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**C**OMMITTEE FOR **E**DUICATION **F**UNDING

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**STATEMENT OF JOEL PACKER**

**EXECUTIVE DIRECTOR**

**COMMITTEE FOR EDUCATION FUNDING**

**BEFORE**

**THE NATIONAL COMMISSION ON FISCAL  
RESPONSIBILITY AND REFORM**

**JUNE 30, 2010**

Chairman Simpson, Chairman Bowles and Members of the Commission, I want to thank you for the opportunity to present the views of the Committee for Education Funding (CEF) before the Commission.

I am Joel Packer, Executive Director of CEF, the nation's oldest and largest coalition of education organizations, representing more than 80 national organizations and institutions from Pre-K to graduate education.

As the Commission deliberates over the long-term fiscal challenges confronting the federal government, we come before you today with one simple message – investments in education are critical to our long-term economic growth and our global competitiveness. Attached to my statement are several charts and graphs that provide additional data on the points I make today.

Increased investments in education are also a moral imperative. Our nation continues to face unacceptable gaps in educational achievement and attainment at all levels of education – student academic achievement, high school graduation, college attendance and college completion. African Americans and Hispanics lag behind their white peers in all of these categories, as do low-income students and students with disabilities.

As an example, looking at fourth grade reading achievement as measured on the 2009 results of the National Assessment of Educational Progress (NAEP), only 15 percent of African American students scored at the proficient or higher level, as did only 16 percent of Hispanic students, compared to 41 percent of white students.

According to the Alliance for Excellent Education, “every year, over 1.2 million students—that's 7,000 every school day - do not graduate from high school on time. Nationwide, only about 70 percent of students earn their high school diplomas. Among minority students, only 57.8 percent of Hispanic, 53.4 percent of African American, and 49.3 percent of American Indian and Alaska Native students in the U.S. graduate with a regular diploma, compared to 76.2 percent of white students and 80.2 percent of Asian Americans.”

The gaps between English Language Learners (ELLs) and their English-fluent peers also remain wide. The 2007 NAEP Reading results indicate that 30 percent of fourth-grade ELLs scored at or above the basic achievement level in reading compared to 69 percent of the non-ELL students. The 2009 NAEP Mathematics results indicate that 57 percent of fourth-grade ELLs scored at or above the basic achievement level compared to 84 percent of the non-ELL students. The achievement gap is not closing, and ELL enrollment shows few signs of slowing. Based on state reported data, since 2005-06 ELLs have accounted for 10 percent of the total student population. State reported data show that since 2001, increases in ELL enrollment have exceeded 30 percent annually.

Lower levels of educational attainment directly translate into lower levels of earnings, which then translate into lower levels of tax payments and increased levels of government spending on social service programs.

The impact of education on average earnings is startling. In 2006, an average yearly earnings for men who had some high school but failed to obtain a diploma was \$27,650. For those with a bachelor's degree it was \$60,910 – more than double. For women, the figures show comparable gaps - \$20,130 for those without a high school diploma versus \$45,4210 for those with a bachelor's degree. (<http://www.infoplease.com/ipa/A0883617.html>)

Looking at the impact of education on unemployment, individuals with less than a high school diploma had an unemployment rate three times that of those with a bachelor's or higher degree.

Yet, the fastest growing segments of our population are from these very racial and ethnic groups who are still being left behind. According to the Census Bureau, "The United States is expected to experience significant increases in racial and ethnic diversity over the next four decades...Even if net international migration is maintained at a constant level of nearly one million, the Hispanic population is still projected to more than double between 2000 and 2050..."

Between 2006 and 2010, the white population is projected to decline by 6 percent, while African Americans will increase by 10 percent, Hispanics by 33 percent and Asians by 39 percent.

Our failure to close these educational gaps threatens not only the future of tens of millions of children from these groups, but also threatens our long-term economic outlook and our global competitiveness. In fact, it threatens the very fabric of our society as those with lower levels of education are also less engaged in civic activities, have higher rates of crime, and are less healthy.

At the same time that we must address these achievement gaps, our schools and colleges also face record levels of enrollment with projections of additional increases throughout the decade.

According to the National Center for Education Statistics (NCES), "Total public elementary and secondary enrollment is projected to set new records every year from 2009 to 2018." Enrollments are projected to rise from 49.8 million students to 53.9 million. At the postsecondary education level, enrollment is projected to increase from 17.8 million in 2006 to 20.1 million students in 2017.

Making matters even more challenging, the educational attainment level required for jobs continues to rise. Anthony Carnevale, Director of the Georgetown University Center on Education and the Workforce, estimates that by 2018, nearly two-thirds of all jobs in the United States will require some form of postsecondary education or training. In 1973, just 28 percent of jobs, or less than one-third, required such instruction. (<http://icw.uschamber.com/newsletter-article/education-key-global-competitiveness>)

The United States is also losing its edge in the global knowledge economy. According to a July 2009 report, *Defining a 21st Century Education*:

“America’s high school graduation rate, once the best in the world, now ranks 18th among industrialized OECD countries. As for higher education, “here, too, other countries are passing the United States,” observe Andreas Schleicher of the OECD and Vivien Stewart of the Asia Society. “The United States ranked second in 1995; by 2006, it ranked 13th among 24 countries with comparable data, behind such countries as Australia, Iceland, New Zealand, Finland, Denmark, Poland, the Netherlands, and Italy—and, for the first time, even behind the OECD average.”

“Already, America’s share of the world’s college students has dropped from 30 percent in 1970 to less than half that today. And because of their sheer size, China and India will surpass both Europe and the United States in the number of secondary and postsecondary graduates they produce over the next decade.”

Investments in education directly increase earnings and thus revenues. It is estimated that over the course of their working life, a bachelor’s degree recipient will earn nearly \$1 million more than an individual who only has a high school diploma or G.E.D. Individuals with doctoral degrees will earn \$1.3 million more than bachelor’s degree recipients. Over the course of a person’s working life (age 25-65), a college graduate is worth \$472,000 in tax revenues. This is in contrast to the revenues generated by a high school graduate, which is only \$260,000. (Kantrowitz, M., *Financial Value of a Higher Education* (2007). Washington, DC: NASFAA Journal of Student Aid, available at <http://www.nasfaa.org/Annualpubs/Journal/Vol37N1/Kantrowitz.PDF>.)

Research has also demonstrated that if we close achievement gaps, our revenues and GDP will significantly increase. According to a 2007 study released by Teachers College, Columbia University:

“We find that each new high school graduate would yield a public benefit of \$209,000 in higher government revenues and lower government spending for an overall investment of \$82,000, divided between the costs of powerful educational interventions and additional years of school attendance leading to graduation. The net economic benefit to the public purse is therefore \$127,000 per student and the benefits are 2.5 times greater than the costs.

“If the number of high school dropouts in this age cohort was cut in half, the government would reap \$45 billion via extra tax revenues and reduced costs of public health, of crime and justice, and in welfare payments. This lifetime saving of \$45 billion for the current cohort would also accrue for subsequent cohorts of 20-year olds.”

*The Costs and Benefits of an Excellent Education for All of America’s Children*  
[http://www.cbese.org/media/download\\_gallery/Leeds\\_Report\\_Final\\_Jan2007.pdf](http://www.cbese.org/media/download_gallery/Leeds_Report_Final_Jan2007.pdf)

Another recent study concluded:

- If the United States had in recent years closed the gap between its educational achievement levels and those of better-performing nations such as Finland and Korea,

GDP in 2008 could have been \$1.3 trillion to \$2.3 trillion higher. This represents 9 to 16 percent of GDP.

- If the gap between black and Latino student performance and white student performance had been similarly narrowed, GDP in 2008 would have been between \$310 billion and \$525 billion higher, or 2 to 4 percent of GDP. The magnitude of this impact will rise in the years ahead as demographic shifts result in blacks and Latinos becoming a larger proportion of the population and workforce.
- If the gap between low-income students and the rest had been similarly narrowed, GDP in 2008 would have been \$400 billion to \$670 billion higher, or 3 to 5 percent of GDP.

*The Economic Impact of the Achievement Gap in America's Schools*

[http://www.mckinsey.com/App\\_Media/Images/Page\\_Images/Offices/SocialSector/PDF/achievement\\_gap\\_report.pdf](http://www.mckinsey.com/App_Media/Images/Page_Images/Offices/SocialSector/PDF/achievement_gap_report.pdf)

However, in spite of these facts, the share of the federal budget devoted to education, as measured by total spending by the U.S. Department of Education, is less than 3 percent of all federal outlays. And based on the Fiscal Year 2011 budget submitted by President Obama, education outlays would decline to 2.2 percent of all outlays by 2015. CEF supports increasing the share of federal spending devoted to education to 5 percent of all outlays.

We also need increased investments in early childhood education, which also pay off. The preliminary results of a randomly selected longitudinal study of more than 600 Head Start graduates in San Bernardino County, California, showed that society receives nearly \$9 in benefits for every \$1 invested in these Head Start children. These benefits include increased earnings, employment, and family stability, and decreased welfare dependency, crime costs, grade repetition, and special education. (Meier, J. (2003, June 20). Kindergarten Readiness Study: Head Start Success. Interim Report. Preschool Services Department of San Bernardino County.)

Every \$1 invested in high-quality pre-k saves taxpayers up to \$7. Pre-k results in savings by reducing the need for remedial and special education, welfare, and criminal justice services, according to a number of studies. (Sources: "The Economics of Investing in Universal Preschool Education in California", Rand Corporation; The High/Scope Perry Preschool Project)

Yet, many education programs have large unmet needs. To cite a few examples:

- Fully funding Title I Grants, which serve students at schools with high levels of poverty, would require an appropriation of approximately \$35 billion – an increase of more than \$20 billion.
- Congress acknowledged in 1975 when the IDEA was enacted that the cost of educating a student with disabilities is approximately twice that of educating students who do not receive special education supports and services. When the law was passed, Congress pledged to pay 40 percent of the national average per

pupil expenditure for students receiving IDEA services. Unfortunately over the last three decades, the federal government has not fulfilled its fiscal pledge, leaving states and localities to bear the burden of paying the shortfall. The current federal share is only at 17 percent. To achieve the full funding 40 percent level would require an additional \$16 billion.

- Research conducted by the U.S. Department of Education in 1999 identified over \$125 billion in necessary renovation projects in existing school buildings, while other studies looking at both renovation and new construction costs estimated a nationwide need closer to \$300 billion.
- School library media centers spend an average of \$8.50 per child for books – less than half the average cost of one hardcover school library book. In addition, the average national ratio of library media teachers to students is now only 1:856 students, leaving less ability for direct connections between media teachers and students.
- The value of Pell grants in meeting college costs has significantly declined. In the 1988-89 school year, the maximum Pell grant covered 50 percent of college costs at four-year public colleges and 20 percent of such costs at four-year private institutions. However by the 2009-10 school year, the maximum Pell covered only 35 percent of average public school costs and 15 percent at private schools.
- Of the nation's 307 million people, 93 million adults do not possess the necessary literacy levels to enter either postsecondary education or job-training programs, according to the 2003 National Assessment of Adult Literacy.
- State-funded pre-k programs currently serve just 24 percent of four year olds and 4 percent of three year olds in the U.S.

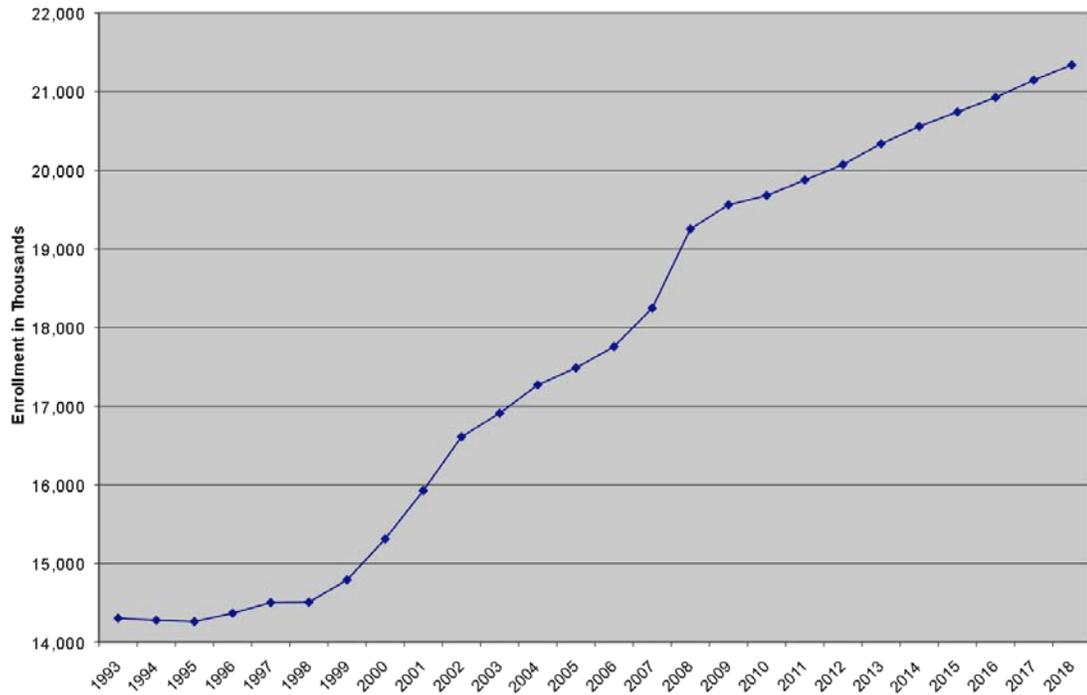
Solving our nation's fiscal situation and reducing the debt can't and won't happen simply by cutting federal spending, capping discretionary spending and freezing education. investments in education are investments in our fiscal future and our societal well-being.

Yet to reiterate what I previously said, the share of the federal budget devoted to education, as measured by total spending by the U.S. Department of Education, is less than 3 percent of all federal outlays. When what one earns is increasingly linked to what one learns, when the global leadership of the U.S. is threatened by other countries outperforming us on education, and when the need to close our education gaps is greater than ever, education deserves to, and indeed must, become a larger share of the federal budget.

While we do need to be concerned with the future fiscal burden that unchecked national debt places on our children and grandchildren, we also need to be concerned that we not leave them unprepared for the global economy due to inadequate education.

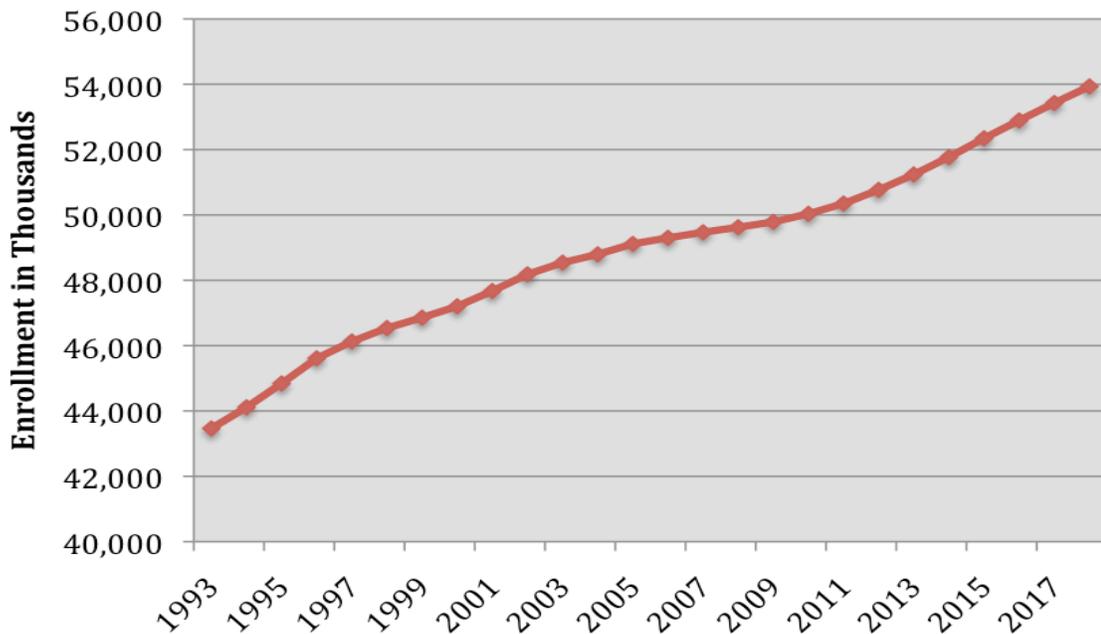
When our students succeed, our nation succeeds. Thank you for considering our views.

## Rising Higher Education Enrollments



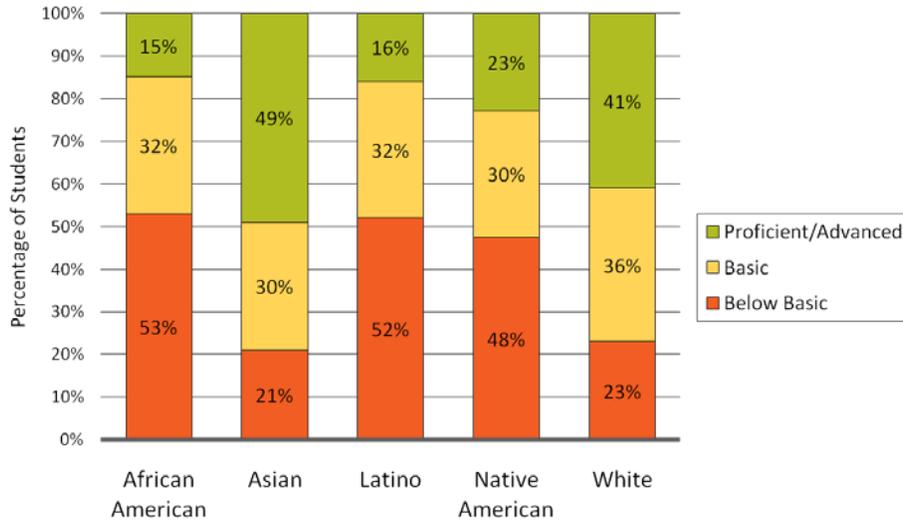
Prepared by American Council on Education

## Rising K12 Education Enrollments



Source: CEF based on NCES data

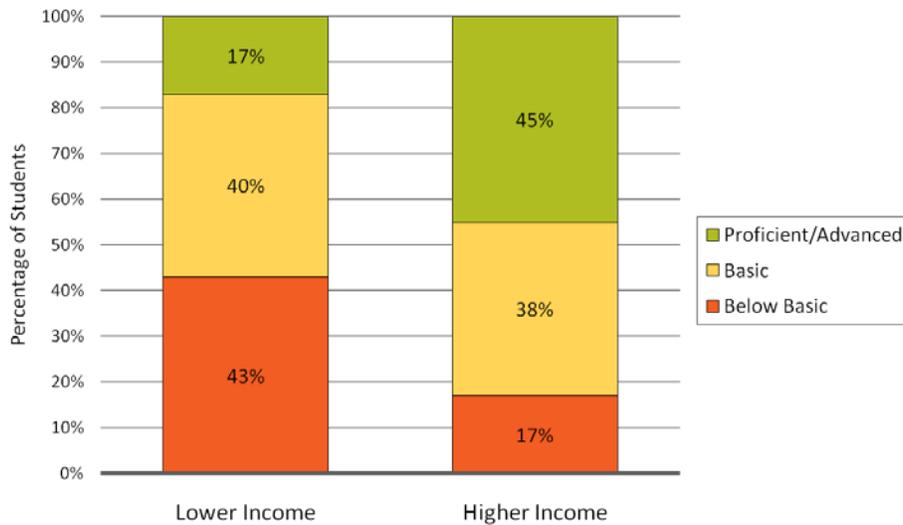
## 2009 NAEP Grade 4 Reading by Race/Ethnicity, Nation



Source: NCES, NAEP Data Explorer

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## 2009 NAEP Grade 8 Math by Family Income, Nation



Source: NCES, NAEP Data Explorer

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## The demographics of our nation are changing

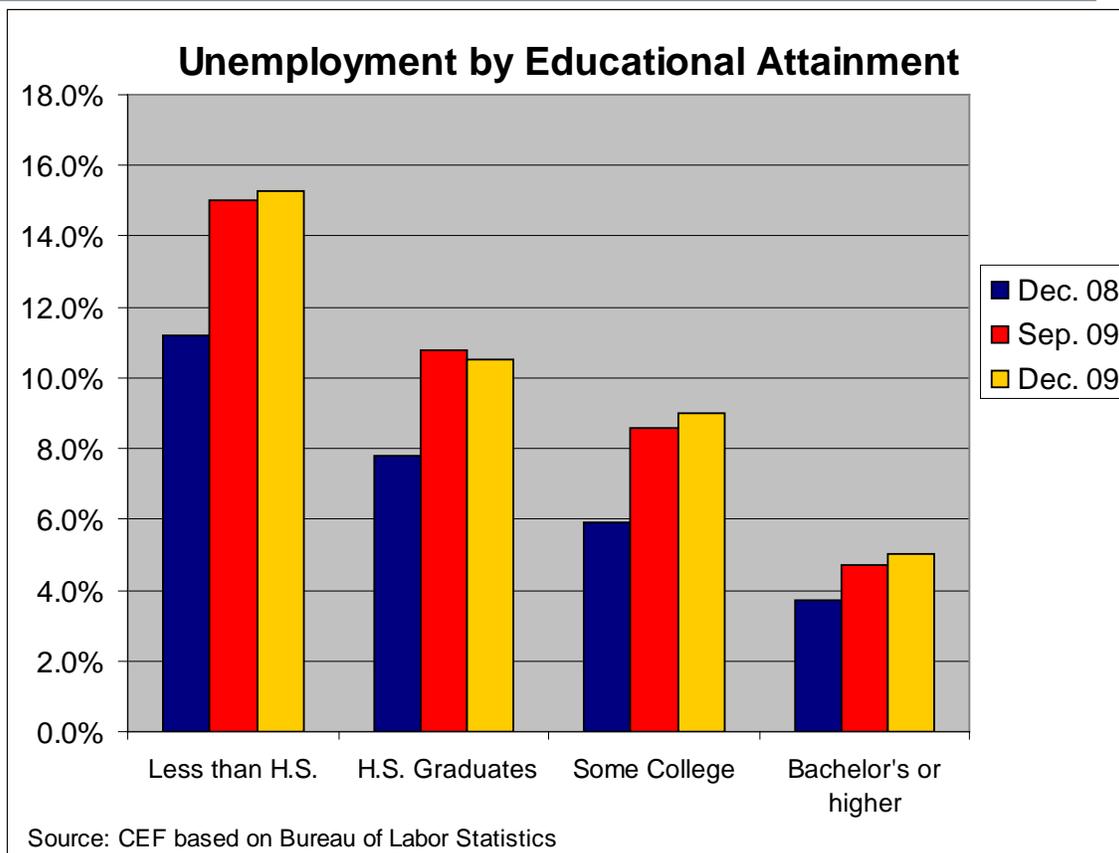
### Projected Populations Changes, 2006 –2020, Nation

	Population 2006	Projected Population 2020	Projected Change 2006-20
<b>African American</b>	12,064,723	13,224,681	10%
<b>Asian</b>	4,013,785	5,570,838	39%
<b>Latino</b>	13,467,649	17,960,718	33%
<b>Native American</b>	793,777	882,777	11%
<b>White</b>	51,104,875	47,904,616	-6%
<b>Total</b>	81,444,809	85,543,630	5%

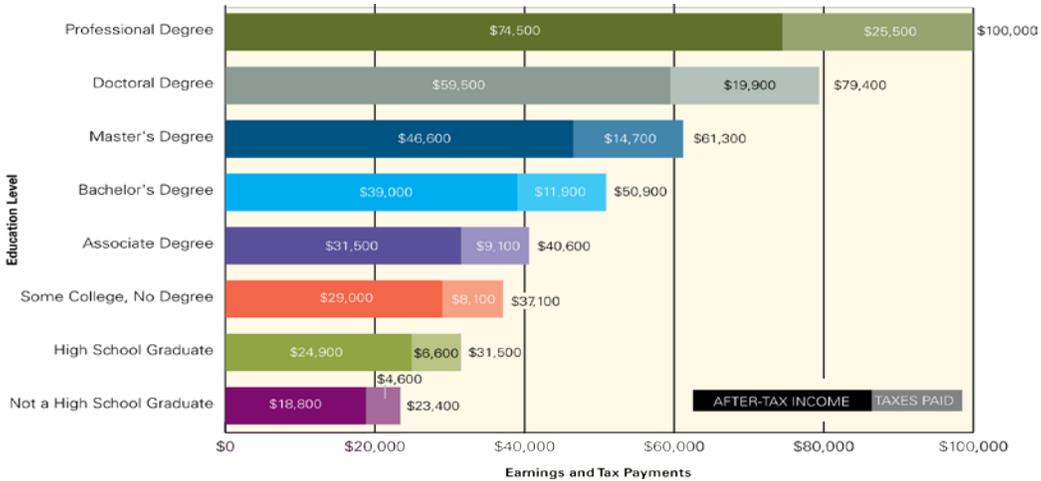
The Education Trust calculations from the U.S. Census Bureau, State Population Projections, State Projections 1995-2025 based on 1990 Census (released 1996), [www.census.gov/population/www/projections/stproj.html](http://www.census.gov/population/www/projections/stproj.html).

Source:

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## Median Earnings and Tax Payments of Full-Time Year-Round Workers Ages 25 and Older, by Education Level, 2005



Notes: Taxes paid include federal income, Social Security, and Medicare taxes, and state and local income, sales, and property taxes.  
Sources: U.S. Census Bureau, 2006, PINC-03; Internal Revenue Service, 2006; McIntyre et al., 2003; calculations by the authors.

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Education Pays 2007



[www.collegeboard.com](http://www.collegeboard.com)

## Expected Lifetime Earnings Relative to High School Graduate, by Education Level

Notes: Based on the sum of median 2005 earnings from ages 25 to 64 for each education level. Future earnings are discounted using a 3 percent annual rate to account for the reality that, because of foregone interest, dollars received in the future are not worth as much as those received today.  
Sources: U.S. Census Bureau, 2006, PINC-03; calculations by the authors.

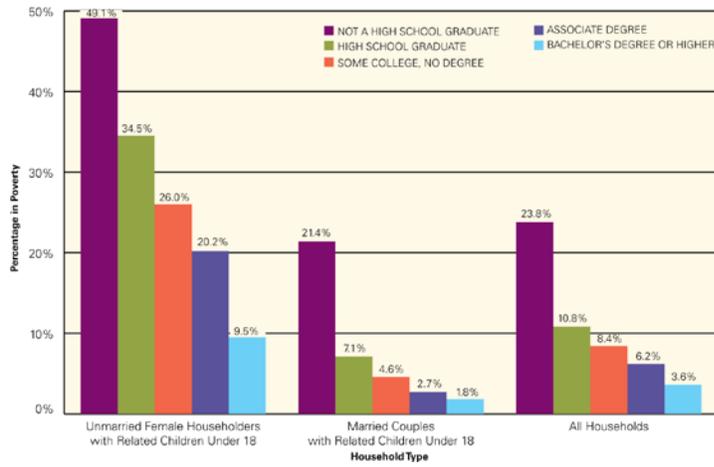
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Education Pays 2007



[www.collegeboard.com](http://www.collegeboard.com)

## Percentage of Individuals Ages 25 and Older Living in Households in Poverty, by Household Type and Education Level, 2005



Sources: U.S. Census Bureau, Current Population Survey, 2006 Annual Social and Economic Supplement; calculations by the authors.

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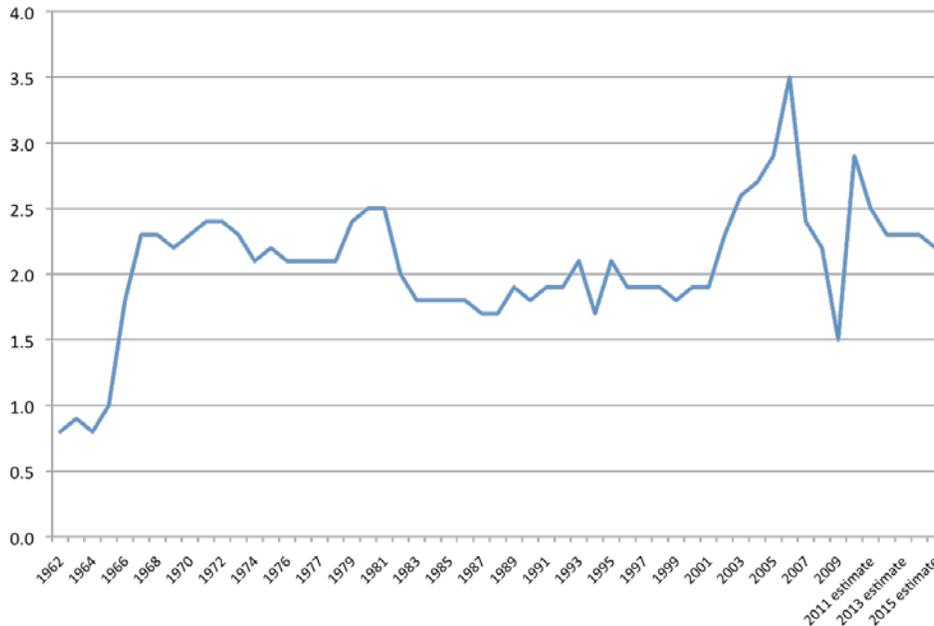
Education Pays 2007



[www.collegeboard.com](http://www.collegeboard.com)



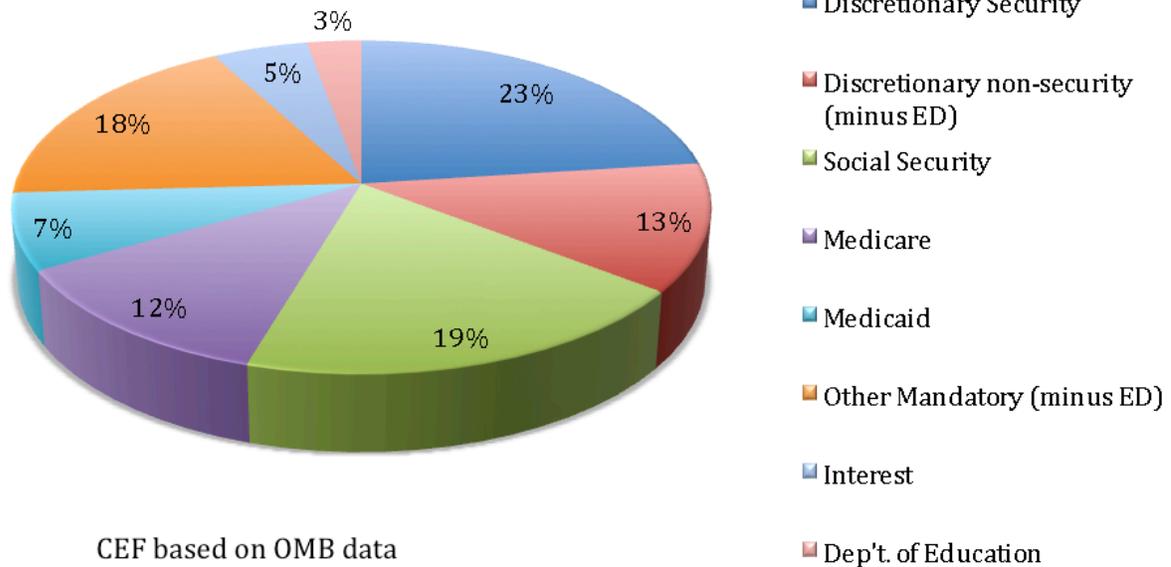
### Department of Education Outlays as % of Total Federal Outlays



Source: CEF Based on OMB data



## Fiscal Year 2010 Total Outlays



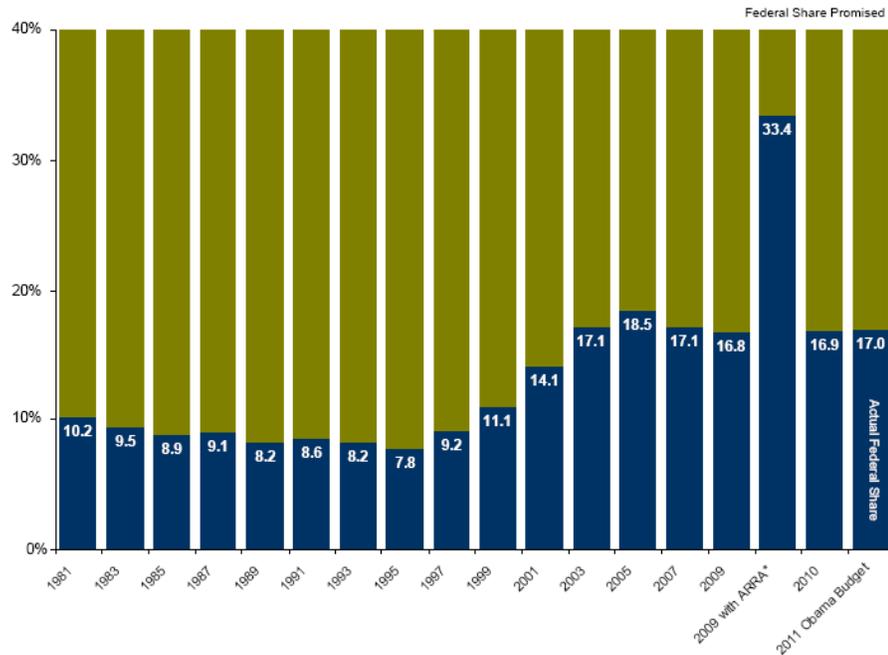
## IDEA Full Funding

Federal Share Promised in the Law vs. Actual Share, Selected Fiscal Years 1981-2011



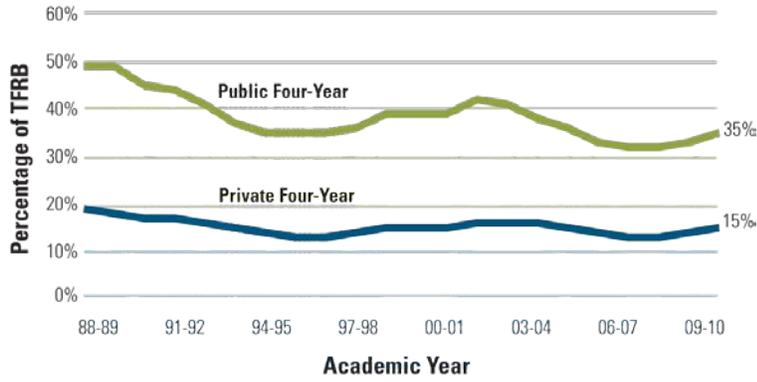
The assumption underlying the Individuals with Disabilities Education Act (IDEA) and its predecessor legislation is that, on average, the cost of educating children with disabilities is twice the average cost (measured as the national average per pupil expenditure or APPE) of educating other children. Congress determined that the federal government would pay up to 40 percent of this "excess" cost, which is referred to as full funding. Since 1981, the first year for which full funding was 40 percent of APPE, the federal payment has remained less than half of the federal promise (excluding 2009 with ARRA\*).

\* American Recovery & Reinvestment Act of 2009



Source: U.S. Department of Education and Congressional Research Service. The federal share is calculated from appropriations for Special Education Grants to States (IDEA Part B-611), excluding amounts available for studies and evaluations or technical assistance as applicable. For more information, contact Tom Zembar at 202.822.7100 or TZembar@nea.org. Updated February 1, 2010.

### Maximum Pell Grant as a Percentage of Tuition and Fees and Room and Board (TFRB), 1988-89 to 2009-10

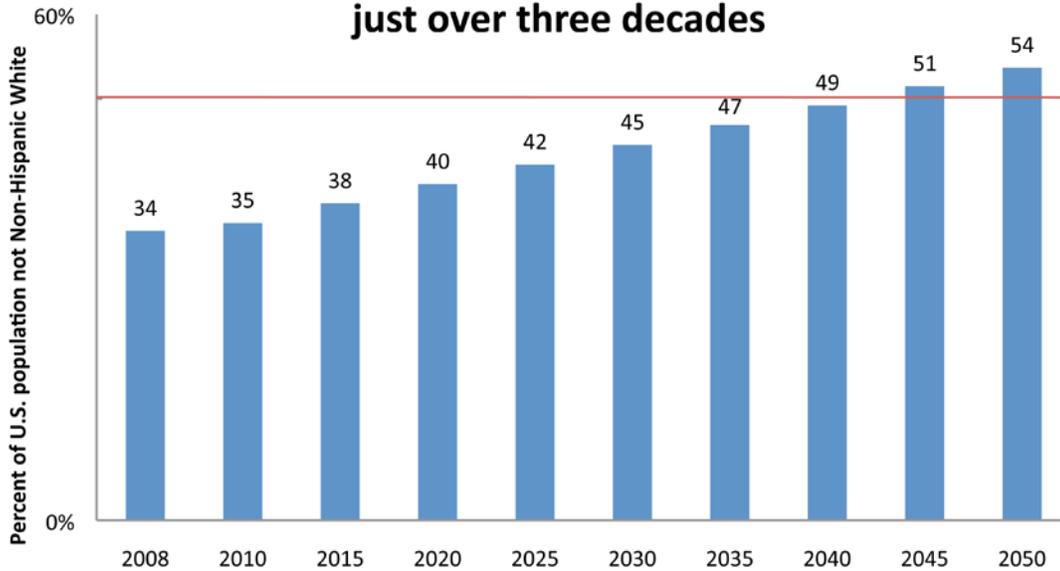


Sources: The College Board, *Trends in Student Aid 2009*; *Trends in College Pricing*, The College Board, New York, NY; *The Federal Pell Grant Program End-of-Year Report*, 2007-08; and projections from U.S. Department of Education, Office of Postsecondary Education.



TRENDS IN HIGHER EDUCATION SERIES

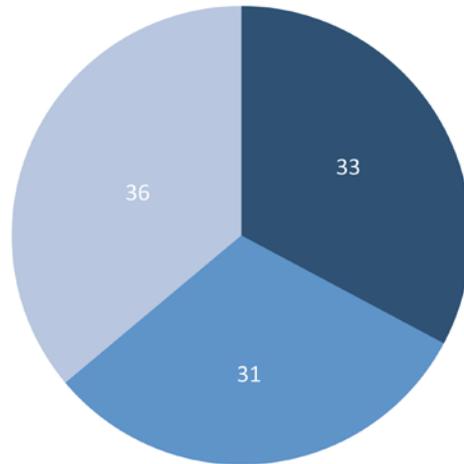
### Figure 6 "Minorities" projected to become U.S. majority in just over three decades



Source: U.S. Census Bureau. (2008, August 14). *An older and more diverse nation by mid-century*. Washington, DC: U.S. Department of Labor. (Table 3: Projections of the Population by Race and Hispanic Origin for the United States 2008 to 2050)

**Figure 10**  
**Two-thirds of new jobs created during**  
**2006-2016 will require postsecondary**  
**education or training**

■ High school graduate or less   ■ Some college   ■ Bachelor's degree or higher



Source: Bureau of Labor Statistics. (2008, February). *Occupational Projections and Training Data: 2008-9 Edition*. Washington, DC: U.S. Department of Labor. (p. 4, Table I-3)