

STATEMENT OF JOHN CASTELLANI

PRESIDENT OF BUSINESS ROUNDTABLE

BEFORE THE

COMMITTEE ON HEALTH, EDUCATION, LABOR AND PENSIONS

OF THE

UNITED STATES SENATE

ON

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Mr. Chairman, Senator Enzi, Members of the Committee. Good morning. My name is John Castellani and I serve as President of the Business Roundtable, an association of chief executive officers of leading U.S. companies with more than \$5 trillion in annual revenues and more than 12 million employees. Business Roundtable member companies comprise nearly a third of the total value of the U.S. stock markets and pay more than 60 percent of all corporate income taxes paid to the federal government.

I welcome the opportunity to appear before you today to address the vitally important task of reauthorizing the Elementary and Secondary Education Act on behalf of the Business Coalition for Student Achievement (BCSA), a business-based education reform coalition jointly led by Business Roundtable and the U.S. Chamber of Commerce. The coalition is chaired by William (Bill) D. Green, Chairman & CEO of Accenture, Edward B. Rust Jr., Chairman & CEO of State Farm, and Craig Barrett, former Chairman & CEO of Intel.

BCSA's members include businesses of every size and grassroots business organizations, including local and state chambers of commerce and business roundtables. The small, medium and large businesses that comprise the coalition represent every sector of the U.S. economy in rural, suburban and urban communities. They have joined the coalition because they believe that improving America's K-12 education system is necessary to provide a strong foundation for both U.S. competitiveness and for individuals to succeed in today's rapidly changing world.

Mr. Chairman, I am pleased that you are holding this hearing today because BCSA believes that reauthorizing the Elementary and Secondary Education Act – or ESEA – should be a top priority for Congress. The No Child Left Behind Act, as the most recent iteration of the 1965 Elementary and Secondary Education Act, helped focus attention on the need to close the achievement gap and help all students throughout the nation reach at least grade-level proficiency in reading and mathematics. It put a spotlight on the need to improve results for special needs students and English Language Learners.

We believe that now is the time to build on No Child Left Behind and ramp up evidence-based reforms and innovations that close two achievement gaps. We need to close the gap in education performance between poor and minority students and their more advantaged peers in the U.S. as well as the achievement gap between U.S. students and their international peers.

The recent deep recession, the current painfully high rates of U.S. unemployment and underemployment, and the reordering of the world's economy in the wake of a global financial crisis have cast longstanding U.S. weaknesses in education into sharp relief. America's low high

school graduation and college completion rates represent systemic failure that leaves our children inadequately prepared in an increasingly competitive world.

According to the U.S. Department of Education, only 19 percent of American ninth graders graduate from high school and then enter and graduate from college on time. Only 28 percent of American students pursuing associates degrees complete them in three years and only 56 percent of American college students complete a bachelor's degree within six years. According to the Organization for Economic Cooperation and Development (OECD), the United States, which once enjoyed the world's highest rate of high school completion – a status it lost forty years ago – ranks 18th out of 24 developed nations in terms of high school graduation rates. Similarly, as recently as 1995, America was tied for first place in terms of college graduation rates but now ranks 14th. Worse, the United States is now the only developed nation with a younger generation that has a lower level of high school or equivalent education than the older generations.

Lagging U.S. educational attainment has real-world consequences for individuals and for the economy as a whole. Workers with less education suffer the highest rates of unemployment. According to the most recent data released last week, the current U.S. unemployment rate is 9.7 percent, but unemployment among Americans with less than a high school diploma is 15.6 percent while unemployment among college graduates is 5.0 percent. The difference is staggering – and we know those workers with less education will be the last hired as the economy recovers.

McKinsey and Company has modeled the impact of low educational attainment on national economic performance. According to their analysis, if America had closed the international achievement gap between 1983 and 1998 and raised its performance to the level of nations such as Finland and Korea, U.S. economic output would have been between \$1.3 trillion and \$2.3 trillion higher in 2008, an increase equal to 9 to 16 percent of GDP.

Two months ago, the Alliance for Excellent Education released a study of the economic impact of reducing the dropout rate by half in 45 major metropolitan areas. The impact on personal earnings, consumer spending and local and regional job creation is undeniable. I would expect to see similar results in rural communities.

The world is not standing still. Despite a recession that was global in scope, the worldwide knowledge-based economy continues to advance. More and more of today's jobs require ever-higher levels of skill and education – not only high-tech and professional jobs, but all jobs. In December, Business Roundtable released the findings and recommendations from The Springboard Project – an independent commission it convened – to ensure that American workers thrive after the economy rebounds. As part of the project we conducted a survey of employers in July of last year which revealed that employers perceive a large and growing gap between the educational and technical skills requirement of the positions they need to fill and the preparedness of U.S. workers to fill them. Their perception is, in fact, reality. The Bureau of Labor statistics reports that the fastest growing occupations are those that require higher levels of education and greater technical competence.

The situation is clear. Jobs increasingly require higher levels of educational attainment and technical proficiency and Americans are increasingly less qualified to fill them. It is this growing mismatch that motivates business leaders like Bill Green, Craig Barrett and Ed Rust to become so personally involved in education reform. They, together with many other U.S. business leaders, have rolled up their sleeves and joined BCSA's effort to advocate for an ESEA reauthorization that does a better job for America's children.

In many respects, the education reform landscape is very different since the No Child Left Behind Act was signed into law eight years ago. Consider these four noteworthy developments:

- The Common Core State Standards Initiative, led by the National Governors Association and Council of Chief State School Officers, is finalizing a draft of K-12 standards in math and English/Language Arts. This voluntary effort by states to develop a common set of internationally-benchmarked, college- and career-ready standards that all students, in every grade, in every state and community across the U.S. should meet in two core subjects, with science coming next, is truly remarkable.
- Better transparency and public reporting of student achievement data have put a spotlight on high school graduation rates, and particularly on the approximately 2,000 high schools (about 12 percent of American high schools) that produce more than half of all U.S. high school dropouts.
- Likewise, it is no longer acceptable to obscure achievement gaps by reporting a school's average student achievement without disaggregating the data on performance results for all groups of students. States and school districts have deployed new data systems to measure and track student, teacher and school performance.
- The stimulus bill included \$100 billion in federal support for new and existing K-12 education programs at the state, school district and individual school levels. Since the Administration established performance-based requirements to obtain competitively awarded "Race to the Top" and "Investing in Innovation" federal education grants, we have seen how competitive grants can provide incentives to change long-standing education policies.

Taking account of this changed landscape, and the need to get more than incremental improvement BCSA has developed principles for effective, results-oriented education reform in the context of ESEA reauthorization. We are releasing the following principles today:

Expect Internationally Benchmarked Standards and Assessments to Reflect Readiness for College, Workplace and International Competition – The standards and assessment provisions in a reauthorized ESEA must:

- Incorporate challenging state-developed common internationally benchmarked standards and aligned assessments tied to college and workplace readiness.
- Continue annual assessments of student achievement in math and reading, while working to establish annual assessments of student achievement in science.
- Invest in R & D to develop a next generation of assessments to measure progress in other subjects and skills needed for college and workplace readiness.
- Base annual progress measurements on rigorous measures of year-to-year growth in academic achievement tied to specific goals, including goals for specific subgroups of students.
- Provide for the fair and comprehensive participation of special needs and English language learning students with particular focus on “at risk” students and schools.

Hold All Schools Accountable While Putting a Laser-like Focus on Ending “Dropout Factories” –

Schools must continue to be accountable for getting all students (and subgroups) proficient in at least science, mathematics and reading. In addition, special attention must be placed on the less-than-3% of high schools that produce half of America’s dropouts. Specifically, this must include:

- Maintaining the current law’s consequences for schools that are chronically under-performing and ensuring that states and districts undertake proven interventions to put an end to “business as usual” at chronically low-performing schools.
- Increasing support for the School Improvement Grants program, while simplifying current federal guidance to target resources and support to those schools in most dire need of reform.
- Supporting initiatives to develop new personnel and governance policies in low-performing schools.
- Targeting distribution of effective educators to high-needs schools through updated incentive programs.

Measure and Reward Teacher and Administrator Success – High-performing schools need highly effective teachers and administrators, and the best way to do that is to:

- Change the current law’s definition of “highly qualified teachers” to the definition of “highly effective teachers” used in the Race to the Top Fund.
- Redesign and strengthen ineffective professional development programs to make them more “teacher driven” using research proven strategies that boost student achievement.
- Improve the use of data systems to measure teacher effectiveness and design compensation systems based on pay for performance models, not just seniority and additional training.
- Implement policies and practices to fairly and efficiently remove ineffective educators.
- Continue to focus on policies that promote equal distribution of highly effective teachers. Align teacher preparation at the postsecondary level with expectations for teacher effectiveness and common, internationally benchmarked, college- and career-ready standards.

- Invest in high quality alternative certification initiatives and programs that bring talented individuals, including majors in STEM fields and second career teachers, into the teaching pool.
- Expand the Teacher Incentive Fund with a priority on STEM.

Foster a “Client Centered Approach” by Districts and Schools – Good organizations, whether public or private, know that without an intensive focus on its clients, long term success is impossible. ESEA should require the following “client centered” provisions:

- Easy to understand report cards that include data on the performance of each student group and that do not rely on the use of statistical gimmicks and sleights-of-hand to sugar-coat results and undermine accountability measures.
- High quality Supplemental Educational Services (SES) programs that require districts to provide students and parents with timely and easily understood information on their options to choose either free tutoring or the ability to move to higher performing public schools.
- Increased support for parent involvement programs.
- Additional involvement of community and business groups in school improvement, transformation, and turnaround activities.

Leverage Data Systems to Inform Instruction, Improvement, and Interventions – The use of data to inform and improve student learning has been one of the most important developments in education reform over the past decade. ESEA reauthorization should build upon these efforts, including recent efforts supported by the American Recovery and Reinvestment Act (ARRA), and develop fully functioning statewide data systems that:

- Enable teachers to access user-friendly data to help support instruction.
- Offer timely, accurate collection, analysis and use of high quality longitudinal data that align to district systems to inform decision-making and improve teacher effectiveness and student achievement.
- Provide educator training on the use of data to differentiate instruction for students, especially for those who are not yet proficient and those who are more advanced.
- Integrate existing data systems so that teachers and parents get a comprehensive and secure profile that includes information necessary to customize instruction.
- Provide leadership with the full range of information they need to allocate resources or to develop, enhance or close programs.

Invest in School Improvement and Encourage Technology and Other Innovations to Improve Student Achievement – Improving schools in the 21st century is not a static process, it requires constant innovation and research focused on what works. ESEA must include support for high-quality research and proven reform initiatives by:

- Using the competitive approach in the Race to the Top and Investing in Innovation funds to support the next generation of partners (non-profit and for-profit) to assist with school reform efforts.
- Supporting R&D to improve school, educator, and student performance as well as reforms that revamp unproductive school governance, compensation regimes, and building use.

- Supporting expansion of high-quality charter schools and virtual schools and holding them accountable for improved academic achievement with the same expectation that we have for public schools.
- Supporting academic-focused extended learning time initiatives (including after school and summer programs) for at-risk students.
- Reforming secondary schools and holding them accountable for increasing the graduation rate (using the common definition adopted by the nation’s governors), and graduating students who are ready for college and work.
- Offering opportunities for students to enroll in advanced coursework (such as Advanced Placement or International Baccalaureate), early-college high schools, or dual enrollment programs that prepare students for college and careers.
- Engaging students by demonstrating that standards based curriculum has real world applications in acquisition of knowledge and increased opportunities for career exploration and exposure.
- Utilizing advanced communications technologies to improve delivery and increase effectiveness for students and teachers with optimization of online learning tools and multiplatform devices and systems.
- Encourage parent engagement by using technology to provide information about their child’s achievement and how to best support remediation or determine the need for increased support where appropriate.

Establish a Dedicated Strategy and Funding Stream to Improve STEM Education – For students to graduate from high school with the foundation, knowledge, and skills they need in science, technology, engineering, and mathematics (STEM), ESEA should:

- Support a targeted “innovation fund”, which focuses funds towards taking proven STEM programs to scale while encouraging the development and research of new strategies to increase student achievement in STEM subject areas.
- Support collaborations (schools, districts, states, communities and businesses along with other partners) to develop high-quality online and in-person professional development for STEM teachers.
- Continue development and support of student of curricula, inquiry based learning, project based learning and hands-on activities in addition to other proven strategies to improve student achievement in STEM.

As you can see from these principles Mr. Chairman, BCSA has gone to some length to develop comprehensive recommendations for ESEA reauthorization. We believe this is one of the most important issues you will address this year. We strongly endorse ESEA reauthorization. Education undergirds everything we do, as individuals and as a society. We cannot make sustained progress on creating stable, long-term employment, on boosting economic growth or in solving our greatest national challenges, such as responding to terrorism or addressing climate change and the need for energy security without addressing the underlying weakness of our educational system. Absent serious, effective, results-oriented reform, America’s underperforming educational system will continue to fail many of America’s youth and hold

back the U.S. economy. Education reform is an economic security issue, a national security issue and a vital social and moral issue. This is not the time to point fingers and play the blame game. We all can and must do better.

Mr. Chairman, I applaud you for holding this hearing today. On behalf of the Business Coalition for Student Achievement, I urge you to move ahead with a bipartisan approach for ESEA reauthorization. We come to this not as education experts but as employers and taxpayers who understand the importance of strong and successful public schools. Companies and local, state and national business organizations are committed to ensuring U.S. high school graduates are prepared for postsecondary education, careers and participation in our democracy. We look forward to working with you and the members of this Committee to enact reform with bipartisan support that does right by our students and prepares America's future workforce for the jobs of tomorrow.

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Thank you again Mr. Chairman, Senator Enzi and Members of the Committee. I appreciate this opportunity to express Business Roundtable's views on this important legislation. I welcome your questions.