across the Nation, high percentages of high school graduates are entering college, but increasingly they are not adequately prepared for the rigor of postsecondary courses. As a result, States, parents, and students are expending a great amount of resources on developmental courses instead of on college-level education, and students are taking longer to graduate or, are not attaining a degree. Congress should support State and local efforts to improve high school rigor, while working with colleges and universities to phase-out developmental courses. Congress should also support State collaborative efforts with high schools and postsecondary institutions to acquire information about attrition and academic progress.

13.3.7 State Scholars. The State Scholars Initiative supports State efforts to voluntarily develop and promote more rigorous coursework for high school students and offers incentives to those students accepting the challenge. Governors believe that funding should be adequate so that any interested State could voluntarily participate in the program.

13.3.8 Industry Certification, Advanced Placement, and International Baccalaureate Programs. Congress should provide financial incentives to States to support industry-recognized certification exams among high school and postsecondary school students. Congress also should support State efforts that encourage more students to enroll in Advanced Placement (AP) or International Baccalaureate (IB) coursework and pay for student AP testing.

13.3.9 Diverse Learning Opportunities for Students of All Ages. A one-size-fit-all approach to high school learning is outdated and does not support the diverse needs of students. Governors encourage Congress to support State and local policies and programs that expand the availability of learning opportunities for students of all ages, including but not limited to, distance learning, service learning, internships, and the availability of financial aid.

Diverse learning options can increase access to postsecondary education and lower costs. Governors urge Congress to afford students participating in state-accredited distance and online education programs full access to Federal student financial assistance. The Higher Education Act (HEA) should provide the U.S. Secretary of Education with the authority to exercise discretion to allow States and institutions to appropriately experiment with new ideas and approaches to meet the financial aid needs of students enrolled in such programs.

13.3.10 Guidance and Counseling Services. Congress should expand Federal support for counseling services to secondary school students. Governors support Federal programs, such as Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), the Leveraging Educational Assistance Partnership (LEAP), and the Elementary and Secondary School Counseling Program (ESSCP). In all three programs, Congress should provide States and local school districts with greater flexibility. Congress should also reauthorize GEAR-UP, and other Federal programs that encourage college attendance, in an equitable way that allows students to benefit from these opportunities in all States that apply for grants. Additionally, State innovation in this area should be further supported by Congress to broaden opportunities and encourage systemic improvements. Under the ESSCP program, local school districts should be given flexibility to allocate resources between the elementary or secondary school level for key Federal programs.

Governors understand the importance of early college planning and preparation. Congress should support State strategies that promote early college awareness, in-

cluding middle school programs that focus on the importance of high school to prepare for college and college admissions tests.

13.4 Carl D. Perkins Vocational and Technical Education Act

The reauthorization of the Carl D. Perkins Vocational and Technical Education Act (Perkins) is an important component of high school reform. Career and technical education can bridge the transition between high school and postsecondary activities by providing students with real-world skills to better prepare for the 21st century workplace. In particular, the Perkins reauthorization should improve the academic rigor of career and technical education for students. To this end, Governors support increased Federal funding for Perkins' programs.

13.4.1 State Leadership. Governors support the strong role for State leadership in Perkins. This role can only be maintained with adequate resources for administration, leadership, and innovation. Governors oppose any reduction in the Federal commitment to fund and support this important State role.

13.4.2 Federal and State Alignment. The goals and objectives of career and technical education should align with other Federal education and workforce development programs to promote lifelong learning opportunities, work readiness, and school readiness. Furthermore, Governors believe that career and technical education programs must complement the academic mission of the No Child Left Behind (NCLB) Act. In recognizing the importance of coordination and alignment among different Federal programs, Governors support aligning Perkins with NCLB and eliminating duplicative reporting requirements fulfilled by NCLB.

13.4.3 State Flexibility. Congress should maintain and enhance the flexibility to fashion career and technical education programs to meet each unique State situation. Governors support continuing and enhancing the flexibility currently allowed under Perkins, such as allowing States to determine the allocation of funds between secondary and postsecondary institutions. Congress also should give States the authority to combine Tech Prep with Basic State Grants.

13.4.4 State Accountability. Federal policy should continue to recognize the critical State role of determining and setting performance standards and other measures to ensure student success in career and technical education programs. Governors support the use of State determined accountability measures.

13.4.5 Paperwork Reduction: State Plans. Governors recognize the important objectives sought by the different provisions within Perkins. However, Governors believe that States should be able to file a single unified plan to substantially reduce the paperwork burden on State agencies and to increase collaboration between Perkins' programs.

13.4.6 Data Collection and Maintenance. Governors recognize the importance of having reliable and useful data to measure student performance in career and technical education programs. Congress should allot additional Federal resources to develop, maintain, or support State data systems to comply with Perkins. To this end, Congress must cover any increase in the cost of administering or implementing new federally mandated data requirements.

13.5 Higher Education Act of 1965

It is essential that postsecondary institutions keep pace with the ever-changing global economy and reforms implemented in elementary and secondary education. While the Higher Education Act of 1965 expanded opportunities for students, reform to the larger postsecondary system has been slow and graduation rates remain relatively stagnant. In this new economy and era of education reform, now is the time to reform postsecondary education by increasing relevance and rigor, accountability, linkages with K-12 education and the workplace, and by expanding financial aid to students of all ages. Governors urge the 109th Congress to reauthorize HEA and to strengthen the State-Federal partnership in postsecondary education to serve the Nation well into the 21st century.

13.5.1 Higher Education Act Principles. HEA provides the statutory framework for a wide range of student financial assistance that enables expanded access by all students to higher education institutions; ensures affordability for low- and moderate-income families; and provides for Federal programs to strengthen graduate education, minority-serving institutions, and international education. Governors recommend the following principles for HEA reauthorization.

- Support State strategies to improve enrollment and completion of postsecondary education.
- Make college more affordable for students.
- Simplify forms for the complex program of student financial assistance.
- Align HEA with other Federal education programs, including increased accountability in the system.

- Recognize the growing need for services and supports for nontraditional students to be successful.

13.5.2 College Affordability for All Students. The Nation's Governors recognize the vital importance of financial aid programs to make college education more affordable for students, including part-time and nontraditional students. In addition, Governors support a strong Federal commitment to ensure affordability through both Federal grant aid and loan programs. Congress should work to ensure that Federal higher education assistance substantially defrays education costs. Governors also appreciate that student loan consolidation provides students with another mechanism to address college affordability.

13.5.3 Student Loan Financing Loophole. Congress should permanently close the student loan financing loophole and reinvest those savings into other Federal education programs. The closure of the loophole will save taxpayers money while expanding opportunity and support for students.

13.5.4 Pell Grants for Students. Governors recognize the value of need-based financial aid programs, such as Pell grants. Governors are concerned with the historical inadequate funding of Pell grants to provide the maximum allowable awards to eligible students and believe that Congress should consider raising the Pell grant maximum. Governors believe that the Federal Government should review the Pell grant program to ensure that the purchasing value of this grant has not diminished over time. Congress should also fund an enhanced Pell grant for those students graduating in the top 10 percent of their high school class for the first 2 years of college, as long as there is no reduction in the total number or size of grants awarded to other Pell Grant recipients.

The Pell grant program should be modernized to reflect the varied needs of today's high school and postsecondary school students, including independent students and those attending less than half-time. Governors also support extension of Pell grants for students whose educational pursuits extend beyond the typical calendar year. Pell grant eligibility should extend to summer classes and mid-term classes to allow these students to pursue their studies throughout the year, if possible.

13.5.5 Leveraging Educational Assistance Partnerships. Congress should expand the Federal investment in the LEAP program to continue to spur State investments into need-based grant aid, merit scholarships for needy students, and need-based scholarship programs in specialized areas. The LEAP program represents an excellent Federal-State partnership to support and encourage eligible students to attend and stay in college. To better enable States to compete for these funds, Congress should add more flexibility to allow local and private fund matches to be counted towards the State maintenance-of-effort.

13.5.6 Form and Program Simplification. Governors believe that the current Federal, State, and private student financial assistance programs have provided unprecedented opportunities for students in America. However, the array of Federal, State, and private scholarships, grants, loans, tax breaks, and work-study programs presents a complex and often confusing set of choices for students. The reauthorization of HEA should require coordination and collaboration between Federal Agencies to simplify the application process and forms, to utilize information technologies to facilitate navigation among the many choices and opportunities, and to strengthen the role of state-based guarantee agencies in the financial aid process. Additional transparency and education about the Pell grant award process, as well as other programs of financial aid, should be encouraged.

Moreover, Governors believe that the administrative burdens and excessive regulations associated with the Federal student financial aid process must be substantially improved for students, institutions of higher education, and States.

13.5.7 Postsecondary Accountability. Accountability of higher education institutions is an important issue for Governors, and the Federal Government should defer to the States' leadership in this area. For this reason, Congress should require greater accountability from postsecondary institutions as defined by the State. Postsecondary institutions should strive to improve the retention and completion of all enrolled students and to increase postsecondary attainment. For this reason, Governors support the State development of clear, significant, and measurable goals for postsecondary institutions.

13.5.8 Accountability for Teacher and School Leader Preparation Programs. HEA reauthorization should strengthen the Federal-State partnership for the preparation, training, and professional development of the next generation of the Nation's teachers and school leaders. Governors have taken the lead in their States advocating stricter standards for teacher preparation and performance. Governors urge the Federal Government to defer setting national standards, and instead allow States to give their own teacher preparation programs an opportunity to demonstrate their effectiveness. However, Congress should support and build on

State reforms to expand accountability for teacher preparation programs and to align NCLB standards with HEA Title II programs.

13.5.9 Coordination with Workforce Programs. An educated workforce is an essential element of a State's success in the new economy, and effective postsecondary education is a key factor for a successful economic development program today. Congress should strengthen the ties between postsecondary institutions and workforce programs by coordinating programs at the U.S. Department of Labor and the U.S. Department of Education that address workforce training and preparation.

13.5.10 Access for Nontraditional Students. Governors recognize the diversity of today's postsecondary students. Governors support the removal of barriers within the financial aid systems that make it difficult for part-time, financially independent, or nontraditional students to qualify for financial aid.

13.5.11 Loan Forgiveness for Teachers. Governors support congressional efforts to expand student loan forgiveness for teachers, specifically those teachers working in hard-to-staff schools, including schools identified as in need of improvement, or those teachers working in critical shortage areas, such as special education, math, reading, and science.

13.5.12 Encouraging Families to Save for Their Children's Higher Education. Governors have taken the initiative in establishing college savings plans in their States that increase affordability of a postsecondary education for middle-income families. These programs should be supported and encouraged in the reauthorization of HEA according to the following principles of a Federal-State partnership.

- College savings incentives at the Federal level should be designed to simulate and complement, rather than preempt, similar policy initiatives by States and public and private higher education institutions.
- Congress should strive to simplify the tax code as it relates to college savings and tax credits wherever possible. An overly complex system can dissuade those most in need of financial aid from pursuing it.
- Reduced revenue resulting from tax incentives for savings for higher education should not lead to reductions in other vital Federal higher education programs.

Related Policies

ECW-5, Great Expectations: The Importance of Rigorous Education Standards and K-12/Postsecondary Alignment

ECW-12, Building Successful Literacy Initiatives

ECW-15, Principles of Federal Preschool-College (P-16) Alignment

Time limited (effective Winter Meeting 2005–Winter Meeting 2007).

Adopted Winter Meeting 1998; reaffirmed Winter Meeting 2000; revised Winter Meeting 2001, Winter Meeting 2003, and Winter Meeting 2005 (formerly Policy HR-44).

ECW-15. Principles of Federal Preschool-College (P-16) Alignment

15.1 Preamble

In the 109th Congress, three of the five major education laws—Head Start, the Carl D. Perkins Vocational and Technical Education Act (Perkins), and the Higher Education Act (HEA)—are scheduled for reauthorization. Congress recently reauthorized the Individuals with Disabilities Education Act (IDEA) and is expected to review the No Child Left Behind (NCLB) Act in the next several years. Given the confluence of these significant education reauthorizations, Congress should take this unprecedented opportunity and make every effort to align the Federal education laws, as well as support State efforts to create an educational continuum from preschool through college, commonly referred to as P-16 alignment.

The Nation's Governors have taken the lead in recognizing each State's fundamental responsibility for a seamless progression in education for citizens from preschool through college and into lifelong learning. Governors are leading efforts to oversee the integration of early childhood, elementary, secondary, and postsecondary education, including creating and strengthening statewide P-16 councils or other collaborative efforts. Governors are also leading efforts to better monitor and assess student success throughout their education experience. Recognition of the need for a seamless educational system is important in fashioning education policies at the Federal, State, and local level.

Congress should align Federal education laws so that legislation relates, supports, and builds upon each other. Federal education laws should no longer be silos of assistance providing support or opportunities to limited populations. Federal and State education reform must be systemic, coordinated, and aligned for student needs.

Federal P-16 alignment is not a one-size-fits-all mandate—it is the alignment of existing and future Federal laws. If the Federal Government has issued a law, such as IDEA, then other Federal education laws should coordinate, support, and relate to IDEA. If the Federal Government has not preempted State or local rule on an issue, Congress should refrain from establishing any Federal mandates to ensure maximum State and local flexibility to create P-16 systems. To achieve this goal, Congress must provide States with greater flexibility and authority to align education systems and standards.

Alignment of Federal P-16 laws will ultimately improve education for students of all ages by eliminating unnecessary government bureaucracy, reducing costly duplication, aligning academic rigor and preparation, expanding systemwide accountability, and promoting flexibility for innovation. For these reasons, Governors believe that the following principles of Federal P-16 alignment should be incorporated in the reauthorizations of Head Start, NCLB, Perkins, HEA, IDEA, and related regulations and laws.

15.2 Principles of Federal P-16 Alignment

- **Align Federal data reporting requirements.** The U.S. Department of Education and related agencies should coordinate and simplify efforts to collect data from States and localities. Aligned Federal data reporting requirements can support State data systems, simplify data collection, and reduce duplication. Existing Federal data sets should be comparable from age-to-age and state-to-state. Duplication should be eliminated by Congress. The cost of any federally mandated data reporting requirements, including systems and personnel, should be fully covered by the Federal Government.

- **Support state efforts to build the data capacity to track student progress from early childhood through postsecondary school or the workforce.** Exemplary state data systems provide student-level information for accountability purposes, improve teaching and learning, and inform resource allocation decisions.

- **Increase and align academic rigor for all students.** Academic rigor should be increased across grades to ensure that students complete high school and prepare for college or work. All students benefit from the completion of more rigorous coursework.

- **Align educational systems.** Federal laws should support State alignment of standards across grades and education settings. Federal early education programs should be aligned with school readiness requirements for kindergarten, and high school standards should be aligned with requirements for postsecondary education and work activities. As a result, preschool children will be better prepared for kindergarten and high school students will be better prepared to be successful in college or work.

- **Expand educational options and delivery methods for all students.** Students learn in a variety of formats, methods, and settings. Federal education policy should support students' diverse learning needs as determined by States.

- **Support state-level P-16 accountability systems.** Exemplary state-level P-16 accountability systems hold all levels of the education system accountable for student progress and achievement. While NCLB placed new accountability requirements on K-12 education, factors influencing success in other grades remain largely unchanged in Federal education law. Teacher training, early education, and academic rigor in vocational education programs are factors that impact the success of students, teachers, and school leaders in elementary and secondary education. Public reporting of information will also help to empower parents, students, the public, and decisionmakers to evaluate education in their communities.

- **Expand gubernatorial authority to coordinate Federal education funds.** Governors should be given greater authority to coordinate Federal funds within education programs and across grade levels to create aligned P-16 systems to better serve students' unique and diverse needs.

- **Support State efforts to create P-16 educational systems; oppose a one-size-fits-all Federal education system.** P-16 alignment is complex and unique to each State. The Federal Government should recognize differences among States and support State innovation to create P-16 education systems, as well as refrain from setting any broad sweeping Federal mandates on States. Congress should support the State creation of strong P-16 councils and other collaborative efforts, as well as the development of State databases to collect longitudinal data on students' academic progress throughout the P-16 system.

- **Centralize educational governance with Governors.** Governors are the chief executive officers of States and are responsible for the education of their citizens. Unfortunately, Federal laws and regulations sometimes undermine, dilute, or

create barriers to State efforts to align education programming. Congress should recognize and reinforce Governors' authority over education in their States.

Related Policies

ECW-2, Education Reform
 ECW-3 An Active, Knowledgeable Citizenry
 ECW-4, Head Start: Strengthening Collaboration
 ECW-5, Great Expectations: The Importance of Rigorous Education Standards and K-12/Postsecondary Alignment
 ECW-7, Child Care and Early Education
 ECW-8, Individuals with Disabilities Education Act
 ECW-12, Building Successful Literacy Initiatives
 ECW-13, High School Reform: Aligning Secondary and Postsecondary Education
 ECW-14, Public Charter Schools
*Time limited (effective Winter Meeting 2005–Winter Meeting 2007).
 Adopted Winter Meeting 2005.*
 Joan Wodiska, Director, Education, Early Childhood and Workforce Committee,
 444 North Capitol Street, NW Suite 267, Washington, D.C. 20001, (202) 624-5361
 (202) 624-5313 jwodiska@nga.org.

The CHAIRMAN. You mentioned that some of the legislators are here. Is your Chairman of Senate or House Education here? Raise your hand if you are.

[Laughter.]

Governor SEBELIUS. I did not see them as I looked around.

The CHAIRMAN. The only reason I mention that is because the Wyoming Chairman of Education is here.

Governor SEBELIUS. I know they are here in Washington, but I do not know that they are here in the room.

The CHAIRMAN. He has been standing patiently in the back, and since we are short on seats, I would invite him to come up and have a seat up here in the front. And if any of the other Chairmen of Education from any of the States are here, you are welcome to come up and join us too.

Governor Fletcher.

STATEMENT OF HON. ERNIE FLETCHER, GOVERNOR OF KENTUCKY, ON BEHALF OF THE NATIONAL GOVERNORS ASSOCIATION

Governor FLETCHER. Chairman Enzi, Senator Alexander, Senator Isakson, it is good to be with you. Thank you for this kind invitation and the honor. Certainly it is good to see Senator Isakson here. We spent some time together on the Education Committee on the House side, and I want to congratulate you for being here.

I also want to recognize Secretary Spellings and Secretary Chao. Secretary Spellings will be visiting us in May in Kentucky, and Secretary Chao, I want to thank her for the work on WIA Plus. That will give States the flexibility to use workforce money to support economic development and create more jobs, and also thanks for her leadership as a great Kentuckian as well as a great Secretary.

It is good to join Governor Sebelius here, and as she discussed, Governors are eager to align preschool through college education systems to ensure that America remains competitive. To promote this concept in Kentucky I have reorganized our education cabinet, bringing together all education and workforce development entities to make lifelong learning seamless and more effective. With me

today I have Secretary Virginia Fox, who is Secretary of Education in Kentucky.

We all recognize that high schools are our Nation's front line in the battle to strengthen America's global competitiveness, and acknowledge that education is economic development. Without question, high school completion is essential not only for postsecondary education, but also for work readiness and lifelong learning.

Too many of our Nation's youth are dropping out of high school and too many high school graduates are unprepared for the demands of postsecondary education, and they are unprepared for the 21st century workplace.

The Achieve Board and Achieve, Inc. and the NGA have developed data profiles indicating that nationally only 68 out of 100 students will graduate from high school on time. Furthermore, those numbers drop significantly when we look at the college success rates. Nationwide only 18 of those 68 high school graduates will complete college within 6 years. As such, Governors are working to improve the high school experience to ensure that our students are ready to earn and learn well beyond graduation day.

NGA, with Chairman Governor Mark Warner, launched an initiative entitled Redesigning the American High School. This was done in partnership with the Wallace Foundation and four other national organizations. The NGA developed several publications including "Getting it Done," and "Ten Steps to a State Action Agenda" to provide Governors with concrete strategies to redesign their high schools. In addition the NGA is convening six town hall meetings to listen to student suggestions to improve high schools.

The 2005 Summit on High Schools drew nearly 50 Governors, Secretary Spellings, Senator Bingaman, and 2 members of the House. And Governors returned to their States with high school action plans in hand, and the NGA and its five-partner foundation announced a \$42 million initiative to help States with this implementation.

Governors would like to partner with Congress and the Administration to accelerate our high school redesign action plans. Let me point out some specific actions, how we might work with Congress to accomplish that.

First, States are connecting classroom work to real life problems and are improving connections to postsecondary education. Congress can support State reform by lifting burdensome reporting requirements and allowing Governors greater flexibility to coordinate funds to serve unique student needs better. The Perkins Act will assist in this endeavor. Career and technical education can bridge the transition between high school and postsecondary education by providing students with real world skills to better prepare them for the modern workplace.

Next, States are expanding opportunities that increase rigor and relevance for high school students. Congressional support to expand opportunities for students to participate in advanced placement, international baccalaureate, industry certification programs, distant learning, and the State scholars program will help us implement dual enrollment programs. One vehicle for this support is through tuition assistance program modification and flexibility.

In addition, States are developing new targeted recruitment incentives to attract and retain teachers and principals. Additional Federal flexibility and incentives would further this critical work by expanding professional development and piloting alternative teacher compensation models. We additionally believe that permanently expanding loan forgiveness from 5,000 to 17,500 will facilitate the recruitment of teachers in the critical shortage areas and hard-to-staff schools.

Also States are investing more resources into need-based aid to make college an option. We ask that you consider raising the maximum Pell grant award and provide new flexibility to respond to students' needs including extending eligibility beyond the typical calendar year. In addition, student financial aid guidelines should be better revised to better serve working adults.

Finally, States are improving college and work-readiness assessments in high school, and we encourage consultation with States on any Federal expansion of testing, and to continue to respect States' responsibility and authority regarding education. Maximum flexibility in designing State accountability systems including testing and other assessments is critical to preserve the unique balance involving Federal funding, local control of education, and State responsibility for statewide reform.

In closing, Governors hope to forge a new Federal/State partnership that strengthens State ingenuity and innovation. Every child, every teacher, every school and every State is unique. Our Nation must not fail to provide students with a foundation for lifelong learning. The cost to our children and our Nation is too high.

The Nation's Governors stand ready to work with you to create a common vision to support lifelong learning and to redesign our Nation's high schools.

Thank you for this opportunity.

[The prepared statement of Governor Fletcher follows:]

PREPARED STATEMENT OF HON. ERNIE FLETCHER

Good morning Chairman Enzi, Senator Kennedy, and members of the committee. I am Ernie Fletcher, Governor of the Commonwealth of Kentucky, and I'd like to thank you for the invitation to testify on behalf of the Nation's governors regarding lifelong education. As Governor Sebelius has discussed, governors are eager to align preschool-college education systems to promote lifelong learning and to ensure American business and workers can remain competitive.

High schools are our Nation's front line in the battle to restore America's global competitiveness. High school completion is the first step in the earnings and skill ladder and the bridge to postsecondary education, work readiness, and lifelong learning.

A CALL TO ACTION

For more than a century, our Nation's high schools fulfilled this task and prepared students for good jobs at decent wages. As you already heard from Secretary Spellings, the legacy of our Nation's high schools is in jeopardy—too many of our Nation's youth are dropping out of high school and too many high school graduates are unprepared for the demands of postsecondary education or work.

Three out of ten students who enter high school do not graduate. Four out of ten who graduate lack the skills and knowledge required to go to college or succeed in the workforce. Five out of ten who go to college do not finish.¹

¹National Center for Public Policy and Higher Education, *Policy Alert: The Educational Pipeline: Big Investments, Big Returns* (San Jose, Calif.: National Center for Public Policy and Higher Education, 2004), at <http://www.highereducation.org/reports/pipeline/pipeline.pdf>.

Our high school students' lack of preparation has serious implications for our economy and prosperity. Every year taxpayers pay \$1 billion to \$2 billion to fund remedial education to students at public universities and colleges.² Shortfalls in basic skills cost businesses, colleges and under-prepared high school graduates, as much as \$16 billion annually in lost productivity and remedial costs.³

Our Nation has a powerful incentive to plug the leaks in the education pipeline. In the next decade, two-thirds of new jobs will require some postsecondary education beyond a high school degree. To be competitive and create the conditions for strong economic growth, States need to help all their residents increase their skills and be prepared for lifelong learning. Much is at stake.

NGA "REDESIGNING THE AMERICAN HIGH SCHOOL"

Governors are working to improve the high school experience to ensure that our students are ready to earn and learn well beyond graduation day. Under the leadership of NGA's Chairman, Virginia Governor Mark Warner, NGA launched an initiative—*Redesigning the American High School*—to spur State action and systematically change high schools. As part of the Chairman's initiative, NGA:

- Convened governors advisors from over 30 States to develop an understanding of the diverse problems in high schools and increased awareness of promising State best practices;
- Developed several publications such as *Getting it Done: Ten Steps to a State Action Agenda* to provide governors with concrete strategies to begin redesigning their high schools; and
- Convened town hall meetings in Cleveland, Ohio, Conway, Arkansas and Norfolk, Virginia to listen to students' suggestions on what governors can do to improve their State's high schools. Three additional town hall meetings are scheduled to take place in Baton Rouge, Louisiana; Portland, Maine; and Des Moines, Iowa.

As a result of these efforts 26 governors made high school reform a priority in this year's State of the State addresses.

2005 NATIONAL EDUCATION SUMMIT ON HIGH SCHOOL

Most recently, NGA and Achieve convened the 2005 National Education Summit on High Schools. The summit addressed such core high school reform issues as strengthening high school graduation requirements, expanding options and supports for students to achieve higher standards, improving teaching and principal leadership, and strengthening high school and college data and accountability systems.

An *Action Agenda for Improving America's High Schools* was released at the summit. The publication provides States with a framework to build their high school agendas. The framework calls for:

- **Restoring Value to the High School Diploma** by anchoring high school academic standards in the real world; upgrading high school coursework, and creating college and work ready tests.
- **Redesigning High Schools** by reorganizing low-performing high schools first; expanding school options in all communities; and providing support to low-performing schools.
- **Giving High School Students the Excellent Teachers and Principals They Need** by improving teacher knowledge and skills; providing incentives to recruit and keep teachers where they are needed most, and developing and supporting strong principal leadership.
- **Setting Goals, Measuring Progress, and Holding High Schools and College Accountable** by strengthening high school accountability, intervening in low-performing high schools, and strengthening postsecondary accountability.
- **Streamlining and Improving Education Governance** by building a stronger working relationship between elementary, secondary and postsecondary education.

²David Breneman and William Haarlow, *Remediation in Higher Education* (Washington, D.C.: Thomas B. Fordham Foundation, July 1998); and Ronald Phipps, *College Remediation: What It Is, What It Costs, What's at Stake* (Washington, D.C.: Institute for Higher Education Policy, December 1998.) An Action Agenda for Improving America's High Schools: 2005 National Education Summit on High School (Washington, D.C., February 2005).

³Jay P. Greene, *The Cost of Remedial Education: How Much Michigan Pays When Students Fail to Learn Basic Skills* (Midland, Mich: Mackinac Center for Public Policy, 2000). An Action Agenda for Improving America's High Schools: 2005 National Education Summit on High School (Washington, D.C., February 2005).

Nearly 50 governors took part in the Summit, which marked the fifth time since 1989 that governors, CEOs and education leaders gathered to address the urgent needs of America's educational system.

HIGH SCHOOL REFORM "GETTING IT DONE"

At the close of the NGA Winter Meeting and High School Summit, governors returned to their States with high school action plans in hand. Some governors will take immediate action to expand college-level learning opportunities in high schools, or fund supports to help students pass their high school exit exam. Other governors will develop long-term plans for aligning high school standards with the expectations of employers or universities to ensure that high quality teachers and principals teach in the neediest high schools.

To ensure that *"Redesigning the American High School"* became a reality, NGA and five partner foundations—the Bill and Melinda Gates Foundation, the Michael and Susan Dell Foundation, The Wallace Foundation, The Prudential Foundation and the State Farm Foundation—joined forces and announced a \$42 million initiative to translate Summit discussions into State action to help States create and implement policy strategies to improve graduation and college-readiness rates. In addition, NGA's Center is also exploring partnerships with the GE Fund, Ewing Marion Kauffman Foundation, The Lumina Foundation, and the Bell South Foundation. This month, NGA released a Request for Proposals to all States interested in creating a high school redesign agenda.

NGA HIGH SCHOOL REFORM RECOMMENDATIONS

Governors would like to partner with Congress and the Administration to accelerate our high school redesign action plans. Governors are leading innovative high school redesign across the Nation. Let me point to several specific ways that States are reforming high schools and how Federal policy can help spur State innovation and best practices:

- **States are creating different high school models that strengthen student relationships with adults; connect classroom work to real-life problems; and improve connections to postsecondary education.**

- Congress can support State reform by lifting burdensome reporting requirements and allowing Governors greater flexibility to coordinate funds. Congress should provide greater gubernatorial authority to coordinate Federal funds within education programs and across grade levels to better serve students' unique and diverse needs.

- The Senate's recent action to reauthorize and improve the Vocational Education Act will assist in this endeavor. Perkins is an important component of high school reform. Career and technical education can bridge the transition between high school and postsecondary education by providing students with real-world skills to better prepare for the 21st century workplace. Perkins should improve the academic rigor and preparation of career and technical education for all students.

- **States are expanding high school opportunities that increase rigor and relevance of high school for all students.**

- During the reauthorization of HEA and WIA, Congress should support expanded opportunities for students to participate in advanced placement, international baccalaureate, early college, industry certification programs, distance-learning, and the State Scholars Program. State innovation can be further supported by providing greater flexibility in student financial aid eligibility requirements. Congress should also encourage and provide incentives to States to create dual enrollment programs that permit students to obtain college-level credits or provide the opportunity to earn an industry-recognized credential while still in secondary school.

- **States are developing new targeted recruitment incentives to attract teachers where they are needed most, and provide support to retain them. States are also working to improve principal recruitment, preparation, and professional development.**

- Congress should provide additional flexibility and incentives to support this critical work by expanding professional development and piloting alternative teacher compensation models. Loan forgiveness should be permanently expanded from \$5,000 to \$17,500 to recruit teachers into critical shortage areas and hard-to-staff schools.

- **States are developing more rigorous standards for teacher preparation and performance. Governors are committed to improving high school students' academic proficiency with stronger teaching.**

- Congress can encourage State innovation and continuous improvement by deferring national one-size-fits-all benchmarks and allowing States time to refine their teacher preparation programs. In addition, Congress should work with Governors during HEA reauthorization to expand State accountability for teacher preparation programs to align with the rigorous requirements of NCLB.
- **States are investing more resources into need based aid to make college an option.**
 - Federal policies to increase preparation and learning opportunities should be matched with additional flexibility and affordability in higher education. To help make college more affordable, Congress should consider raising the maximum Pell grant award and provide new flexibility to respond to students' needs, including extending eligibility beyond the typical calendar year. In addition, student financial aid guidelines should be revised to better serve non-traditional students and working adults. These reforms should be enacted in HEA.
- **States are improving college and work-readiness assessments in high schools.**
 - Across the country, Governors have made considerable progress to institute State-based accountability in K–12 education. Governors are also working hard to implement NCLB, which expanded high school accountability by requiring States to test students at least once in grades 10–12.
 - Governors urge Congress to closely consult with States on any Federal expansion of testing and to continue to respect Governors' authority over education. Any costs associated with federally-mandated testing or Federal reporting on State exams must be completely covered by the Federal Government. Maximum flexibility in designing State accountability systems, including testing and other assessments, is critical to preserve the unique balance involving Federal funding, local control of education, and State responsibility for systemwide reform. Maximum flexibility in State testing will also help improve how students are assessed for academic proficiency and postsecondary readiness.

CONCLUSION

Working with businesses, education leaders, parents and students, governors understand the unique challenges our Nation faces in redesigning high schools. Governors also understand how much State flexibility is required to develop and implement meaningful solutions. There are no easy answers. Every child, every teacher, every school, and every State is different. Governors hope to forge a new Federal-State partnership that strengthens State ingenuity and innovation.

Our Nation must not fail to provide students with the foundation for lifelong learning—the cost to our children and our Nation is too high. The Nation's governors stand ready to work with you to create a common vision to support lifelong learning and redesign our Nation's high schools.

The CHAIRMAN. Thank you very much.

I really appreciate the two Governors completely rearranging their schedule so that they could be here today. You realize that by being here you become our State experts on education, and we will be directing a lot of questions—besides the ones that we do when we get to the question part—to you, because as Governor Sebelius said, you are the laboratories for education. None of it happens at the Federal level. I thank both of you for going to that special effort.

Before we start questions we will get the rest of the testimony here though.

Mr. Gunderson.

STATEMENT OF STEVE GUNDERSON, DIRECTOR, WASHINGTON OFFICE, THE GREYSTONE GROUP

Mr. GUNDERSON. Mr. Chairman, Senator Alexander, Senator Isakson, I feel like I am coming home to friends both in terms of colleagues on the panel and the staff that is supporting you because I have had the privilege of working with so many of you for so long on the education and training issues of our country.

The jobs revolution is to date a silent revolution. The media do not cover it. Our citizens do not recognize it. The business community only sporadically is concerned about it. Thus, policymakers have not made it a national priority. It is my hope that with your leadership, Mr. Chairman, we might engage in a national conversation leading to a national understanding and commitment of preparing workers for the future workforce and workplace.

As the Nation considers proposals to reform and save Social Security, I would like to recall two key elements that are not being discussed. We talk of the Social Security Fund spending more money than it takes in starting in 2017 or 2018, but a full 10 years before that, in 2008, the baby boom generation begins retiring.

Second, consider the impact education attainment, workforce skills, good jobs and good wages would have on extending the solvency of this fund. If we can double or triple salaries, we double or triple the contributions into Social Security solvency.

Three factors, demographics, workplace skill demands, and the global economy are combining to create a jobs revolution. Any of these factors is a dramatic transition. Combined, they are nothing less than a revolution.

Baby boomers are leaving, but there is no one to replace them. By 2030 some 76 million baby boomers will have retired, while only 46 million of Generation X and Y will have entered the workplace. Meanwhile, we are changing the face of the American workforce. By 2010 blacks will increase by 21 percent and hispanics by 43 percent. Until we provide them with equal education attainment this is just another false hope.

Second, the workplace itself is changing. The average worker today entering the workplace will have 10 to 14 careers in their lifetime, as you have mentioned.

Third, the global economy. We see India graduating twice as many students from college as America, while China is expected to graduate three times as many, and that is only half the story. Forty-two percent of the students in China earn undergraduate degrees in science and engineering compared to 5 percent in the United States. What else can you call it but a revolution?

We need also today to recognize that the workplace is requiring higher and higher skills, and thus an increasing number of individuals are unwilling to even seek employment knowing they will face rejection. For the past 3 consecutive months the civilian labor force participation rate in America has been 65.8 percent, the lowest since 1988.

In our book *The Jobs Revolution*, my colleagues, Bob Jones, Kathryn Scanland and I make three points challenging both political parties. We agree with the Republicans that one cannot stop the emerging global economy and we should not try. But we agree with the Democrats that one cannot transition to a knowledge-based global economy on the cheap. Third, while post-high school education used to be an opportunity, it is today a necessity. We must change our public educational commitment from K-12 to P-14 or beyond, as our Governors have suggested.

As you consider various suggestions, let me just quickly highlight two or three.

Prepare America's workforce for the 21st century. It begins with basic academic skills, but it must connect academics and career skills.

Second, connect the programs. Today we are faced with disjointed programs and turf battles over money and responsibility.

Third, recognize the importance of a mobile workforce to have employer-recognized, industry-based certificates that will be moving with them across the Nation.

Fourth, promote a regional response. We have seen in recent days, in recent weeks, in recent years quite a battle between the President's proposal to send most of the training dollars to the Governors and the Workforce Investment Board's advocacy for maximum local control. One compromise might be for regional strategies. I am impressed by how economic development and workforce investment strategies are more and more done not on a statewide and not on a local, but rather on a regional basis.

In closing, let me close from the last words of our book. "We are growing desperate for leaders who will go beyond speeches to action. America has 5, maybe 7 years in which to radically revamp its fundamental assumptions about workforce development and then to act. Whatever is going to be done to prepare us for shortages of workers and skills, increased global competition, disparities in achievement between ethnic American communities and technology that changes while we sleep—whatever we are going to do, must be done now."

Thank you very much.

[The prepared statement of Mr. Gunderson follows:]

PREPARED STATEMENT OF HON. STEVE GUNDERSON

Mr. Chairman and members of the committee, I am Steve Gunderson, a senior consultant with The Greystone Group, a strategic planning and research consulting firm based in Chicago, Grand Rapids, Michigan, and here in Washington, D.C. (Arlington, Virginia). I joined Greystone in 1996 after the 16-year privilege of representing Western Wisconsin in the U.S. Congress. During my congressional years I became, and have remained, passionately involved with national issues of education and job training. Many of your colleagues on both sides of the aisle, and many of the staff for this committee, are long-time friends and associates. So it is not only a high honor but also a real joy to be with you again.

The jobs revolution now occurring in America is almost certain to have more impact on the economic, social, and cultural future of this Nation than any other single factor. Even so, it is to date a silent revolution. The media do not cover it, our citizens do not recognize it, the business community is only sporadically concerned about it, thus policymakers have not made it a national priority. It is my hope that, with your leadership, Mr. Chairman, we might begin a national conversation leading to a national commitment to prepare our workforce and our workplace for the future.

As the President, the Congress and the Nation consider proposals to reform and save Social Security, I'd like to recall two key facts that have been missing in this discussion.

First, we talk of the Social Security Fund spending more money than it takes in starting in 2017 or 2018. But a full 10 years before that, in 2008, the baby boom generation begins retiring. This is a far more immediate crisis because 2008 is—in terms of budgets, proposals and action—upon us.

Second, while we seek consensus on keeping Social Security solvent, consider the impact educational attainment, workforce skills, good jobs and good wages will have on extending the solvency of this fund. We could keep the system solvent much longer by lifting the incoming generation of workers' skills and incomes. Americans without a high school diploma generally earn about \$30,000 per year. If we can extend their educational attainment and skills, we can reward them with incomes in the range of \$55,000 with 2 years of postsecondary education, and \$75,000 or more

on average with a college degree. They will then be contributing two to three times as much into Social Security, offsetting losses that will begin very soon.

THE JOBS REVOLUTION

Three factors—demographics, workplace skill demands, and the global economy—are combining to create a jobs revolution. Any one of these factors represents a dramatic transition in our economy. Combined, they create nothing less than a revolution.

Look briefly at demographics. The primary reason we fear Social Security insolvency is the changing demographics of our population. In 2008 the baby boomers begin retiring. In 2011 they begin qualifying for Medicare. But as baby boomers leave, no one is ready to replace them. By 2030, some 76 million baby boomers will have retired while only 46 million people in Generation X and Y enter the workplace. Our labor force will decline in real numbers. Meanwhile, we're changing the face of America's workers. Tomorrow's workers are much more likely to be people of color—Hispanic, Black, and Asian. By 2010, Blacks in the workforce will increase by 21 percent and Hispanics will increase by 43 percent. The good news is that due to changing populations, minorities will be given a greater chance at success in the American economy than ever before. But the bad news is that, until we provide them with equal educational attainments, this is just another false promise.

Second, the workplace itself is changing. Former Secretary of Education Richard Riley has said the top 10 occupations in 2010 have not even been created yet. The Bureau of Labor Statistics tells us the average worker entering the workplace today is expected to have 10–14 careers in their lifetime. Flexibility rooted in the ability to learn and relearn, with in-demand skills—these are the keys to success in such a workplace.

Third, the global economy is often misunderstood. “Outsourcing” is just one element of today's global economy. Deloitte Research projects that, over the next 15 years, 80 percent of workforce growth in North America, Europe, and Asia will occur among people over 50 years of age. On the other side of the globe we see India graduating twice as many students from college as America, while China is expected to graduate three times as many. And that's only part of the story. Forty-two percent of students in China earn undergraduate degrees in science and engineering compared to 5 percent in the United States.

Combine these dynamics with the emerging global, knowledge-based economy and one soon realizes the magnitude of change before us. What else could this be called but a “revolution.”

THE NEED FOR LIFE-LONG LEARNING IS ALREADY PRESENT

During 2004, we all rejoiced in the growth of 1.7 million jobs. Leading the way was professional and business services with 546,000 new jobs followed by 342,000 new health care jobs. We ended the year with a 5.4 percent unemployment rate.

But the reality is that, in today's workplace, unemployment rates are no longer a reliable guide for the Nation's economic health. It's a legacy of the Great Depression and offers little insight into either current or coming trends. We need, today, to reckon with a workplace requiring higher and higher skills and an increasing number of individuals unwilling to even seek employment knowing they will face rejection. For the past 3 consecutive months the civilian labor force participation rate in America has been 65.8 percent—the lowest since 1988. These numbers suggest that 34 percent of the American citizens have chosen not to seek private sector employment, many—perhaps most—because they're convinced they lack skills needed to be hired.

The Washington Post recently published a series on the vanishing middle class. The articles described the experiences of workers who thought they had done everything right: high school graduation, marriage, suburban life and a steady job at a local manufacturing plant. But when this plant was closed, they lost their future. Since 1967 we have lost 25 million factory workers in America. No wonder the category of “temporary workers” has increased five-fold over the past 2 decades, leaving millions of families without insurance, without pensions and without hope of a permanent job.

PUTTING THIS IN HISTORICAL PERSPECTIVE

To understand the magnitude of change, we must recognize that in 1990 there was one Web site; today there are 50 million. We now expect as much change in the next 25 years as we've experienced in the last 100.

A “revolution” is a complete change, a re-organization, a transformation, an upheaval. During America’s history we’ve had four experiences when economics and politics combined to change the way we live and work. They were:

- The American Revolution—when patriots originally sought less economic interference from Britain rather than a political revolution.
- The Agricultural Revolution—when America decided to move west and feed a global constituency.
- The Industrial Revolution—when America’s children left the farms and moved into the cities to work, and
- The Information Revolution, based upon the creation of the microchip shortly after World War II.

We are now living through a “Jobs Revolution” yielding seismic shifts in who works, when they work, where they work, how they work—even whether they work. History will record the first years of the 21st century as a jobs revolution. It will also recall what we did in response to these changes.

THE WORKFORCE OF THE FUTURE

Mr. Chairman, as you and your colleagues consider appropriate policies for tomorrow’s workforce, I encourage you to keep some data at your fingertips.

- Of the 30 industrialized nations, the U.S. ranks first on the percentage of 45–64 year olds with high school diplomas. But we fell to 5th place for those in the 35–44 age group with high school diplomas, and are down to 10th place for those between 25 to 34 age bracket with high school diplomas. We could wish the opposite were true.
- Seventy-five percent of all “new jobs” will require some level of postsecondary education. The trend is against us.
- The average job will last 3 to 5 years. After that, workers are dependent on flexibility and skills to find their next new job.
- The Urban Institute reported that only 68 percent of those entering high school 4 years ago have graduated; for communities of color the graduation rate is 50 percent.
- Last fall, ACT released data showing that of those graduating from high school and planning for Technical College studies:
 - only 10.8 percent have achieved Science Readiness,
 - only 10.8 percent have achieved Math Readiness, and
 - only 36.4 percent have achieved English readiness.
- Anthony Carnevale has suggested we are facing a skill shortage of 5.7 million by 2010 and 14 million 10 years later.

Looking at the decade of employment change from 1992 to 2002, we see an actual decrease of 400,000 jobs requiring less than a high school education. Those with a high school diploma maintained their level of jobs (a 1 percent increase). But the demand for skills reflected in at least 2 years of postsecondary education became very evident. We witnessed a 2.4 million increase in jobs for workers with some college education, a 2.2 million increase for those with 2 years of academic preparation beyond high school, and a 2.6 million increase in technical degree jobs. Combined, those with some level of post-high school education and training exceeded the 6.4 million increase in jobs for those with a 4-year college degree. The message is clear. Not everyone needs a college degree to succeed in the future. But everyone does require some level of post-high school education. We are moving to a P–14 concept in educational preparation for our citizens; this is reality.

And here is one point at which unemployment statistics are instructive: Take any recent month. Those with less than a high school education had an unemployment rate almost 1½ times the national average. On the other side of the equation, those with a college degree experienced an unemployment rate half the national average.

POLICY CONSIDERATIONS

I realize, Mr. Chairman and members, that there are many important issues on your Congressional agenda and your personal schedules. But it is my fervent hope that you will help our Nation avoid the deadly collision of workforce demographics and workplace skills already putting our economic future at risk—both within our own economy and in the knowledge-based global economy of the 21st century.

In our book, *The Jobs Revolution*, my colleagues Bob Jones, Kathryn Scanland and I make three key points challenging both political parties.

1. We agree with the Republicans that one can’t stop the emerging global economy. And we shouldn’t try.

2. We agree with the Democrats that one cannot transition to a knowledge-based global economy on the cheap. It will take a major commitment of public and private dollars, at all levels, to support this transition in the workforce and the workplace.

3. Thus, while post-high school education used to be an opportunity, it is increasingly becoming a necessity. We must change our public educational commitment from K-12 to P-14. As the purpose of this hearing suggests, we must move toward a full understanding of and support for life-long learning.

We don't suggest this is exclusively a Federal responsibility. But we do ask for your leadership in communicating the crisis, in developing the strategies for a holistic response, and in designing Federal programs that encourage value-added participation from all sectors.

As you move through the many important legislative re-authorizations and the difficult decisions over budget and appropriations I hope you will consider the following suggestions:

1. Prepare America's workforce for the 21st century. This begins with the basic skills. It moves towards a direct relationship between academics and career skills. It continues with programs promoting flexibility and mobility in the workforce. It creates a Nation of life-long learners.

2. Connect the programs! I encourage one of you to consider introducing legislation that reauthorizes the Workforce Investment Act (WIA), the Higher Education Act, and the Perkins Vocational Education Act in one unified piece of legislation. Today, we are faced with disjointed programs and turf battles over money and responsibility. Yet the mission of these programs is totally connected within a strategy appropriate to the 21st century workforce.

As you reauthorize these programs, find ways to bridge the gaps. Today, the Higher Education Act is the single most important tool in workforce training because of the student financial aid. Our problems in building cooperation between WIA and our Community Colleges is the disconnect that exists between the programs. WIA delivery must meet performance standards set by the Department of Labor while Community Colleges are financed by credit hours. No one's to blame, but in this situation it's very difficult to achieve the cooperation we—and the local providers—seek.

3. We need to design our training protocols in ways that support the increased mobility of our workers. We must move towards employer-recognized, industry-based certificates that will be recognized throughout the Nation. It is the best investment we can make in the future employability of a worker.

4. Promote a regional response. We've seen in recent years quite a battle between the President's proposal to send most training dollars to the Governors and the Workforce Investment Board's advocacy for maximum local control. One compromise might be incentives for regional strategies. I'm impressed by how many of our economic development and workforce investment strategies are now built upon regions. This is appropriate. In today's world, economic development does not occur on either a statewide or a local community basis. It is done through regional economies. You should promote and encourage such thinking and cooperation.

5. You must redesign unemployment insurance into some system of employment insurance. American workers, often through no fault of their own, will increasingly face job dislocation and transitions. We need to support the research and design of a system that can provide the skill training and the income insurance necessary to move from one job and profession to another. If we can insure cars, boats, stereo equipment and even pets, we should be able to design some limited program of 3-6 months providing income insurance and retraining funds during a transition.

6. We need to redesign our programs to make them appropriate for the 21st century workforce. I remind everyone that in 2003 we spent \$42 billion on unemployment insurance and only \$6 billion on job training at the Federal level. Sometimes it's not just how much we spend—but how we spend it.

7. Design your response appropriately for the global economy of today. I strongly encourage this committee to recognize the global realities of a 21st century workforce. Many of our new workers are immigrants. The only growth in the workforce in the northeastern part of the U.S. today comes from immigration.

Europe, through their Bologna Accords, is designing a European-wide higher education system consisting of 3 years of college and 2 years of higher education related to specific careers. We need to be aware of such programs, and their impact on global competitiveness.

8. Recognize the increased role of graduate education in workforce investment. We used to think of graduate education only in the context of research and Doctoral degrees. That is no longer the case. We now witness a growing interest in professional masters' degrees. And all of us with B.A. degrees who upgrade our skills are actually participating in some form of graduate education.

9. Recognize the appropriate partnership between WIA and Community Colleges. As I travel the Nation and speak on the jobs revolution, I'm struck by the turf and money battles between our Workforce Investment Systems and our Community Colleges. The truth is that we need them both, and we need them to partner in the preparation of our future workforce. Local Workforce Investment Boards must provide the leadership in bringing together all sectors of the local business and education communities around current labor market information guiding their workforce investment strategies. Community Colleges must design and deliver flexible training, academics, and professional skills reflecting such vision and strategies for their region. We need both of them. We need them to work together and we need the funding streams to make clear the appropriate roles of each provider. Do everything you can to encourage coordination in the design and delivery of such programs.

VOICES FROM THE COUNTRY

I want to share with you some thoughts regarding the delivery of our education and workforce programs from experts across the Nation. Here is a sampling of what they said:

A. Recognize the role of P-12 education to our workforce. We need to constantly revisit the need for academic achievement, and its relationship to careers. Harold McGraw III (of McGraw Hill Companies) recently observed that across the Nation and "twenty years after the urgent warnings of *A Nation At Risk* . . . the level of complacency at lackluster student performance is shocking." While School-to-Work programs no longer exist at the Federal level we must recognize that all students—not just the college-bound—need academic achievement. And for those most at risk, we can best accomplish this goal by making the appropriate connections to the workforce. The cost of complacency is staggering.

B. An IBM Vice-President chairing New York State's WIB Board: "There is no process for Community Colleges to engage with business to fill existing needs in the workforce. The unstructured process and the lack of consistent funding hinders the ability of these colleges and business to work together to design and deliver an appropriate curriculum as needed."

C. Ohio: Our local WIB recently worked with Community Colleges to design two 1-week training programs. Each resulted in 100 percent employment for the graduates. We explained the needs as defined by our labor market research. Thus;

- The WIB determines the training needed.
- The WIB and the Community College work together to design the curriculum.
- The WIB pays for the training.
- The Community College provides the training.
- This needs to become the rule—not the exception of cooperation and program delivery."

D. Washington State: "Sometimes it seems that Community Colleges see WIBs as nothing more than a checkbook for ideas and training. Rather we need to build partnerships at the local level using:

- The local labor market information to define emerging skill sets and jobs;
- The local One-Stop for assessments; and
- The local Community College for delivery of training."

E. Michigan: "The agendas and focus of Community Colleges and Workforce Investment Programs seem to be growing apart—not closer together. Our mutual goals should be:

- serving our community, and
- serving our employer/employee needs.
- We must find ways to design and deliver a comprehensive, integrated system (K-12; CC's and WIB's)."

F. Texas: "We need to focus on the development and delivery of workforce issues—not our specific acts or programs. Today, policy and implementation are confused. There is a lack of integration. WIA looks at programs. Community Colleges look at courses. We both need to look at the big picture of training needs.

WIA can not see training as a "2nd chance system," and Community Colleges cannot see training as "academic hours."

G. New York: "Companies often use private trainers, due to the perceived ability of private trainers to tailor delivery and curriculum to a specific company's needs and timetables. We, together, need to figure out how to serve this need."

H. Florida: "There are four keys to our mutual success!"

1. Understand—what is important to each other. Community Colleges need to understand WIA performance measures; and WIA needs to understand Community Colleges' academic outcomes and funding streams.

2. Flexible—Think about outcomes, not process.
3. Speed—Develop a sense of urgency to get things done. Business thinks in terms of hours and minutes, not semesters.
4. Personal Relationships—Business believes it is all about personal relationships!
- I. Massachusetts: “The key to effective training is knowing your labor market. We must constantly review and upgrade our training based upon changes in our labor market—both in terms of worker needs and business demands.”
- J. California: “If you want cooperation between Community Colleges and WIBs, you must start at the senior most levels—sending the message to everyone to work together, and quit fighting for turf. Clarify roles and responsibilities. WIBs are best at bringing people to the table. Community Colleges are best at doing the training.”

CONCLUSION

This Congress will reauthorize the Workforce Investment Act, the Higher Education Act, and the Vocational Education Act. As you consider these issues it is important for the Congress and the Nation to recognize that we live in a very different workplace today than before. Today education is workforce investment and workforce investment is economic development. While we should think globally (recognizing the global knowledge-based economy), we must also act regionally. Today, economic development and workforce recruitment is done on a regional basis. And as we each chart our national, State, regional and local strategies, let us recognize this will require public-private partnership between government, education, and—most importantly—the private business community.

In closing, I want to plead for your bipartisan leadership on behalf of the jobs revolution, and especially those Americans who will be most affected by it if we do nothing. And in making this request, I want to close my testimony with the same words we use in closing our book, *The Jobs Revolution*:

“We are growing desperate for leaders who will go beyond speeches to action. America has 5, maybe 7, years in which to radically revamp its fundamental assumptions about workforce development and then to act. Whatever is going to be done to prepare us for shortages of workers and skills, increased global competition, disparities in achievement between ethnic American communities and technology that changes while we sleep—whatever we are going to do, must be done now.

All that is at stake is our children. And our communities. And our future.”

Thank you Mr. Chairman for this opportunity.

The CHAIRMAN. Thank you.

Mr. Fitzgerald.

STATEMENT OF BRIAN K. FITZGERALD, EXECUTIVE DIRECTOR, BUSINESS-HIGHER EDUCATION FORUM

Mr. FITZGERALD. Good morning, Mr. Chairman, members of the HELP Committee. I am pleased to testify before you today on behalf of the Business-Higher Education Forum.

I might offer a special greeting to Senator Alexander who is an alumnus of the Business-Higher Education Forum from the time of his tenure as president of the University of Tennessee.

Our mission, Mr. Chairman, is to encourage dialog among corporate and university leaders on issues central to the role of higher education in a global economy, and to provide the leadership in shaping sound policy. Our recent work has ranged from university and industry research collaborations to the changing nature of student skills needed in the workforce and improving access to higher education for an increasingly diverse population.

In February 2005, the Forum released its most recent report, “A Commitment to America’s Future: Responding to the Crisis in Math and Science Education,” which may represent our most challenging problem.

Many of our members are CEOs of major U.S. based corporations and research universities and are keenly aware of the challenge

the Nation faces in creating a workforce equipped with 21st century skills and the need to continue to advance learning long after our students have graduated from our high schools, colleges and graduate schools. Our members are also sensitive to the implications of a well-educated workforce for research, innovation and ultimately economic development and global competitiveness.

Concerned by these challenges, our co-chairs, Bill Swanson, CEO of Raytheon and Warren Baker, President Cal-Poly Tech State University in California, led an initiative to explore the state of math and science education in this country, workforce trends, and effective policies for responding to what they see as a crisis.

While it is common for groups to come before you and proclaim national crises, the data and trends our initiative collected are truly shocking. The demands for graduates who are literate in science, technology, engineering and math, the so-called STEM disciplines, will surge over the decade while the production of Americans educated in these fields declines.

Our research identified four disturbing trends: increasing demands for U.S. workers with higher levels of math and science skills, as you Mr. Chairman, have noted; disappointing performance trends of U.S. students on comparative international math and science assessment; decreasing numbers of science and engineering degrees awarded to U.S. citizens; and a critical shortage of qualified math and science teachers, which your bill, Mr. Chairman, seeks to address.

Let me share just two estimates with you that I think capture these trends. NASA estimates that by 2008, 2 million science and engineering workers are expected to retire, resulting in a shortfall of more than 2 million workers; and second, the Department of Education estimates that we will need between 260,000 and 290,000 new math and science teachers in the 2008–2009 school year, and they are not in the pipeline today.

These facts suggest a systemic problem in math and science that will limit our ability to create and maintain a 21st century workforce.

Our report proposed several recommendations, but let me just focus on one—the Governors have talked about this—establishing P–16 or P–20 councils in each State with balanced representations from corporations, education and policy leaders to define, benchmark and initiate P–16 plans for ensuring all students successfully complete high-quality math and science education.

While these recommendations address only a small portion of the much broader systemic crisis in the STEM disciplines, the Forum is launching a second phase to develop Federal policy recommendations as part of a comprehensive strategy to address these problems.

We will examine policies to attract more students into the STEM disciplines in community colleges as well as our universities. For example, more than half of students will first study math and science in community college.

Provide incentives for students to choose careers in teaching these subject; encourage more collaboration among universities, corporations and Government to tackle the sources of the crisis, including lifelong learning; ensure that programs that support stu-

dents in STEM disciplines and institutions conducting basic research are strengthened, especially programs in the National Science Foundation; and ensure that American postsecondary institutions and corporations can recruit the most talented foreign students, scholars and researchers.

Unless we develop a systemic response to the crisis in STEM education beginning in middle school through lifelong learning, we risk ceding leadership in science, technology, research and innovation to other nations, which will have a profoundly negative consequence for the Nation's economic well-being. Unlike many crises there is consensus about the seriousness and implications of the problems and the tools at our disposal.

The challenge we face is to generate consensus on how to act at the Federal, State, institutional and corporate levels. I can assure you, Mr. Chairman, that members of the Forum feel the urgency of these crises, they enthusiastically support the efforts of the National Governors Association for action at the State level, and they stand ready to help the committee in addressing these critical issues at the Federal level.

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

[The prepared statement of Mr. Fitzgerald follows:]

PREPARED STATEMENT OF BRIAN K. FITZGERALD, ED. D.

Good morning, Mr. Chairman, Senator Kennedy and members of the Health, Education, Labor, and Pensions Committee. I am pleased to testify today for the Business-Higher Education Forum (The Forum). The Forum is a national non-profit membership organization of chief executives drawn from American corporations and higher education. I might offer a special greeting to Senator Alexander, an alumnus of the Forum, from the time of his tenure as President of the University of Tennessee.

The Forum's mission is to encourage dialogue among leaders of the two sectors on issues central to the role of higher education in the global economy and to provide leadership in shaping sound policy around those issues. We achieve this through collaboration of corporate and academic members, the highest quality research, effective communication, and advocacy with Federal, State, institutional and corporate policy makers.

Our recent work has centered, among other issues, on university-industry research collaborations, the role of information technology in transforming teaching and learning, the changing nature of student skills needed in the workforce, and on the challenges of improving access to higher education to an increasingly diverse population. In February 2005, The Forum released its most recent report, *A Commitment to America's Future: Responding to the Crisis in Mathematics & Science Education*, an action plan for systemic reform.

Many of our members are CEOs of major U.S.-based corporations and research universities. Indeed, our corporate members represent some of the largest research-based pharmaceutical and high-tech corporations in the Nation—among them are Pfizer and GlaxoSmithKline, Raytheon and Boeing, IBM and Sun Microsystems to name a few. Our academic members represent a critical mass of the Nation's research universities that both educate and employ substantial numbers of mathematicians, scientists, and engineers. As such, our membership is keenly aware of the challenges the Nation faces in creating a workforce equipped with the adequate 21st century skills and the need to continue to advance learning long after our students graduate from our high schools, colleges and graduate schools. These challenges are particularly acute in light of rapidly changing demographics, which will bring unprecedented numbers of minority youth to the doors of U.S. postsecondary education institutions and into our economy. Our members are also sensitive to the implications of a well-educated workforce for research, innovation and, intimately, for economic development and global competitiveness.

Concerned by these challenges, in 2002, Forum members launched an initiative on the state of U.S. mathematics and science education. Led by co-chairs William H. Swanson (Chairman & CEO, Raytheon Company), Warren J. Baker (President, California Polytechnic State University), and L. Dennis Smith (President *Emeritus*,

University of Nebraska) and supported by a working group of members, this effort explored in depth the state of mathematics and science education in this country, workforce trends, and effective policies for responding to what they defined as a crisis.

While it is common for groups to come before the Senate and proclaim national crises, the data and trends that our initiative collected are truly shocking. Frankly, it has our corporate and university CEOs extremely worried, not just for U.S. corporations' ability to compete globally, but for the health and effectiveness of the Nation's schools and colleges as well. The trend lines for demand for graduates who are literate in science, technology, engineering and math will surge while the production of Americans educated in these fields declines.

Our research identified four disturbing trends:

- Increasing demands for U.S. workers with higher levels of mathematics and science skills;
- Disappointing performance trends of U.S. students on comparative international mathematics and science assessments;
- Decreasing numbers of science and engineering degrees awarded to U.S. citizens; and
- A critical shortage of qualified mathematics and science teachers.

Let me briefly share with you the data that demonstrate these trends:

RISING DEMAND

- Jobs requiring science, engineering, and technical training will increase by 51 percent between 1998 and 2008, four times faster than overall job growth (U.S. Department of Labor).
- By 2008, 6 million job openings for scientists, engineers, and technicians will exist. Of the 20 fastest-growing occupations projected through 2010, 15 of them require substantial mathematics or science preparation. (Bureau of Labor Statistics).
- More than 60 percent of new jobs will demand a solid high school education and some postsecondary education, while only 12 percent of new jobs will be available to workers without a high school diploma (Council on Competitiveness).

DISAPPOINTING TRENDS IN STUDENT PERFORMANCE

- U.S. student performance on international assessments show that: achievement in mathematics and science deteriorates from being significantly above average at grade 4 to near the bottom in high school; and, problem solving performance by grade 10 students is significantly lower than their peers in 25 countries. Shockingly, 58 percent of U.S. students did not exceed the lowest level of problem solving achievement.
- In addition, recent NAEP (National Assessment of Educational Progress) results indicate that 30 percent or less of the students who take the test in the United States attain the proficiency level. In mathematics and science achievement, when results are broken down by race/ethnicity, we see African-American students lagging far behind other groups. Specifically, in 2003, student achievement in 4th- and 8th-grade mathematics showed percentages of African-American students at or above proficiency to be respectively 10 and 7 percent. In 2000, results in science achievement were no more encouraging, with percentages falling from 7 percent in grade 4 to 3 percent in grade 12 (National Assessment of Educational Progress).
- Twenty-two percent of all American college freshmen do not meet the performance levels that are required for entry-level math and need remedial courses. Less than 40 percent of the students who plan to enter science and engineering majors graduate in 6 years from those fields.

DECREASING DEGREE PRODUCTIVITY

- In 2001, U.S. citizens and permanent residents comprised approximately 60 percent of full-time graduate students in science and engineering, down from 70 percent in 1994. In engineering, this percentage dropped from nearly 60 percent to a little more than 40 percent; in computer science, from a little over 50 percent to 35 percent (National Science Foundation).
- By 2008, 2 million science and engineering workers are expected to retire, resulting in a shortfall of more than 2 million workers (NASA).
- The European Union out-produces engineers two-to-one compared to the United States. The college population is increasing 10 times faster in China than in the United States, where less than a third of students enter science and engineering programs, and nearly 75 percent of the students in China are pursuing degree pro-

grams in science and engineering in universities that are increasingly high quality institutions (National Science Foundation).

- In 1999, America granted only approximately 61,000 bachelor-level engineering degrees, compared to more than 134,000 in the European Union, 103,000 in Japan, and more than 195,000 in China. Only 7 percent of the 868,000 bachelor-level engineering degrees granted worldwide were earned in the United States (National Science Foundation).

SHORTAGE EXTENDS TO TEACHERS

- Between 260,000 and 290,000 new math and science secondary school teachers will be needed in the 2008–2009 school year (U.S. Department of Education).
- In 1999–2000, approximately 50,000 more teachers left the profession than entered it (The Christian Science Monitor).
- During 2002–2003, nationwide, districts hired more than 10,000 foreign-born teachers with H1B visas in public and private schools. Decreases in numbers of available visas coupled with an international shortage of teachers are threatening offshore supply.

These facts suggest a systemic problem with mathematics and science education in the United States that will limit our ability to create and maintain a 21st century workforce. They will affect: our ability to place qualified science and math teachers in our schools; qualified professors in our college classrooms and labs; conduct basic research in our university labs; limit our corporations' ability to compete globally; and, ultimately the ability to grow our economy in a globally competitive environment.

The Forum recommends taking immediate action to address this crisis by working simultaneously on all the P–12 components of systems of education. In *A Commitment to America's Future*, we recommend several immediate actions for State policymakers and corporate leaders:

Action 1: Establish a new element of State education infrastructure, a P–16 education council with balanced representation from corporations, education, and policy leaders. The council should be charged by the State to define, benchmark, and initiate a statewide P–16 plan for ensuring that all P–12 students successfully complete a high-quality mathematics and science education.

Action 2: Simultaneously address and align five key components of a P–12 education system. Effective mathematics and science education requires the close alignment of a P–12 system's student standards, curricula, student assessment, teacher quality, and accountability. Proposed change in any one of the five components demands attention to resultant effects in the other four. In particular, it demands attention to necessary changes in the policies and practices of higher education, corporations, and government.

Action 3: Engage corporations and higher education in more effective P–12 reform roles. Corporations must accept responsibility for leading a State's P–16 council work; it also must align all corporate education outreach initiatives with the State's vision of standards-based improvement of P–12 mathematics and science education. Higher education must implement policies and programs that place the education of teachers—in particular, teachers of mathematics and science—at the center of its mission.

Action 4: Implement coordinated national and State-specific public information programs. These two *professionally designed programs* must be based on a common set of core messages. The corporate-led national campaign should be designed to convince the public that a high-quality mathematics and science education is necessary to ensuring the adult educational, economic, and civic life of the students now in the schools. Each State-level campaign, developed in cooperation with the State's P–16 council, should localize and support the core messages of the national campaign.

While these recommendations address only a small portion of a much broader systemic crisis in science, technology, engineering, and mathematics education (the so-called STEM disciplines), the Forum is launching the second phase of its work in this area by examining the problems that exist in lifelong learning programs, community colleges, colleges and universities, and graduate schools. Members of the Forum also will explore problems encountered in student visa and immigration policies and their impact on the flow of students, scholars, and researchers to U.S. institutions of higher education, laboratories and corporations.

Our June meeting will bring together scholars and policymakers to begin a process for developing policy recommendations as part of a comprehensive strategy to address these problems. The Forum will examine policies to:

- Attract more students into the STEM disciplines.

- Provide incentives for these students to choose careers in teaching these subjects.
- Encourage more collaboration among universities, corporations and government to tackle the sources of the crisis.
- Ensure that the programs that support students in STEM disciplines and institutions conducting basic research are strengthened, especially programs in the National Science Foundation.
- Ensure that American postsecondary education institutions and corporations can recruit the most talented foreign students, scholars and researchers.

Unless we develop a systemic response to the crisis in STEM education in the United States (beginning at middle school level), we risk ceding leadership in science, technology, research and innovation to other nations, which will have profoundly negative consequences for the Nation's economic well-being. Unlike many crises, there is consensus about the seriousness and implications of the problems, and the tools at our disposal to address these.

The challenge we face is to generate consensus on how to act at the Federal, State, institutional and corporate levels. I can assure you, Mr. Chairman, that the members of the Forum feel the urgency of this crisis. They enthusiastically support the efforts by the National Governors Association for action in the States, and they stand ready to help the committee in addressing these critical issues at the Federal level.

I will be happy to address any questions you might have.

The CHAIRMAN. Thank you.

Ms. Boisvert.

**STATEMENT OF PAMELA BOISVERT, VICE PRESIDENT,
WORCESTER CONSORTIUM**

Ms. BOISVERT. Chairman Enzi and distinguished members of the committee, I am very honored to testify before you today on the important topic of lifelong educational opportunities for all Americans.

I serve as Vice President of the Colleges of Worcester Consortium in Worcester, Massachusetts. Among its other offerings, the Consortium provides educational counseling and placement services to low-income adults throughout Massachusetts through a Federal TRIO Educational Opportunity Center Grant.

In this instance Massachusetts and Wyoming share another similarity, for in Wyoming as well, a Federal Educational Opportunity Center, hosted by the University of Wyoming, provided educational counseling services to adults throughout that State.

I certainly join with the other witnesses in emphasizing the increasing need for lifelong learning programs with particular attention paid to low-income adults because this population is the least likely to participate in such activities, as seen in data from the National Center for Education Statistics. We see that adults with incomes of \$20,000 or less participate in continuing education at only a 28 percent rate, compared to a 59 percent rate for those with incomes of \$75,000 or more. It is also true that adults from low-income households are the least likely to receive employer support for their educational activities.

Certainly, the Federal TRIO community brings a long history to this issue. For example, the TRIO EOCs for Massachusetts program, which I direct and I have been involved with actually for the last 25 years, was first funded in 1974, currently serves over 7,000 clients per year, the majority of them low-income and first generation potential college students at an annual cost of less than \$150 per client.

Services are offered at a network of six sites across the State and all six sites also provides services at satellite centers, including Career Centers, the One-Stop Centers that we have heard about today, welfare offices, vocational rehabilitation centers, public libraries, churches and schools. Where the clients go, we will go. In Wyoming I understand TRIO EOCs often operate from agricultural extension centers as well.

Services offered by TRIO EOC programs are wide-ranging and consequently can be tailored to meet the needs of each individual client. They are both client-based as well as flexible, and we have certainly heard this morning about the importance of both of those characteristics. All services are offered to ensure that the clients are made aware of the importance of additional education, particularly postsecondary education, if appropriate, and the possibilities that such education provides.

Individualized assistance is provided to ensure that the education program selected is appropriate to the client's abilities and career interests and life situation. Of course a key component of participation in continuing education for low-income adult students is securing adequate financial aid. Accordingly, much emphasis is placed on assisting students and learning about financial aid availability and applying for that aid, and considering the advantages and disadvantages of various types of aid, particularly loans.

All EOCs work closely with loan guarantee agencies to assist individuals who may have defaulted on previous loans to enter into an appropriate repayment plan so that their loan status does not jeopardize their ability to reenter a postsecondary program. This is really a critical part of what we do in order to ensure that these students can move forward.

Low-income adult students generally must contend with great complexity in their lives, as I am sure you are all aware, and a limited network of support to manage that complexity. We often say that life happens. For example, 57 percent of low-income adult students in postsecondary education work full time, compared to 33 percent of traditional students. Additionally, 64 percent of low-income adult students support dependent children, compared to only 8 percent of traditional students. So in addition to assisting students in identifying an appropriate academic program and securing the financial resources to enroll, it is often necessary to assist clients in securing support from other academic and social services. Whether it is tutoring, day care services, transportation, and so on, all of those services need to be in place if these clients are going to succeed.

One of the major strengths of TRIO's Educational Opportunity Centers is that they are education brokers, not charged with filling seats in a particular program, but rather looking at the needs of each individual and providing them with the best academic fit possible. EOCs for Massachusetts program has an annual program enrollment rate of 45 percent.

And as is true elsewhere and as we have heard, jobs of the future are going to require postsecondary programs. Education has historically been the pathway to viability, to self-sustainability, to an individual taking care of their family and ensuring that they all have a brighter future.

I would like to just take a minute to share with you one story to try to put a human face on all that we have heard this morning. Arianne arrived at the EOC office through the encouragement of her counselor at the local housing authority. This 35-year-old African-American single mother has struggled within the walls of poverty her whole life. Her undiagnosed learning disability prevented her from ever succeeding in school. She dropped out at an early age, gave birth to a son 16 years ago and has struggled to provide for him ever since.

She worked hard to obtain her GED and was able to finally have her disability diagnosed. Still she struggled to make ends meet. She lost her minimum wage job, found herself homeless and lost custody of her son, but again she struggled to find her way.

Now receiving public assistance and through the encouragement and efforts of her EOC adviser and her self-sufficiency counselor at the Housing Authority, she has been able to work with the State Rehab Center to obtain services related to the disability. Career assessment testing through EOC has set her on the right path. She will be taking summer courses this year to get the prerequisites necessary to enter an occupational therapy program at the local community college in the fall.

This is just one of thousands and thousands of examples of people who have succeeded through education.

Thank you very much.

[The prepared statement of Ms. Boisvert follows:]

PREPARED STATEMENT OF PAMELA BOISVERT

Chairman Enzi, Senator Kennedy and distinguished members of the committee, I am very honored to testify before you today on the important topic of Lifelong Educational Opportunities for Americans. My name is Pamela Boisvert and I serve as Vice President of the Colleges of Worcester Consortium in Worcester, Massachusetts. Among its other offerings, the Consortium provides educational counseling and placement to low-income adults throughout Massachusetts through a Federal TRIO Educational Opportunity Center grant. In this instance, Massachusetts and Wyoming share another similarity, for in Wyoming as well, a Federal Educational Opportunity Center hosted by the University of Wyoming provides educational counseling and placement services to adults throughout the State.

I certainly join with the other witnesses in emphasizing the increasing need for life-long learning programs with particular attention paid to low-income adults because low-income adults are the least likely to participate in such activities, as seen in the following data from the National Center for Education Statistics.

Percentage of Adults Engaged in Continuing Education by Income

\$20,000 or less	28%
\$20,001 to \$35,000	39%
\$35,001 to \$50,000	48%
\$50,001 to \$75,000	56%
\$75,001 and above	59%

It is also true that adults from low-income households are the least likely to receive employer support for educational activities.

Percentage of Adults Receiving Employer Support for Continuing Education by Income

\$20,000 or less	48%
\$20,001 to \$35,000	58%
\$35,001 to \$50,000	66%

Percentage of Adults Receiving Employer Support for Continuing Education by Income—
Continued

\$50,001 to \$75,000	76%
\$75,001 and above	75%

Certainly the Federal TRIO community brings a long history to this issue. For example, the TRIO EOCs for Massachusetts program, which I direct, was first funded in 1974 and currently serves over 7,000 clients per year at an annual cost of less than \$150 per client. Services are offered at a network of sites throughout the State in Boston, New Bedford, Lynn, Worcester, Springfield and Pittsfield. All six sites also provide services at satellite centers including job services offices, welfare offices, vocational rehabilitation services offices, public libraries, churches and schools. In Wyoming, TRIO EOCs often operate from agricultural extension offices as well.

Services offered by TRIO EOCs are wide-ranging and can be tailored to meet the needs of individual clients. All services are offered to ensure that the clients are made aware of the importance of additional education, particularly postsecondary education if appropriate, and the possibilities that such education provides. Individualized assistance is provided to ensure that the educational program selected is appropriate to the client's abilities and career interests.

Of course, a key component of participation in continuing education for low-income adult students is securing adequate financial aid. Accordingly, a great deal of time is spent in assisting students in learning about financial aid available, and considering the advantages and disadvantages of various types of aid, particularly loans. The EOC works closely with loan guarantee agencies to assist individuals who may have defaulted on previous loans to enter into an appropriate repayment plan so that their loan status does not jeopardize their ability to re-enter a postsecondary program.

Low-income adult students generally must contend with complexity in their lives and a limited network of support to manage that complexity. For example, 57 percent of low-income adult students in postsecondary education work full-time, compared to 33 percent of traditional students. Additionally, 64 percent of low-income adult students support dependent children compared to 8 percent of traditional students. So in addition to assisting students in identifying an appropriate academic program and secure the resources to enroll, it is often necessary to assist clients in securing support from other academic and social services agencies.

One of the major strengths of TRIO's Educational Opportunity Centers is that they are education brokers, not charged with filling seats in a particular program, but rather looking at the needs of each individual and providing them with the best academic "fit" possible. The EOCs for Massachusetts program has an annual program enrollment rate of 45 percent.

Massachusetts is home to rapidly-growing immigrant populations, an expanding knowledge-based economy, and a shrinking "native-born" population. Education has historically been a cornerstone of our economy, both in terms of education-related jobs, as well as jobs requiring a higher education. Service related industries, including health fields and technology, are also showing significant growth. Self-sufficiency in Massachusetts now demands some form of postsecondary education, and TRIO is well positioned to provide access services leading to the American dream.

I would like to share two stories of current EOC clients with you.

Story 1. Arianne arrived at the EOC office through the encouragement of her counselor at the local housing authority. This 35-year-old African-American single mother has struggled within the walls of poverty her whole life. Her undiagnosed learning disability prevented her from ever succeeding in school. She dropped out at an early age, gave birth to a son 16 years ago and has struggled to provide for him since. She worked hard to obtain her GED and was able to have her disability diagnosed.

Still she struggled to make ends meet. She lost her minimum wage job, found herself homeless and lost custody of her child. Again she struggled to find her way. Now receiving public assistance, and through the encouragement and efforts of her Education Advisor at the EOC and her Self-Sufficiency counselor at the local housing authority, Arianne has been able to work with the State Rehabilitation Center to obtain services related to her disability. Career assessment testing through the EOC has confirmed that she has the strong interest and abilities necessary to achieve her dream of becoming an Occupational Therapist. Her desire is to help children with disabilities. She is now registered for summer semester classes at the local community college taking those prerequisites necessary to enter the occupational therapy assistant's program that she has been accepted to in the fall. Arianne

and clients like her need so desperately to be able to rely on those services provided by EOC and its collaborations with local social service organizations. These collaborative efforts have been instrumental in assisting so many in achieving self-sufficiency and success.

Story II. Edlira Gostivari came to America from Albania in May 1999. She has been using the Worcester EOC services since August 1999. At first, she got help in applying for the ESL program at Clark University and Quinsigamond Community College (QCC) to improve her limited English skills. We assisted her in both the admissions application process and the financial aid application process at those schools. In Spring 2002, Edlira completed the ESL program at QCC. In Fall 2002, she enrolled in the Business Office Support Specialist Associate in Science program at QCC. She will complete that program in May 2005. She plans to transfer to Becker College, Anna Maria College, or Worcester State College in Fall 2005 to earn a Bachelor's Degree in Political Science, History, or Legal Studies. She would like to attend Law School after she completes her Bachelor's Degree. The Worcester EOC has assisted Edlira effectively in achieving her educational goal successfully. Using our services, as an immigrant with limited English skills, she has become proficient in English and studied successfully in American colleges. I believe she will achieve her dream of becoming a lawyer with her strong will, high motivation, and the continuous efficient assistance from the Worcester EOC.

The CHAIRMAN. Thank you very much.

I appreciate all of the testimony that we have heard. I will begin with some questions.

Governor Sebelius, in your testimony you mentioned the alignment of Federal education laws to promote lifelong learning. Do you have any suggestions or examples that might assist us as we consider the reauthorization of the Workforce Investment Act, the Higher Education Act, the Head Start Act, the Carl Perkins Vocational Technical Act, or any of the other 38 that we are going to do to ensure that we provide opportunities for students and workers of all ages?

Governor SEBELIUS. Well, thank you, Senator. Yes, I think that as our last panel has talked about, putting a sort of human face might make it a little easier. And let me just give you a hypothetical: Danny from Salina, Kansas, who is a low-income, special needs child, and walk you through what happens when he hits school.

First, hopefully we will get him into Head Start in Kansas, and that has its own set of requirements, Head Start or one of the other 69 programs that is available for preschool kids, which has its own funding streams and its own data requirements.

Once he hits kindergarten, IDEA kicks into gear as well as No Child Left Behind, each with different reporting requirements for him and very little flexibility or ability to pool the funds and make sure that he gets specifically the training he needs.

His teacher training comes under the Higher Education Act and loan forgiveness and other entities, so we have now got three Federal laws that impact him, as well as title I requirements in the school where he is.

As he gets into high school, those requirements stay in place, but Perkins vocational training comes into being, again, with a different data set, different reporting requirements, different yearly titles. And hopefully we can either help move him successfully into a job or into higher education.

I am just giving you a little example of a child in Kansas, and I think what we are saying at the State level is if we had some ability to pool a stream of funds, if we had some ability to give you one plan with a data set that was then able to be replicated for the

various acts in charge, and if we had more ability really to look at two key transitions—what happens from early education into school, how we make those funds flow and make sure children are ready to learn, and what happens as children exit high school into either higher education or vocational training or hopefully both—again, pooling and streaming funds, alignment at those levels would make, I think, not only us able to be more successful, more nimble, more responsive to parents and teachers, but also make sure that we are getting the best bang for our buck.

The CHAIRMAN. Thank you. Very succinct and comprehensive.

Governor SEBELIUS. And there are probably those other 38 acts that are going to kick in at some point.

The CHAIRMAN. Yes, and the 69 preschool programs, yes, we will be working on those.

Governor Fletcher, what best practices in local communities are creating better coordination of all available resources for youth to achieve positive outcomes after leaving formal secondary education programs, including the workforce, obtaining a college degree, or starting their own business? That is one of my favorites.

Governor FLETCHER. Well, in Kentucky—and not only in Kentucky, but I think the greater push for P-16 counsel is extremely helpful, especially in the Workforce Investment Act, flexibility would certainly help us there. The best practices that we have so far are strengthening P-16, and what we do is integrate economic development with education to make sure that not only are economic development individuals and interests interested in education, but education sees economic development as part of their responsibility.

One of the things we are doing in postsecondary education is what we call stewards of place. Our universities and institutions have responsibility not only for recruitment, enrolling, and graduating, but see a greater responsibility for the economic development of their communities that they live in.

That means that when we are looking at attracting businesses or trying to grow a particular industry, they can get involved in that from the outset, including curriculum, making sure that their students are ready for that type of workplace.

I think the Workforce Investment Act would help us tremendously in the sense that we would not have silos. This year, we had \$29 million that we could not access, but we could have used that money tremendously in other areas of postsecondary education to help educate workers in particular areas.

The CHAIRMAN. Thank you. I am out of time, but I am going to take the Chairman's prerogative and do one more question before I go to written ones.

Mr. Fitzgerald, how difficult is it for your member companies to find employees with skills to continue to compete? What are your concerns about the skill level of the workforce and the American businesses to compete internationally and our Nation's economic success?

Mr. FITZGERALD. Mr. Chairman, our corporate members are extremely concerned about the ability to access the kind of skilled workforce. Many of our corporations are global corporations, and,

frankly, they find it easier to find highly skilled talent in their laboratories and their plants in other parts of the world.

I know many people talk to you about homeland security issues and the implications in the post-9/11 world, but let me give you one example of the implications of this real crisis in a qualified workforce.

Two of our corporate members—in particular, Bill Swanson at Raytheon—they need to find American or at least U.S. citizens who can do work, classified work at the highest levels of research and development. Bill hoped actually to be here with you today but could not change his schedule. He is scared to death about the ability of, broadly speaking, our educational system to produce the kind of workforce we need. Companies like Pfizer find it much easier to find highly skilled, highly trained professionals, technicians, researchers, in places like India than here.

We need to address this in our high schools, in our middle schools, but we also need to address this in our colleges and universities and support the stem disciplines and research, basic research at universities so that we have the workforce domestically that our corporations need to compete globally.

The CHAIRMAN. Thank you.

Senator Alexander.

Senator ALEXANDER. Thanks, Mr. Chairman, and thanks to all of the witnesses for very helpful testimony. I mentioned to Governor Sebelius that we have scheduled for the 20th of this month the first of a series of hearings and roundtables to try to take a look at the 69 early childhood education programs that help children under 6 and spend about 20 billion Federal dollars just to see what we might do to coordinate them better. So I know you will be interested in that, given your NGA position.

I want to start with Mr. Gunderson because I know he has been around on these issues for a long time. I was Governor when CIDA was abolished and the Joint Training Partnership Act came in, and like a good soldier, I remember flying all around the State and forming all these councils and whooping it up and saying this is going to be a great thing, because on paper it is. You know, the idea is connect the employers and the community colleges and meet the new needs and get everybody working on the same thing together. And so we did that. I thought we did a really good job on it.

The longer I have been around, the more I have been unimpressed with our ability to form councils and direct things from here, to review reports and papers, and the more impressed I have been with the higher education model, which I mentioned to the first panel, which is basically to give the money to the student or the out-of-work person or the person changing jobs and let them go look for the service they need.

That is why I was interested in the personal retirement account that is being—I mean, that makes a lot of sense to me, that if I am sitting there having changed jobs and I get \$3,000, then I can make a choice about whether to spend it here, here, here or here, then the whole system has to really respond to me. I think that is the real reason why we have the greatest system of colleges and universities in the world, is because we have emphasized autonomy

for those institutions, a lot of Federal dollars, but it follows students to institutions they choose.

I think as we articulate high schools and community colleges that high school money ought to be following students more to the community college in courses that they choose to take at the community college, that would require State and local decisionmaking. But I want to go to a recommendation you made and just ask you to elaborate on it a little bit, and if anyone else wants to comment and there is time, terrific.

You suggest we reauthorize the Workforce Investment Act and the Higher Education Act and the Perkins Act all at once and take a look at it, simplify it. If I have got my numbers right, as an example, we spend about \$4 billion in adult education through the Workforce Investment Act, some of it here, some of it at the State level, some of it here, some of it there. We spend \$12 billion on Pell grants. I guess an alternative would be looking at that, take the whole \$4 billion, and just spend it on Pell grants or just spend it on personal reinsurance accounts or to spend half of it on Pell grants and personal reinsurance accounts.

Have you thought that through or do you have any recommendations for us about—or do you even agree that we would be better off with fewer councils, less bureaucracy, and more Federal dollars to go directly to the worker we are hoping to train, and then let that worker then seek out his training? I would expect it would often be with an employer or with a community college or a technical institute, or who knows, but as long as they are certified in some way.

What would be your elaboration on those points?

Mr. GUNDERSON. Let me try to be brief because we could speak for hours on this.

I agree, first of all, and I think we need to recognize our problem. In the last reauthorization of WIA, we said the WIBs do not deliver the training, they just design. The problem is we have a WIA system that is guided by performance standards, and we have a community college system that is funded by credit hours. And there is a huge disconnect, and we have got to figure out how you connect these two so you get those outcomes. While we would like to have credit hours, let's recognize that we are more into employer-recognized, industry-based certificates that are going to be portable skills, that are not going to be built on credit hours. So that is why I think you have got to try to figure out how do you redesign and connect these in a way that gets them to talk to each other and works in ways that it does not today.

The second thing I want to suggest to you, Senator, is you and I, because we are both Republican, believe in an ownership society. We are not going to have enough Federal or enough Federal and State dollars to meet the need that is going to be necessary in this area. One of the things I have suggested is that we create lifelong learning accounts. If we would take simply for a 20-year period, from age 25 to 45, if we would take 25 cents per hour—I don't care if it is employee or employer funded—and put that into that person's individual lifelong learning account, they would have well over \$10,000 to spend on continued education or training. Cut it

down to a dime, you have still got over \$5,000 in that person's account.

If every individual had that and it was said you could use this for your upgrading of skills or at the age of 65 you could convert it into a retirement account, we would change the culture in this country, number one. Number two, we would get the resources, unlike anything we anticipated, to meet the demand in this area. And, third, all of a sudden we would have the delivery mechanism that would look at ways where they could access and meet and serve those needs. We would not have the debates about whether incumbent workers were or were not eligible for a Federal program because every incumbent worker would have the resources to use to upgrade their skills.

So, yes, I think you are moving in the right direction. I do think we have got to find a way to merge these Federal programs because what you do here impacts what happens down at the local level.

A caution. With all due respect to our Governors, I was at a meeting recently with a bunch of State directors for WIB who said we are going to ask for some waivers so that we have discretionary money, but we are not going to do it until our State legislatures are out of session, because if our State legislators see that we have that discretionary money, they are going to automatically use that money and program that money to meet their State needs. So it is going to supplant that State funding.

What we have got to do is make sure that we have the State dollars, we have the Federal dollars, we have the private sector dollars. There is not going to be enough. We cannot let one dollar replace another.

Senator ALEXANDER. Thank you very much. Thank you, Mr. Chairman. If I had had more time, I would have asked the Governors whether they support the President's proposal to extend No Child Left Behind to high school, but maybe someone else will do that.

[Laughter.]

The CHAIRMAN. I took some latitude. I will let you ask that question.

Senator ALEXANDER. Seriously, do you support or what is your comment on the President's proposal of extending No Child Left Behind to high school?

Governor SEBELIUS. Well, Senator, I think my comment would be I would certainly support rigorous training and testing and think that we need to do measuring in high school. And it is part of what our high school reform effort at the National Governors level is about.

There is clearly concern about underfunding, and I would say that at least in Kansas, we have experienced that the new layer of testing requirements, in addition to the testing requirements we already had in place in Kansas, has put us even further behind in trying to make our school system work for every child. So I would be very cautious about endorsement without the funding to go with it.

One other area I would just point out, as long as we are here—and I will let my colleague, Governor Fletcher, answer also. But

there are some inconsistencies—back to Senator Enzi’s earlier question—in alignment. We have talked a lot about moving kids from high school into either workforce training or community college, doing that fairly seamlessly.

One of the things we find with No Child Left Behind, teacher requirements, as we looked at it in Kansas, is that dual enrollment is problematic because a number of our teachers in our community colleges do not meet the qualified standards for No Child Left Behind. They cannot teach the high school kids because they do not have the adequate hours of training in the specific subject.

So that is another issue that we might want to address. I think advancing and accelerating students’ learning into higher education is great. But we are finding that it is complicated by the current structure of No Child Left Behind as it relates to teacher training.

Senator ALEXANDER. Thank you.

Governor FLETCHER. Senator Alexander, I first want to thank Congress. I was here at the time when the No Child Left Behind bill was passed, and it was a great bipartisan effort. I think it brought some local flexibility as well as accountability which had not been there previously. And certainly those principles I endorse and I believe most Governors endorse certainly the flexibility and that there does need to be accountability along with that.

One of the things that I think is extremely important as you are looking at expansion is the fact of the flexibility of the State setting those standards. But, additionally, I think there should be along with that some incentives. As we know now and recognize—in high school graduation there is—the need of the knowledge based, through, for example, the American Diploma Project, is similar whether that child decides to go to a postsecondary educational institution or whether they decide to go into the workplace.

And so once we realize that, then I think if there is an expansion of No Child Left Behind, it really needs to provide incentives for us to move toward redesign of the high school, toward that purpose and accountability.

The other thing I would like to see, because of WIA’s prescriptive measures in the different silos that exist there and the fact that we have dual courses, we have this seamless education that we are working toward. Some of the artificial barriers that are produced there prohibit us from having the flexibility of really preparing the workforce in a way that we can.

So with those principles in mind, we certainly would look forward to working with you on the expansion of that, and always as we look toward education with these requirements, we certainly would encourage you looking at the funding as well.

May I make a comment, too, if I might, Mr. Chairman, on the answer—there was one question that Senator Alexander had previous to this, and, you know, in looking at the money following the student, because I think as you look at improving education—we passed some tuition tax credits in Kentucky that we modeled after those tuition tax credits on the Federal level. But we gave a lot more flexibility in what institutions those would apply to and what diplomas or credentialing would require.

That is a method that we use of allowing it to follow the student and allow them to have more choice. But we also give them the choice of going to some other institutions, and it provides up to \$500 in our situation. We just passed that this year.

Additionally, some flexibility as you are looking toward Pell grants and other tuition assistance programs would be helpful as you see that the tracks that a student takes may not be quite as traditional, but more focused on a specific vocation or profession. And if that can be blended with some flexibility of WIA grants, I think you could see that we would have a lot more tools as Governors to make sure that we get success toward developing individuals that are prepared for college that will be successful as well in the workplace.

Thank you.

The CHAIRMAN. Thank you.

Senator Burr.

Senator BURR. Thank you, Mr. Chairman.

I want to thank this entire group of witnesses, and I will tell you up front that I will show some discretion and focus on those two guys in the middle. Steve, welcome back. And, Ernie, it is great to see you. You came this time with a little less fanfare than one of your last trips here.

[Laughter.]

Senator BURR. We thank you for that. Seldom do Johnny and I have the opportunity to have two of our former colleagues on the hot seat where we can get them, and I want to take advantage of it.

Steve, you said something that was unbelievably important, and I think it reflects sort of the last 10 years, and it is evidence that we are learning. Ten years ago, we would do anything to block grant everything to the States. Ten years later, we look at our Governors that are here and we look at the other ones around the country, and I think the important question that we ask is: Do you really want us to do that? Can flexibility be designed in a way that does not create this competitive spirit, personal urge to find an easy way out of a State budget problem or to create new revenues for the General Assembly to look at and say, But it is written in a way that you could do this, only to be audited 10 years down the road and find out that you have a problem? Unfortunately, you may not be there, we may not be here, but the loss is a generation of kids that went through the system.

The thing that has probably gone unsaid is that I think we need to be focused as we go through reauthorization, as we go through any new legislation, less on process and all on outcome. No future employer is going to look and say, How did you get to this point? They are just evaluating whether they got to the point they need them. And so we need to be less concerned with how we get there and more focused on getting there.

Steve, I think in your testimony—it was incredible testimony—but I want to go right to something you said in the conclusion because I think it deserves saying publicly. Today, education is workforce investment, and workforce investment is economic development. The connection is already there. What we cannot do is break

this up and then hope that it comes back together. It has to be designed as seamless.

I would turn to the two Governors and just say, Can States make wise decisions if, in fact, we give you that flexibility? Or would you urge us not just to guess when the legislature is in or out?

[Laughter.]

Senator BURR. And be a little more prescriptive on how you access that money?

Governor SEBELIUS. Well, Senator, I think not only can States do it, but we are doing it. And, frankly, if we do not do it, it does not get done.

I think that there is an incredible innovation going on rethinking the whole seamless transition from school into workforce. And what, as Governor Fletcher has already articulated, we find over and over again are silos and data requirements and an inability to really deliver the end product, if you will, the educated worker to the business of tomorrow. It stumbles along the way.

So I think you can have a maintenance of effort provision that makes sure that we do not transfer funds with the next crisis that happens. I would urge Congress to do the same thing as you reauthorize these acts. Maintain the effort. Do not under the guise of flexibility deliver less money with higher accountability standards and more demands, but that is a fair, I think, transfer, that is to say these efforts have to be directed. Ask for a State plan. Ask for a data set. Ask for accountability. And then let States be able to develop the workforce that is really needed in different parts of the country with different segments, with some flexibility.

Governor FLETCHER. Senator Burr, it is good to see you again, and we enjoyed working with you on Energy and Commerce in the House. Congratulations to you as well for your success in being here.

One of the things I think we are seeing is the transition from what I call prescriptive accountability, which means that you prescribe on the Federal level the methods, and that is the accountability, and the reporting is back, that you follow that prescription.

No Child Left Behind moved more to results accountability, which said we give you some flexibility—and we would ask for more—and measure the results.

One of the things that I think is different now than what we had in previous generations is this global competitiveness. That means that we are moving from an agrarian, manufacturing society to advanced agriculture and advanced manufacturing, biotech, knowledge-based economy, which means that we have to have a much more educated workforce to compete. And for States to be successful—and we are competitive entities, one with another as well as globally—we have to succeed in providing that knowledge-based workforce in order to maintain the workforce in our States and to maintain our revenue basically.

So I think the accountability is there from the fact that in order to continue to grow in the competitive economy, we have to attain results. We are all focusing and realize that education, unlike previous generations, is absolutely essential for economic development.

There were decades ago where you had high labor-intensive industries that did not require the technical education. But as we see

now, high school graduation, whether or not you go into the workforce or university, it requires the same skills. That has come about because we have to have those skills in our workforce to be competitive and increase productivity. Otherwise, we lose those jobs.

So the answer to that is, yes, I think so. I think it is good to move from a prescriptive accountability to a results-oriented accountability. And also you can roll into that there are some research-based methods that I think are important in education that can be utilized as well.

Senator BURR. I will take the Chairman's silence as I get an opportunity to go one more time.

Steve, you talked throughout your testimony about the global change, the global economy. I believe that one of the most significant things that has been overlooked is the fact that 20 years ago, innovation was something that we just—we hold here in the United States, in part because of the education, in part because we had a model that protected intellectual property and a lot of things.

Innovation is global today. There is as much innovation that happens outside the United States as there does inside the United States.

How does that change the way we look at job creation from a standpoint of the fact that we just cannot rely on innovation that takes place here at home to employ that group that we know are coming in the next generation?

Mr. GUNDERSON. Well, it is serious, Senator, because it has been our competitive advantage. We did not have a problem outsourcing low-skilled manufacturing jobs. We did not even have too big a problem when we started outsourcing those medium-level jobs. All of a sudden when we see that we are now outsourcing research and innovation, America's leadership competitive advantage is at risk. All of the companies that Brian represents are seriously considering moving their R&D to the Southeast Pacific, not just because of low labor, but because of the brain power that is available there that is not available here. That talks about America's quality of life in the future.

Second, you know, we love to beat up on Europe in this country, but we need to be real careful because if you look at the Bologna Accord, Europe has redesigned their entire higher education system. They have gone from 4 years to 3 years of basic academic skills, combined that with a 2-year career and academic training focus. So it is a 5-year program for creating a high-skilled, portable degree throughout the entire European Union.

Now, if Europe gets their act together, which I think they are going to do in that, all of a sudden, again, we not only face that competitive disadvantage with the Southeast Pacific, but we are now facing it with Europe. And they have the same population that we do. America is going to lose what has become its major ability.

The other sides of this, of course, is we are the one country that is going to teach the world how do we educate and train a diverse population of race and ethnicity and succeed at it or fail at it. And that is the question that is before all of us today.

Senator BURR. Thank you very much.

The CHAIRMAN. Thank you, and I appreciate the patience of Senator Isakson.

Senator Isakson.

Senator ISAKSON. I just love Senator Burr. I would give him all the time in the world—as long as it does not take away from mine. [Laughter.]

Senator ISAKSON. [continuing.] Thank you, Mr. Chairman.

Steve, on that great segue, at the end of your remarks, if I wrote it down right, you said one of the things to deal with is the fact that we cannot stop global competition, that you cannot educate on the cheap, and it is an absolute necessity to develop the workforce. You said we must connect academics and career skills, right?

Mr. GUNDERSON. Yes.

Senator ISAKSON. Then you just went into the EU model. Connecting academics and career skills in that comment manifests itself in the European concept in your mind of 3 years of basic and then 2 years of career. Is that what you meant?

Mr. GUNDERSON. I think that is one option. I do not think it is the only option. But, you know, what I have said in my testimony that I did not repeat in my brief summary is that we have to change this mind-set of workforce investment to be only those people who, quote, do not go to college. I mean, I am excited by the Council of Graduate Schools in this country that has become major players in workforce investment because every one of us in this room who has a B.A. degree who goes back to school—guess what?—we are in graduate education. We never thought of that as workforce investment. And if we are going to compete, we have got to begin looking at this holistic system, which is not even just P-16, it is P-16-plus, in a way that we have not redesigned that.

We have had this concept in this country that graduate education is Ph.D. period. Somebody in the House of Representatives affectionately called graduate education as a prep school for college professors. You know, it is not that anymore. The reality is that we are now looking at graduate education in professional master's degrees as connecting workforce investment, those skills that you were talking about with Raytheon and others that are going to become necessary. It is not just a Ph.D. degree in order to be competitive and to keep this Nation competitive. That is why we have to look at that holistic set.

Senator ISAKSON. OK. The reason I wanted to follow up on that is, following that line a little bit further, we are not doing a good enough job of exposing our young people to the potential of careers that we need. We glorify the absolute least productive things in our society, some of them almost destructive, and it is done more often than not through television. But we do not institutionalize in any way, it seems like to me, the images of those things that we need. And this is kind of a statement following up on what you said. But I agree.

And the P-16, Governor Sebelius and Governor Fletcher, I was so glad to hear both of you mention it, and then Steve added that add-on, you know, past P-16 to actually the career. But we are beginning to move, to filter down, I think, at the lower level some of the benefits of good academics all the way through. And I commend you all on what you are doing.

I want to thank you for something, too. Unfortunately, some of the people that needed to hear it are not here today, but both of

you talked about—two words—flexibility and consolidation. And I want to commend you for doing that because you are where the rubber meets the road. We are not. And consolidating programs, which we strive so desperately to do in the Elementary and Secondary Education Act but failed in a lot of them, to give these programs allowable use titles and combine all the funds so you can choose within those uses which you best need I think is the way to go to expand that academic funding.

And to that end, my question to you, Governor Sebelius, is: You mentioned Perkins money. Would you like Perkins to be a part of that type of concept of flexibility and consolidating programs? Or would you want it to remain isolated?

Governor SEBELIUS. Well, Senator, I would say I think I would prefer maybe coordination to consolidation, and particularly consolidation that is chosen, you know, at some other level. What we need a lot more flexibility to do is coordinate streams of funding, and I think Perkins should very much be a part of that. And we are doing a lot of that right now in Kansas.

We have done a major overhaul of our workforce initiatives with a program called Kansas First, where we have a market-driven strategy with business leaders at the table coordinating with community college programs and workforce training efforts and kind of the one-stop shopping. And so our ability to pool those funds and design them so that they track the workers' needs and provide the program opportunities for those workers would be very beneficial.

Senator ISAKSON. Well, the reason I ask the question is I am a big Perkins supporter, and there has been a fear that the consolidation of Perkins money was an end to that program. And Perkins deals with some of the things Steve is talking about and Ernie has talked about, everybody on the panel, because it is career-oriented training for the jobs of the 21st century. And I appreciate your changing the response—not changing the response but using coordination rather than consolidation when you got into that answer. And I think maybe that is where we may be missing it, Mr. Chairman. There may be some need to coordinate toward the outcomes we seek so as we consolidate we are not losing sight of the goals that we have. And unlike my North Carolina friend, I will not use any more time in case he has another question.

Thank you, Mr. Chairman.

[Laughter.]

The CHAIRMAN. Thank you, and I want to thank all of the witnesses today. And as I mentioned, we will be leaving the record open for 10 days so that members who were not able to be here today can submit questions and so that you can expand on any remarks that you wish to expand on.

As we talked about lifelong learning today, I think it came through very clearly that we need to concentrate our legislation on flexibility and coordination, counseling, and probably some emphasis on science and math.

A couple of weeks ago, I held an inventors conference in Wyoming, and I had a fellow named Dean Kamen come out and be the keynote speaker. He invented the Segway. But that is kind of his hobby. He has 200 medical patents. One of them is heart stents.

Another one is a diabetic pump. And he was lamenting the lack of science and math majors in the United States.

Well, actually, we have a lot of science and math majors in college, but most of them are not from the United States. And that is going to result in some definite problems for us.

He did point out, though, that you get what you celebrate, and we are celebrating entertainment and athletics. And he has an attempt to celebrate science and math. So something to keep in mind.

Again, I appreciate everybody being here and the great testimony that we have had today.

The hearing is adjourned.

[Editor's Note—Due to the high cost of printing, previously published materials submitted by witnesses may be found in the files of the committee.]

ADDITIONAL MATERIAL

RESPONSE TO QUESTIONS OF SENATOR DEWINE BY MARGARET SPELLINGS

Question 1. In Ohio, we are far behind many other States in terms of the number of high school graduates who go on to higher education, with just 39 percent doing so. I believe this is an issue created by problems with students being or feeling ill-prepared for college and lacking the access to it. I have been a big supporter of Pell grants and other important loan programs to increase access to higher education. But with rising college costs, what more can we do to actually increase that access, not just maintain current enrollment numbers? And secondly, what more do we need to do to make sure students are more prepared for college?

Answer 1. I agree that providing adequate financial support to students enrolled in postsecondary education is critical to ensuring access. That is why the President proposes to invest \$19 billion in new funding over the next 10 years to increase the maximum Pell grant by \$100 over each of the next 5 years and retire the program's longstanding funding shortfall. The 2006 Budget also includes a range of other proposals, such as increased student loan limits and new programs such as Loans for Short-Term Training, Presidential Math and Science Scholars, and an enhanced Pell grant for students who have completed the State Scholars curriculum, that would reduce financial barriers to higher education. The budget request also includes a \$125 million Community College Access grants initiative, which would support expansion of "dual-enrollment" programs under which high school students take postsecondary courses and receive both secondary and postsecondary credit. It would also help ensure that students completing such courses can continue and succeed in 4-year colleges and universities.

With that said, simply increasing financial aid is not enough. As you suggest, we must ensure that students are prepared to enroll and succeed in college. That is why I believe the President's proposed \$1.2 billion High School Intervention Initiative is essential. Under that initiative, each State would develop a plan for improving high school education and increasing student achievement, especially the achievement of students at greatest risk of failing to meet challenging State standards and of dropping out of school. School districts receiving sub-grants from the States would be held accountable for increasing achievement, narrowing achievement gaps, and lowering the dropout rate, but they would have flexibility to provide the full range of services students need to ensure they are academically prepared for the transition to postsecondary education and the workforce. The initiative also would deepen the national knowledge base on what works in improving high schools and high school student achievement by supporting scientifically based research on specific interventions that have promise for improving outcomes.

Question 2. In Ohio, we have had a rough time in terms of job losses the last few years. Since 2000, Ohio has lost more jobs than any other State in America—37 percent of all jobs lost nationwide. We know that manufacturing is never going to be the employment engine that it once was. We also know that we need to change the way we are teaching our children and youth so that they are prepared for the new high skills jobs which ARE being created. In 2003, U.S. employers submitted almost 285,000 applications to obtain work visas for skilled foreign born workers to fill available jobs in this country. How do you, Secretary Spellings and Secretary Chao, plan to work together to bridge this skills gap which we are currently facing and which could worsen if unchecked?

Answer 2. Our two departments have established a strong, collaborative partnership to improve the preparation of today's and tomorrow's workers. By working closely together and ensuring that our programs and investments support and complement each other, we believe that we can make a powerful difference in bridging the Nation's skill gap. For that reason, the Department of Education's (ED) Assistant Secretary for Vocational and Adult Education and the Department of Labor's (DOL) Assistant Secretary for Employment and Training meet on a regular basis to coordinate our work and collaborate on projects of mutual interest. We include DOL officials in many of our public events. Most recently, ED sponsored a "virtual summit" on community college issues, and one of our featured speakers was the Assistant Secretary for Employment and Training. DOL has been equally inclusive. Education officials, for example, have participated in DOL's outreach meetings with representatives of high-growth industries and addressed their annual "Workforce Innovations" conferences and regional outreach events.

Both agencies recognize that improving the academic preparation of our children and youth is an essential part of addressing the skills gap. Employers are demanding stronger reading, writing, and math skills of all of their workers—and reporting

that too many recent high school graduates are not making the grade. Seventy-three percent of employers rate the writing skills of recent high school graduates as fair or poor, while 63 percent express dissatisfaction with graduates' math skills. Most of our students are leaving high school without the high-level academic skills they need to land the fastest-growing, higher-paying jobs in our economy. As noted above, the President's proposal for a new High School initiative will focus on improving student achievement at the high school level and, in particular, on the students who are most at risk of dropping out or leaving school without the skills and knowledge necessary for further education or employment.

The Department of Labor has launched a complementary initiative to improve the outcomes of our most disadvantaged youth. Last fall, DOL organized regional forums to promote greater collaboration among State education, workforce, and juvenile justice officials to address the needs of disadvantaged youth. The Department of Education participated in the planning of these meetings, and encouraged State education officials to attend. We are now working with the DOL to develop a plan for providing joint technical assistance to State leaders as they seek to use resources from multiple Federal programs to support a common strategy for improving the outcomes of at-risk youth. This recommendation came out of proposals developed at the White House Task Force on Disadvantaged Youth, which I chaired at the Domestic Policy Council.

No Child Left Behind and the President's High School Initiative will ensure that, over time, students graduate from high school with the knowledge and skills they need to succeed in postsecondary education and the workforce. Yet many adults who already have been left behind are looking for a second chance. Some departed school before graduating, some graduated lacking basic skills, and some are recent immigrants with limited English literacy skills. The Departments of Education and Labor are working together to ensure that these adults have access to the quality education and training they need to succeed in our economy.

The President's reauthorization proposal for the Adult Education and Family Literacy Act demands accountability for results from States and local programs to ensure that both the hours adults invest in adult education and the Federal dollars we invest in the program are used most effectively. We would offer incentives for success to States and local programs, but we would also create more explicit consequences for those that fail to perform, including technical assistance and sanctions. We also want to create more choices for adults who want to improve their literacy skills. Our proposal would expand the number of workplace literacy programs, improve the capacity of community- and faith-based organizations to provide adult education, and promote greater use of technology to deliver instruction. This year, we are launching a 3-year national technology initiative that will expand the capability of adult education programs to use distance learning and other technologies and make distance education resources more accessible to adults with limited basic skills.

Finally, a major vehicle for enabling American students to attain the skills and knowledge they need to prosper in the 21st Century economy is to provide student assistance that ensures access to postsecondary education. The President's proposal for raising the maximum Pell grant, providing enhanced Pell grants for students who have completed the State Scholars curriculum, and providing loans for short-term training, among other things, meets that need.

[Whereupon, at 12:15 p.m., the hearing was adjourned.]