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CREATING OPPORTUNITY:
FROM THE LOCAL TO THE NATIONAL TO THE GLOBAL

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PANEL ONE: OPPORTUNITIES AT HOME

Moderator:

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Panelists:

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PROCEEDINGS

MR. ANTHOLIS: I'm going to ask everybody to stay in their seats while we get the next panel up because we're right on 10:00. So if you'll stay in your seats, there will be a coffee break after this panel going into the next one. So for this panel, panelists, please come up.

Karen Dynan, our Vice President for Economic Studies and the Co-Director of that program, will be moderating the panel, and she'll be introducing our other panelists, but I'll quickly tell you who they are, joined by Russ Whitehurst, Ron Haskins and Pam Egan. So wait one second while they get wired and we'll be ready to go.

MS. DYNAN: Okay. We're going to turn back for the panel to domestic matters. I'm Karen Dynan, Vice President of Economic Studies here at Brookings. Let me start by introducing our distinguished group of panelists. You can read their full biographies in the material that you picked up coming in, but I'm going to give you some of the highlights.

So to my right we have Russ Whitehurst who is a Senior Fellow at Brookings in the Governance Studies Program. He holds the Herman and George R. Brown Chair and is Director of the Brown Center on Education Policy. Russ spent many years as an academic before coming to Washington in 2001 to serve first as Assistant Secretary and then as Director of the Institute of Education Sciences at the Department of Education. In this role, Russ was recognized for having transformed the quality of education research by moving the field towards scientifically based evidence of effectiveness. Russ joined

Brookings two years ago and he continues this important mission through his work in the Brown Center.

To Russ' right we have Ron Haskins, who is also a Senior Fellow here at Brookings in the Economic Studies Program. Ron serves as Co-Director of our Center on Children and Families. Among his many accomplishments while at Brookings, he co-authored with Belle Sawhill a highly praised book entitled *Creating an Opportunity Society* which was described as compelling by the *National Journal* and full of excellent analysis and proposals by the *Financial Times*. Prior to joining Brookings in 2001, Ron spent 15 years on the Hill working for the House Ways and Means Committee, where he was instrumental in the 1996 Overhaul of National Welfare Policy.

At the end we have Pamela Egan, who oversees the operations of two of the largest employment and training organizations in Southern Nevada. She is the Chief Operating Officer of Nevada Partners, a non-profit community based organization, as well as the Culinary Training Academy, a labor management training trust.

She is also principal to the consulting firm, Source One Policy in which capacity she consults for the Nevada State AFL-CIO on work force and economic development policy, and she's served on a variety of commissions in Nevada and is currently a member of the Governor's Work Force Investment Board.

So let me lay some ground work for this panel. This is an extremely difficult period for many lower and middle class families, both because of business cycle developments and because of longer term trends.

So in terms of the business cycle, we've just been through the worst downturn since the Great Depression, and the recovery to date has been slow and uneven. The unemployment rate has dropped a bit, to nine percent, but that's five percentage points higher than its pre-recession level. And moreover, if you include workers who aren't seeking a job because they're discouraged or who are working part-time when they want to work full-time, you have an under employment rate of 16 percent, so that's one in six workers.

In addition, American families have been buffeted by other forces related to the Great Recession. When all is said and done, probably several million households will lose their homes as a result of the mortgage and foreclosure crisis, something that Pamela, being from Nevada, is very familiar with.

Many families are also finding their nest eggs depleted as a result of the economic and financial crisis. Housing crisis have stabilized nationally, but they're down a third from their pre-recession levels. And the stock market, in which many workers had their 401K savings invested, is still down by about 12 percent relative to its peak.

So what are some business cycle forces? On top of that we have concerning longer term trends that are affecting middle class. The most prominent of these is what's referred to as the polarization of the job market in

the United States over the last two decades. In a paper for the Hamilton Project here at Brookings, MIT Professor David Autor documented an expansion in the high skill, high wage occupations, as well as in low skill, low wage occupations, but a decline in job opportunities in white collar clerical, administrative and self occupations and in blue collar production, craft and operative occupations. So this is the decline in manufacturing that we've seen in this country as part of this phenomena.

So this polarization of many markets has contributed to a sharp rise in wage inequality over the past two decades, and, in essence, a hollowing out of the middle class.

These problems are significant and they're exacerbated by our nation's fiscal situation. Of course, the unsustainable long term trajectory for our federal budget deficit means we can't throw money at the problem. We need to, echoing what Sylvia said, we need to use our limited dollars and limited energies as effectively as possible.

So we face these tremendous challenges. There is tremendous promise, as well. The fact is that we live in one of the world's most dynamic economies. The rate of mobility has been high over the generations, which suggest that the opportunity is here if we can cultivate it. Furthermore, (inaudible) opportunity is politically feasible as something that has bipartisan appeal, which is not something that you can say about a lot of policies these days. It was a theme in the President's State of the Union Address, with the President pointing out that behind him sat a former working class kid from

Scranton, the Vice President, and someone who began by sweeping the floors of his father's bar, Speaker Boehner, and as Bill Antholis noted, creating opportunities to succeed and prosper for people of all backgrounds was the theme of Congressman Ryan's GOP response to the President's Address.

So that's the ground work. And with that background in mind, let me turn now to our speakers who can share some concrete suggestions as to how we can cultivate opportunity in this country.

So, Russ, let me start with education, since that's usually the first thing people think about when they think about opportunity. It's clearly a priority of many policy-makers, including the current administration, but as you've noted in your own work, the educational attainment of the nation's youth has largely stagnated, following substantially behind that of countries with which we compete. So can you talk about what the likely and promising levers are in our education system, how can we address the situation, and how can we improve the education of our citizens?

MR. WHITEHURST: Thanks. Well, good morning, everybody. I don't know how many of you had a chance to look at the New York Times this morning since you were here, maybe not, but there is a front page story at least in the digital edition about a change in New York State that's being led by the Board of Regents and the State Department of Education to report out for school districts not only their high school graduation rates, but their college readiness rates. So they've taken performance on the State Regent's exam, correlated it with the ability to pass a college course with at least a C, and are now able to

indicate what the college ready graduation rate is for districts throughout New York State.

They reported it only for the five largest districts. So for New York City public schools that have, by most accounts, shown a renaissance of a sort and are looked at as a model for urban reform, the college ready graduation rate is 23 percent. The actual graduation rate is 65 percent. So 35 percent of kids don't make it to the high school graduation exit door, and of those who do, less than half are ready to go to college without remediation. For Rochester, that rate is 5.5 percent. So we had at least one large urban district in New York State that's essentially failing every student, or almost every student enrolled, in terms of giving them a skill set that will allow them to attend even a community college with a reasonable chance of graduation without a lot of remedial work.

When we turn to post secondary education, I can paint a glass half full or half empty picture there, but for people who most need the opportunity of education, who are attending community colleges or attending for profit institutions, the completion rate is around 20 percent in the better of those institutions, and costs are quite high. We are the world's leader in the cost of post secondary education.

I'm reminded of the visits I would make with my family to my grandparents' farm when I was a young child. And out in back, my grandfather kept an old Dodge that had not started for years. And my grandmother would needle him about this, and the kids would needle him about it, you know, get the car out of the back yard, and his response, which came to be a family joke, is

that it's a damn good car, it just doesn't work. And I think that's where we are in terms of education in America, it's a damn good system, it's just not working. And so we've got to figure out ways to get it up off the blocks and move it out of the back yard and replace it with something that's actually viable and getting people to where they need to go.

H.L. Mencken is famously quoted as saying, "for every complex problem, there is one solution that is neat, simple and wrong", and there are too many people in the education policy arena who have one solution for everything that ails us, and it's a systemic issue, it has many moving parts.

I won't fall into the Mencken trap, I'll give you briefly three solutions so that at least I'm approaching the complexity of the problem by providing you more than just one.

One thing that we clearly have to do a better job of in public K-12 education is human resources, and in particular, teachers in the classroom. How many of you can remember a teacher that was influential in your life, who encouraged you to do things you might otherwise not have done, who, looking back, made a difference? Raise your hand if you can remember such a person. I can remember several of those people. And how many of you can remember a really terrible teacher? Okay. Well, I shared intuitions 50 emerging data on this topic. There are persistent differences in the effectiveness of teachers in the classroom. And they have demonstrable and powerful effects on the progress on children through the system. The difference between the teachers in the top quartile effectiveness and the bottom quartile effectiveness in elementary school

for a child in one of those classrooms, the difference is, one-third of the gap in this country in racial achievement in just one year.

So having a good teacher three years in a row can move children to a point that's substantially different in terms of their progress through the system, through opportunity, and yet we find that school systems currently have evaluation systems in place that are like Lake Wobegon.

As Secretary Duncan said, he thought off the record when he was traveling through New York State a year ago, how wonderful it is to live in a country in which every teacher is above average. We have evaluation systems that generally get pass/fail, in which 98 percent of teachers get a passing grade. We have tenure systems in which teachers are guaranteed employment for life after two years in the Los Angeles public schools. Ninety-eight percent of provisional teachers get tenure. What other industry is so inept at differentiating the kind of performance differences that we all believe intuitively and research indicates are important?

So we need to move to meaningful evaluation of teachers in the classroom. That needs to be tied to better professional development, it needs to be tied to tenure decisions, it needs to be tied to differential rewards for teachers who are outstanding so that they will be encouraged to stay in the classroom and do the wonderful work they are doing.

There's a movement in this direction in policy circles, there's a lot of push back. One of the things that we've been focusing on at Brookings is how the evaluation of teachers compares with the evaluation of professionals in other

fields, and we've surprised a lot of people by pointing out that the correlation of teacher performance from year to year, which is about .35 in a simple correlation, seems low, but that's almost exactly the correlation of professional baseball players' batting averages from year to year, and yet we find no challenge in making decisions about which baseball players to continue if we're a team manager based on their baseball averages, their batting averages, we can make similar decisions about teachers. So teachers are very important.

A second lever, and it was interesting to hear that the Gates Foundation doesn't fund it, I know that they don't fund it as curriculum and instruction. So if we've got a good teacher in the classroom, we need to give that teacher tools that will maximize his or her productivity.

And currently there's almost no investment in the development of curriculum instruction outside of the three large publishers in this country who are preparing materials for a marketplace, but are not investing heavily in designing new and effective materials. We need to invest in this area. We particularly need to take advantage of digital technologies.

You probably share my intuition that 50 years from now, schools are going to look different than they look now, and the education process will be different, it will be driven digitally, we're not investing in that. One way for the U.S. to regain its lead is to take advantage of our preeminence in digital technologies and drive that technology into the classroom. The final lever I'll point to today is the marketplace. We have a very curious dichotomy in this country, we have a K-12 education system about which there is a lot of data, and

that data is increasingly made available to parents in useful ways in the form of school report cards.

If you live in the District of Columbia, you can find out the performance of any particular school in the District by going to the District's web site and accessing the information there. And yet there is no marketplace that can be driven by that information, because by and large, students are stuck with the school that's closest to their residence.

If we could create a marketplace based around meaningful choice, we would likely have some of the impact that marketplaces have in other fields. We heard about micro loans as an example of how marketplaces can be transforming of civil society, we need that in public education. It can take the form of more charter schools, it can take the form of vouchers, when people dare to go there, and it can certainly take the form of open enrollment in public school systems, so that I'm not, as a parent, constrained to having my child assigned to the Third Street Elementary School if that's where I live, the child can go across town, and we need to make that kind of choice available.

In post secondary education, we have the opposite, we have a lot of choice. We have 6,000 plus post secondary institutions. If you want to go to one, you can. You get a voucher to do that, if you're poor, from the federal government, it's called Pell Grant, you can spend it anywhere you want. But we have almost no information to drive those choices.

We have input variable, as U.S. news and world report rankings, but I can't tell you what the chance of employment is for enrolling in a particular degree or a certificate program at a particular institution.

I might need to make a serious investment of my time and my money and public funds in such a choice and no information to guide that decision. I've talked with a community college president who tells me that the completion rate for their information technology programs is eight percent and the completion rate for their health programs is 65 percent. Presumably that's related to markets in that particular area, but no student entering the institution knows that. We need to provide strong information on institutional and degree performance at the post secondary level so that students can find programs that lead to what they want, which is often a job, they know the prospects of that, they know the chance of that. We need at least as much information available to people who are choosing to pursue a post secondary degree or certificate as is presently available to them if they wish to purchase a used car.

And the gap between the information sources for those two purchase decisions is so large as to be amazing, and of the consequences for the appropriate choice of post secondary education are life long and provide the basis of an opportunity society.

So we need more opportunity in this country, education is a classic route to do that. We're not going to spend much more on education, we must spend what we have available to spend more productively.

I've mentioned three levers that have the advantage that they cost very little and I think would have a long term effect on educational productivity and opportunity for citizens. Thank you.

MS. DYNAN: Thanks, Russ. Ron.

MR. HASKINS: What?

MS. DYNAN: So much of the policy discussion about opportunity, including a lot of the questions related to education, have to do with government programs or institutions that can promote opportunity. But given your expertise on the family, I was wondering if you would comment about individual responsibility. So what can individuals or families do to enhance their socioeconomic process?

MR. HASKINS: Yes, some of you may notice in many of the interesting things that Sylvia Burwell said, she said ending the need – one of the Gates goals is ending the need for assistance in the first place, which I was delighted to hear, because many foundations do not state quite so explicitly that their idea is that people ought to be able to make it on their own, that's their goal.

We normally think, especially in this city in terms of government programs and how much government does and justices defined as government spending and so forth, and we do a tremendous amount of that.

I don't mean to minimize that. We spend, in 2006/2007, which is the most recent year I could find data for, something like 560 billion on the public schools. We now spend something like \$700 billion on our various means tested programs, not including Social Security and Medicare, but our means tested

programs. And the college board tells us that there's something like \$180 billion in all forms of aid, loans, grants, tax breaks for post secondary education, not exclusively, but substantially directed toward kids from low income families.

So my point is, there is a lot of government activity, there's a lot of opportunity that people have to reach out and seize and that's the key that I want to talk about.

My goal in the next five minutes is to convince you that if people do the right thing and make the right choices, they will do much better economically and other ways, too, but we have good objective measures on the economy.

And I want to tell you specifically about three analyses that we've done that I think really make a very strong case, not only that individual responsibility here is crucial, but that without it, and without an increase in personal responsibility, our programs are not going to be more successful than they are now, which is, I would say, minimally to moderately successful. So first, income mobility, well, in income mobility, we constantly read about how unfair our system is, and all the money is going to the top and so forth, which is not true, we can talk about that if you want to. But consider data from the University of Michigan, it's the best data of its type in the world, and what it allows us to do is to compare children at roughly age 35 to 40 and their family income with the income of their parents, a generation before.

And here we find out that if your parents are in the bottom 20 percent, so you're from the bottom 20 percent, which is, you know, roughly less than \$20,000 or so, that you have a very good chance of winding up in the

bottom yourself. But if you get a college education, your chances of making it all the way to the top 20 percent, which is over \$100,000 a year, quadruples, from five percent to 19 percent.

So this is without any other changes, you get – there's some selection effects here for those who follow this sort of thing, I admit that, but this is such a monstrous impact. If you could think of an intervention that would increase by a factor of four the outcome that you're looking for, I mean it would be a spectacular success. So this is – in the world that we have here in the United States, come from the bottom, get a college education, on average you're going to make it all the way to the top 20 percent. And, by the way, your chances of staying in the bottom, which are normally around 45 percent if you don't get a college degree, plummets to 16 percent.

So if we can convince more kids to get a post secondary education, as Russ has just described, that will have a big impact.

Now, second, we did some analyses of the Census Bureau data, we've done it several times and they all come out the same, roughly. An idea here is, let's think of some really sophisticated, difficult rules to teach a kid to follow. Here's what they are: first, finish at least high school; second, get a job; third, get married before you have children. Those very sophisticated rules that used to be baked into our DNA in the United States and evidently no longer is, if you don't follow any of those three rules, the chances that in a given year you will be in poverty is 76 percent.

The probability you make it to middle class defined is roughly 50,000 or more is seven percent. If you follow all three rules, the probability you'll be in poverty drops to two percent, and the probability you'll make the middle class leaps to 74 percent. And as I say, year after year, you get similar results. So I mean these are fairly straight forward rules, don't even involve a college education or a post secondary degree. They probably do – in the future will a little bit more require some – at least some post secondary education.

And then finally I want to talk about poverty rates, this analysis, again, that we've done several times, and the question here is, if you could change one thing at a time, what impact would it have on the poverty rate in the United States.

So let's start with doubling cash welfare. People in Washington automatically think of – in the Capital, and Nevada, as well, think of government programs, that's their responsibility. So if you double cash welfare, you would reduce the poverty rate in the United States by eight percent.

If you increase education such that everybody would get a high school degree, so just finish high school, if everybody did that, you would reduce poverty in the United States by 15 percent, that's a great achievement, by 15 percent. If you could return the country to the marriage rate that we had in 1970, you would reduce poverty by 27 percent. Family dissolution is a huge part of the story, and family dissolution, as far as I can tell, in many – most cases, is based on individual decision-making, people take a pledge and they break it. I don't think we should seriously do anything to these people publicly because I did it

myself, but I still – I regard it as a huge error on my part, and I would encourage all my children never – don't follow in your father's footsteps in this case. But 27 percent, that is – I don't think any program I can think of has ever reduced poverty by 27 percent.

Now, what about if we could make people work full-time, and you take the people the way they actually are, and all you do is describe to them full-time work at whatever wage they make if they work part-time or whatever wage they would make of the average of other people that have their education background and a few other characteristics, so this is not some kind of – assume they have a college degree, this is take them the way they are and just work full-time, the impact on poverty, it would reduce poverty 42 percent.

And again, this is, I think, is during the recession, and I can imagine people in the audience saying, oh, but we lost eight million jobs and so forth, but if it passes any guide, they're coming back. And we actually did an experiment along these lines once in the mid 1990's, it was called Welfare Reform, and the response was amazing, the increase in work by mothers on welfare, low income mothers in the United States, about 40 percent went to work, and child poverty rate dropped, and do you realize that even now, after the recession, in 2009 at least, the child poverty rate for kids in female headed families is lower than it was back in the mid 1990's, in 1994, and that's because many of those mothers are still working.

So government programs are good, I support government programs, I have all kinds of ideas for how to fix government programs and make

them more effective, but those – no matter what reforms we do, until we can penetrate down to the individual level and convince kids, young kids, to make the right decision, these very sophisticated, finish your education, get a job, get married, then have babies, we are not going to make great progress against poverty in this country or dramatically increasing opportunity. Individual responsibility is absolutely key.

MS. DYNAN: Thanks, Ron. So let's go to Pamela now. So, Pamela, like I told you before, we are so delighted to have you here for a number of reasons. I mean, first of all, you're out there, you know, on the ground dealing with people who are facing the crisis, unlike us scholars, you're from a state, Nevada, that has been hit so hard by the crisis, and third, you're in the training area, which seems like such an important issue, not only for the sake of the individuals involved, it's an issue for the broader economy.

Speaking as a macro economist, I can say that a key policy question is the degree to which the recovery is being held back by a mismatch of skills. Just last week the Washington Post ran an article describing how Fresno, California is suffering from both a very high unemployment rate and lots of job openings because the employers simply can't find the workers with the skills they need, and from a practical perspective, not everyone is going to be able to go back to school to get the formal education. So I was just wondering if you would talk about what you're doing at Nevada Partners and, you know, what the lessons would be with regard to cultivating opportunity.

MS. EGAN: Sure, absolutely, and thanks for having me, it's really terrific to be here, I'm learning a lot. Nevada Partners and the Culinary Training Academy are two programs that are (inaudible) together and share a management structure and work very, very closely together. We're a sector focused, labor management set of training programs that also represent the public/private partnership, because through the non-profit side, we bring in the public work force system and the public education system.

We work with adults and dislocated workers, and we also work with youth, we work with a lot of immigrant workers, and we're primarily focused – we're focused on the hospitality sector and the construction sector. And then through the recession, just because we really needed to make sure that people had access to jobs wherever they were being created, we started to look at small business as a sector, as well.

And we've learned over the last 12 years or so some lessons that we believe are key to why public/private partnerships, sector focused and labor management based training programs really work in terms of moving people forward.

For example, we're a place where an immigrant worker can be in the country for just a few weeks, spend three to four weeks in training, and move into a position where they can start earning \$30,000 a year with fully employer paid health insurance, a pension, an opportunity to move up or laterally in their industry, and the ability to send their kids to school.

So why can we do that? In Las Vegas, we can do that, in part, because of the jobs that we send people to are worth it, and that's because we have a high union density in the hospitality sector. So there's pressure, there's a structural ability to make those jobs worthwhile for people and to make sure that they have benefits.

The same is true in construction. The jobs are also plentiful enough to make a meaningful impact on a large number of people, so we've got the volume and the density in those sectors, as well. Although when the recession hit, what were the two hardest hit sectors in Las Vegas, hospitality and construction, so we've had a fun ride the last couple years.

And because we're based with labor management partnerships, we're tied to real jobs. That means training is meaningful to the employers in the sector because they help write the curriculum, they measure the curriculum constantly and make changes when it's necessary, we can respond to employers in real time, and it results in an industry recognized credential. So, for example, in the hospitality sector, somebody who goes through the Culinary Training Academy training is considered to have a year of experience in Las Vegas.

But also because there's a labor management partnership at our base, the training is designed to meet the needs of workers. It's scheduled on their days off, it's accessible to them, it's located in places where they can get to, it's trusted by workers because they hear about it through their union and other trusted partnerships, and so it's really worth their investment, okay, and the

investment of their time, and it's also delivered by workers who have actually done the work in the industry.

Third, because it's a labor management partnership based project or model, it's sustainable. Employers in our industries contribute. In hospitality, it's four cents per hour worked by a union classified employee, that's between \$3 and \$4 million a year, and then we can leverage those public dollars on top of that.

We also have some business based models that bring in additional revenue. So it's sustainable because it is that collective bargaining relationship that brings those dollars in. And because of that base, it really helps us attract additional private dollars and public dollars.

Also key we believe for this model, things that – lessons that can be learned in other sectors is that training is portable. The industry recognized credentials allows workers to move within their sector, okay. That's key, again, for workers.

And then the training is successful because it includes bridges, and it really has a variety of entry and exit points for workers that allow them real mobility. We focus a lot on low income and moderate income workers and workers with significant barriers to employment, and that means that we can't just address a slice of an individual. What makes a person successful and what puts a person in a position to make good choices and really fully achieve their potential is a whole variety of things.

And so workers need to make sure – we need to make sure workers have access to math training, language training, an opportunity to get their GED or high school diploma if they don't have one. And then there needs to be a set of work support. If I don't have child care, it's very unlikely that I'm going to be able to sustain that job. If I can't get to work because there's no good public transportation or because I don't have transportation, I'm probably not going to be able to get the job, much less keep the job. I need some support in developing the soft skills that I need to succeed, et cetera. And we know nationally, when we look at these kinds of training models, that the ability to look at the whole person is really key in whether or not the programs succeed and the individuals succeed, so that's really critical.

And training is tied to placement, because the key stakeholders in the partnership are all looking for their own return on investment. The employers and the workers who are putting the money in want to see what the return on their investment is, as does the public system.

And finally, the training structured the way it is in Las Vegas builds an infrastructure that can respond in real time to the needs of the industry, to the needs of the workers involved in the training, and the needs of the public system. So when we see something is changing because there's a set of individuals focused on doing this work, we can move at the speed at business all the way through sort of, if you look at it as a business model, through the distribution chain and the supply chain and make the changes that are necessary to respond, and we've really learned that that's the case throughout this recession.

So the kind of training that we promote really looks at sectors as whole economic eco systems and makes sure that when any one actor or relationship changes, that we have the ability to respond in ways that are strategic about how that's going to effect the whole eco system.

MS. DYNAN: Terrific; so I actually – I have a question that I want to put to all of you or all of you that want to answer it, which is, you know, there is this question that went to Sylvia when she was speaking about, you know, what does she worry about in terms of funding being cut, you know, that would then thwart the Gates Foundation's mission or what they're trying to do, and that is a terrific question because they're entering the period of fiscal austerity between concerns over the budget, the fact that we are probably going to hit the federal debt ceiling in a couple of months, and the new Congress I think, it's just clear that there are changes on the horizon. So I was wondering if I could just put the question to all of you as you think about, you know, what might happen, what might be caught, or what might be just mishandled during this period that might thwart what you think needs to be done in your area? What's keeping you up at night? So, Russ, let me start with you.

MR. WHITEHURST: Well, funding is not keeping me up at night, though I'm sure it's keeping a lot of governors and state superintendents up at night. The federal government has historically been about a seven percent funder of public K-12 education. That roughly doubled as a result of the stimulus bill. It'll go back to seven percent. I don't see draconian cuts in Congress in the education bill the Obama Administration has already sent out to marker that they

will try to protect it, and so if it went from seven to six percent, it's not, again, a huge thing.

What's happening dramatically is in state and local budgets, which has been devastated, and, you know, if they're paying 90 percent of the cost of public education, clearly, there are going to be cuts there.

They're not going to be easy, and I think we'll see a sorting out of states and localities that make those cuts with an eye towards the future versus making those cuts, the short term goal of getting through the next year or two. And the future oriented cuts will be, for example, bringing technology to bear for the first time, a productivity of K-12 education, so that you might retain a more highly qualified, but smaller work force, and augment their efforts with technology, bringing more distance education to bear so that we're not stuck with a model of a certain number of hours of seat time in a particular building that a child has to go through to get educated.

That may be an advantage of the crisis, because it will cause a focus on these kind of productivity enhancing investments that may have been put off if the good times had continued.

MS. DYNAN: Ron.

MR. HASKINS: I think we should apply a little logic to this situation. I would love to have the chance to grasp every member of Congress by the throat and say consider this. We are going to cut spending. There are some people who apparently still doubt that. Read the reactions by democrats in the paper this morning and last week to the republican announcement that they're

going to cut the (inaudible) of \$34 billion, which is – this is like a footnote in what's going to come over the next five years.

So if we're going to cut money, then the question is, how are we going to decide what to cut. This is what really bothers me, because I've been in Congress, I was a staffer with the Ways and Means Committee for 15 years, I worked in the Senate for one year, and so many decisions are made on a basis that has a lot more to do with politics and who the chairman is and who the president is and what their priorities are than any kind of logic.

We should, obviously, cut the programs that have the least productivity, and some of them even do damage, like the agriculture program, that's \$23 or \$24 billion right off the bat that we could get. This is what they're all, you know, miserable about, about the cuts in appropriations, there's \$23 billion in money that a lot of economists say actually does more damage than it does good, but certainly no one argues that it does a lot of good, so that's what we ought to do.

Now, if we do that, I think that Russ' programs are going to be relatively safe, especially if we think through this in the sense of what they could do, not so much what they do right now. But we need education programs, we've got to improve them.

The Obama Administration and the Bush Administration I think have been the two best administrations for trying to improve the quality of education and the quality of evidence that we have to evaluate whether it works. Programs like

preschool programs especially I think have among probably, in my view, the strongest track record, even though Head Start is not getting the job done.

So my answer is, we are going to cut, we should cut, we have to cut for the sake of our kids and grandkids, and we've got to cut a lot. We also need increased revenues, that's definite, we need to increase revenues, but we're going to have to cut, but we need to do it on a reasonable basis, and to the extent possible, we should begin by cutting the programs that are least productive and protect the programs that are the most productive.

MS. DYNAN: Pamela.

MS. EGAN: So at the federal level, my biggest concerns would be that we stick with the sort of history of funding, training and work force development programs in a siloed fashion, you know. As I suggested, we think it's much more successful to look at economic systems or economic eco systems, and when there's not a lot of resources, we're going to have to probably focus on that mismatch that you mentioned, looking at workers without jobs, looking at jobs that are going begging, and figuring out how we try to move people or get people trained to move into those. But what that does is, it puts us in a position to forget about all of the other pieces of the puzzle, and what that tends to do is leave workers who are already at the low end of the scale stuck there.

What we know is that those workers, you know, only 22 percent of low wage workers are likely to get on the job training compared to about 40 percent of workers in higher wage occupations. And 40 hours of on the job kind

of work based training is equivalent to a year of education in terms of how it can move somebody in their earning capacity.

So we're not going to invest incumbent worker training and in the supports that move people forward because we just won't have the resources to do it.

At the state and local level, the concerns are those that we've touched on, education cuts. The people that will be coming into the work force will be that much less well equipped. In Nevada, we're looking at huge cuts to our K-12 system. We work with those kids on a daily basis, that's who does the work, that's who's going to be doing the work in five years, that's going to be devastating, make our jobs a whole lot harder. Cuts to the mental health services, substance abuse services, child care, transportation. Again, human beings are whole people, we can't just focus on what they do at work, we have to focus on all of the things that allow them to achieve their potential.

And then cuts to the higher education system. Even though we primarily focus on jobs that don't require a four year degree, but do require additional training after high school, the job creators that happen at the level of higher education, if we make the drastic cuts in higher education that we're looking for in Nevada, we will slow or stop economic development, and we won't be creating new jobs for the people that I trained to go to, so that's what keeps me up at night.

MS. DYNAN: Excellent; you know, Ron, if I could just take you back to something you said in your comments. You alluded to Head Start, so

can I get – it's an area of expertise for you, preschool, education, I was wondering if I could get you to expand on what you were saying about the problems with Head Start and what else we need to be doing for children in preschool.

MR. HASKINS: I'd like to begin by pointing out that I've been writing critical articles about Head Start I think since the early 1980's, but I never wrote one as hard hitting and dramatic as my colleague here on my left about the most recent Head Start evaluation, the results of which were really amazing. Head Start has virtually no impacts after one year, and the impacts even – right when the program ends are somewhat questionable and very modest at best.

We make serious recommendations in our book about preschool programs. The key is that preschool – the way these get sold to legislative bodies is just increase the funding in preschool and everything will be fine. And as Head Start shows, this is \$900 – let me see, I'm sorry, \$7 billion, and 900,000 or 950,000 kids a year, it's, by far, our biggest program, and yet it's not producing impact. So that demonstrates pretty clearly, you can't just put the money out there.

I think – I'm completely in league with Russ on this one, the most important ingredient is the teacher. And we have – we've got lots of studies about preschool in the United States, including some that are almost like national random assignment studies, and the quality of teaching, the quality of instruction, generally the quality of environment, we have several scales that measure this, is

moderate, on average, and there are plenty facilities where it's below moderate, and relatively few facilities where it's really good.

So here we have this intervention that we have lots of studies show could have a powerful impact on children, and yet, on average, it doesn't have a powerful impact on children, including Head Start. So we need to improve these programs, and the number one thing we need to do is have better teachers, and then I also agree with Russ, they need to have better curriculum.

We have a lot of people working at the preschool level, and we have some I think quite good curriculums, three or four that I know about. So I think the biggest thing here is figuring out how to get higher quality teachers in the classroom.

And as always, money is the issue here, because 70 – 75 percent of the cost of preschool program is personnel, and if you have to have good directors and good teachers, and we know that many of the teachers that we have now basically make, you know, \$13,000 -- - \$15,000 a year, it seems pretty pitiful, and it is, that is going to be a big expense. So if we want to put a lot of our kids in a high quality preschool program and increase their achievement scores, their reading and so forth, and their social and emotional development, which is a crucial dimension, by maybe half a standard deviation, perhaps even a little bit more, which would at least half way close the gap, and really good programs maybe more than that, we're going to have to spend some serious money on teachers.

And, of course, it's hardly necessary to point out your previous question about, you know, that we're going to be cutting money rather than spending money. And even the states, which are a crucial source of funding here, are, if anything, in worse shape than the federal government.

So this is a real conundrum about how we're going to do it, all the more reason we should not be cutting preschool programs, in fact, we need more investment, especially in higher quality teachers.

MS. DYNAN: Panel or Russ, do you want to jump in on this?

MR. WHITEHURST: There's a study that was released by the National Bureau of Economic Research in the last few weeks that, for me, is the most impressive study to date on the effects of early education and teacher quality. It takes advantage of the Tennessee class size experiment, which was a study done in Tennessee 25 years ago that involved – it was an attempt to see if reducing class size mattered. What was really critical for the study, I want to describe to you briefly, is that both teachers and students were randomly assigned to classrooms within schools.

Researchers have access to IRS data that looks at the labor market outcomes and college going outcomes for those people 27 years later. Differences in teacher quality in kindergarten classrooms have substantial effects on earning ability in early and mid adulthood and substantial effects on college going and the quality of colleges attended, one year of the difference between good and bad teachers.

I mean all the other research we've ever been able to look at for long term effects of preschool has involved 60 kids in the Perry Preschool Program or 80 kids in the Abecedarian Program. You know, these are thousands of kids with real data on labor market outcomes, and for me, it's striking and convincing evidence that early education is important and a high quality teacher is the most important component of that. The teacher effects far outweigh class size effects in terms of impact on outcomes. So I think Ron and I are singing off the same page on this.

MR. HASKINS: Let me just take 30 seconds to emphasize something. Notice the difference in what Russ just described and many of the studies or preschool programs we have. The typical study of preschool program has a good program and then some kind of control group which tends to be whatever else the kids get in the community, okay.

In this experiment, you identify the kids that got good teachers and then asked the question, what happened to them. So you're guaranteed that you have a powerful intervention because you're picking the best teachers, that's in the design of the study. And there you see humongous – I mean this study approaches being unbelievable.

There's such an impact from one year, kindergarten year could reverberate into adulthood, and the difference is the teacher. So this I take to be extremely powerful evidence. If we can prove the quality of teaching for kids in preschool programs, it would have an enormous impact on opportunity in America and would do a lot to reduce our race gaps in achievement and in

income and probably in marriage rates and so forth, so this is just critical. Could I ask Pam a question?

MS. DYNAN: I think she – yes. Do you want to answer anything –

MS. EGAN: We don't work with early – with kids at that age, we work with kids starting at age 14, so we see the effects 14 years later. And many of the kids at 14 and 16 that we're working with are parenting teens themselves, and they're the ones who have the least choice. You know, we've got 14 year olds that already have three children, and they've got the least choice of trying to find those early childhood education opportunities for those babies.

And so, you know, you see those effects all the way through. And so, you know, whatever the solution is, we have to find it, because the reality is, well, we all know that that's our future, we've got to intervene somehow, and let's work together to figure out what that intervention is that really works across the spectrum for that 14 year old that I'm working with today and for folks who might have a little more access to those opportunities.

MS. DYNAN: Ron, before you ask your question, if I could just fire up on, you know, something you were saying, which is whatever it is that works, so this is actually a question for you. I am familiar with this (inaudible) essay, it's a fantastic study, it's by Rachete and several co-authors, it was written up in the *New York Times* last summer.

But my question is, what they could tell was that classes with certain teachers performed better, but do we know what makes for a good teacher, or is the answer that we'll never know that, what we can monitor is

teacher performance or outcomes, so we'll never be able to say, you know, this is what you need to do to teach well, but we can't tell who's a good teacher and who's not, so I'm just curious about the state of knowledge on this.

MR. WHITEHURST: The state of knowledge is that we – that on the job performance is, by far, the strongest predictor of on the job performance, and anything else we look at, teacher credentials, training, degree of professional development, years of experience, a little bit, but almost everything else we look at has very weak to no relationship to performance in the classroom.

It can't be that way forever, we just can't be satisfied, but we're going to put these people in the classroom, and we don't know how they're going to do, and some will be good and some will be bad, and let's figure out how to weed out the bad ones, you know. I do a lot of flying, and I thank God that airlines don't work that way, you know. Put a bunch of pilots in there, if they crash the plane, we'll kick them out, and otherwise, you know, they're with us for life.

So, you know, we need to figure out how to train teachers. And I think the Gates Foundation in its domestic U.S. investment, to go back to our initial speaker, has made a major bet on large scale observational studies of teachers in the classroom, first identifying those who are effective in raising test scores and those who are not, but then asking, what's the difference between those who are good and those who are bad, and if they can provide us that answer, then the next step is, well, of those dimensions on which they differ, which of them are trainable, and how do we train the bad teacher to be mediocre,

to be good enough, and I think there's real promise there, and that's the future for teachers, is to have training and professional development programs that actually work so that, you know, as the Culinary Institute can train a chef, so can schools of education and professional development providers produce teachers who are good enough to get the job done. We don't have that now, we don't know how to do it, but I think we will in perhaps the not too distant future.

MS. DYNAN: Ron, your question?

MR. HASKINS: Yeah, I just wanted to ask a quick question. I've been visiting employment training programs for three decades at least, and I visited the Culinary Institute in Las Vegas, and it blew me away, I mean it's just amazing what they do there. And I think, you know, I thought about it then and we talked about this, I've thought about it since, I think the single most important ingredient is the relationship between labor and the training itself and the employer community, that is really the key.

First of all, they're training people for jobs that actually exist; secondly, the people that go to that institute can look back two months and see the class of people who went before, and guess what, they're working now for, you know, \$14 -- - \$15 an hour, benefits, and so I think that is the big difference.

Now, our employment training programs in the United States, and we've had a lot of it, we've spent tens of billions of dollars, they have tried to duplicate this, they have tried to work it out. The first organization was called a PIC, I don't know if you remember those, but Private Industrial Counsel, and half

of the members had to be local businessmen, and yet it has never worked out well.

What could we do from a public policy perspective to ensure this link? Can you think of things that we should do that would improve the link between the employer and the training?

MS. EGAN: Well, you know, this is often controversial, but help workers organize unions, because it is the labor management partnership that –

MR. HASKINS: That's a frequent solution among the republicans, they want to organize those unions.

MS. EGAN: Well, we can chat about that. But the truth is, is that what ties the employers to our program is the labor management relationship which is a work based collectively bargained relationship, so that's one. But, you know, there's also -- - sector work that looks sort of like this can be done. I don't think it's done quite as well, it doesn't have the power structure there, it doesn't have the institutional structures there to support it, but it can be done in a non-organized relationship, set of relationships, as well, but again, what's missing is the strong ties and level of trust and worker voice, but there are examples of where it can be done, so that's one piece.

The second is to look at strategically shifting some of our funds away from the individual based employment training system. So, for example, the current Work Force Investment Act System is really focused on the individual and an outcome for that individual. If we start to look at systems and sectors and

figure out ways to help support the development of those kinds of sector based programs that, again, are holistic, that's another policy shift that can be done.

And, again, (inaudible) has been looking at that, you know, for years, and reauthorization of WIA, you know, is always a challenging process and will probably be different now that we have a new Congress, but there are those policy things that we can take a look at.

MR. WHITEHURST: Could I respond to your question?

MR. HASKINS: No. Yes, of course.

MR. WHITEHURST: You know, to beat a drum I was beating previously, I do think providing much better information to the people who seek out employment training can be a solution to this on a wider scale. Since that information is presently not available, there is no strong incentive for those institutional leaders, whether they are community college leaders or for profit firms, high education entities to actually make sure that they are providing training that fits into the needs of employers and produces employability.

If that information were publicly available so that I'm making a choice of institution A versus institution B and certificate A versus certificate B, would make the choice that's driven by real employment outcomes. The non-responsive providers, those who haven't adapted to employer needs, who are not providing services at the time that is convenient for people, who are not doing all of the things that are happening in the program we've heard described in Las Vegas, they're going to be hurting as a result of that and will either close or get better, and I think that's the republican answer to how you might deal with this.

MS. DYNAN: Actually, let me just – we're going to open it up for questions in a second. I want to press Russ a little further on this. Just – I mean you started off talking about New York State, you know, it was another reporting issue, reporting college readiness rates, and I'm just curious about your views about whether this is the federal government's job or whether it's the state's job, you know, and what exactly are you talking about, are you talking about more regulations? I just – I guess can I press you a little more?

MR. WHITEHURST: Sure, I mean I think that's a wonderful question, particularly in today's political context. We have a new republican House that is very conservative and is I think going to address in one way or another the issue, what is the appropriate federal role in education.

I think a strong case can be made for one important federal role being using its funds, its regulation, its power to see that as much information is available as possible to people who are consumers of education products.

It seems to me fundamentally no different for Congress to require that Wall Street be transparent than it would be for it to require that education providers be transparent in how they're operating and their outcomes, and I think that's something that I think republicans and democrats can agree is an appropriate role for federal government. So our current federal report cards are really kind of impoverished set of requirements. You have to have test results disaggregated by race ethnicity, and grades three to eight graduation rates, why not, something about college going rates.

So we could look at a particular high school, we could see not only how many people graduated, but how many people from that school enrolled in college, how many of those people completed.

How about even employment outcomes connected with particular high schools? They're available in Florida, why couldn't they be available nationally? They're not available to the public in Florida, why couldn't they be available to the public in Florida, to the public every place else? I think that kind of information provision seems to be a very appropriate federal role and one that would strengthen our educational system, and again, not cost a lot.

Information is not free to provide, but it's not extraordinarily expensive compared to many of the other options that are available to us.

MS. DYNAN: Okay. We have some time for questions from the audience, and we've got people walking around with microphones. If you have a question, raise your hand, and please identify yourself and where you're from. And also just – since we are running a little short on time, if you could just keep it to the point, that would be terrific. So let's start over here.

SPEAKER: Russ, early on you mentioned the whole dynamic, and one of the things you pointed to was textbooks and the transition effects, books to maybe electronic media. How do you see that being fostered?

And I pointed to – I thought of that when you said it because my very first job was with Prentice Hall Publishing, and the key thing had little to do with the content and had much more to do with the textbook commission, and it was all about marketing, pre-marketing the book, it was to make sure that they were

going to get a lock-in, and that if they did, then they would go ahead with the publishing, this had nothing to do with the overall civic, you know, education, whatever was going on, it was a very sort of market driven economic, baseline driven issue, and that was true 40 years ago, much more true now, and I assume it was true, so what we've got is, you know, 50 plus years, and I think we could take a look at where our product which is being used in the classrooms has not delivered. It's a factor, I mean it's not the thing, it's a contributory factor to everything. So where do you see us maybe moving into the electronic, where we could short circuit this high cost?

MR. WHITEHURST: It's a wonderful question and a critical problem. I mean to know anything about how the large publishers operate is to be depressed about variability to move us to the next generation of instructional media.

One possibility, and it was discussed at a forum here at Brookings about three weeks ago, is the idea of making available for developers a pre-approved sale, if you will, that's available to those who will produce a product that achieves a particular goal.

So what if we need new instructional materials in middle school mathematics? We surely do because the present ones are pretty terrible. And what if we need them to be electronic, so that they can be used by people in a rural community who don't have access to necessarily a good math teacher, how would we do that?

Well, what if through using the levers of the federal government or state government we would guarantee a sale of a certain number of units of such a product given that it could perform according to specification? Now all of a sudden there's an incentive there for developers to invest. If you talk to the big publishers privately about their electronic products, they'll tell you they're using the same teaching engines they were using 25 years ago, they just slap a new and attractive interface on it and sell it as a new product.

It's very expensive to develop these materials, and there needs to be an incentive for the market to do that, and I think something like what I've talked about might work.

We could, for example, at the federal level, use the federal defense schools, Defense Department schools, which can make such decisions and say, look, there's a sale out here for such and such a product that will do this thing, and I think you'll get developers moving there once there's a market.

For electronic media at the district level for distance education, one of the primary barriers is that districts have to agree to provide student credit for taking advantage of education delivered through another provider. So the district is in a position of needing to approve its competition, which, not surprisingly, doesn't happen a lot. So you could think about the federal government taking a role in accrediting distance learners providers so that they could provide education across state borders, at least for Title 1 funds, which is the major source of money that's available for the education of disadvantaged children, free

up the control of those funds from the local district, and have them available for students and students' families to purchase distance education.

Again, it would provide a marketplace that could be filled with developers. And then you need results. So you need to be able to judge whether these programs are working by whether they, in fact, produce achievement, and with that, I think you'll get a marketplace that doesn't exist now.

MS. DYNAN: Okay. There are actually two questions over there, the woman in blue, please.

MS. FORLAW: Hello, my name is Blair Forlaw. Over the last two years I've worked with over 1,800 IT professionals who have lost their jobs in the St. Louis area due to the recession. There have been some brilliant self taught geeky geniuses in that group, but for the most part, these are people with college degrees, and in a lot of cases, a history of on the job training. And I just want to say, while I agree with your emphasis on post secondary education, this is not adequate in the world of continuous change that we're in. What we found was, if you think about all the 45 year olds who are in their prime earning years, many of whom have children whose college educations they're beginning to pay for who lose their jobs and can't get back into the labor market, what we found, one of the big differentials is, do they have that entrepreneurial attitude and hunger for continuous learning and recredentialing.

And we've really beat ourselves up trying to figure out how you teach a 45 year old to want to go back and learn java when they've been a cobalt programmer for, you know, 15 or 20 years.

Maybe the answer is the kindergarten teacher, I mean I don't know, but I'd just like to raise the point that continuous learning, career long, and that appetite to pursue learning independently of any government programs that may or may not be available is essential to opportunity, from my experience.

MS. DYNAN: Okay. And does anyone want to respond on that?

MS. EGAN: Could I just comment a minute? It's really true, and it's not unlike what we saw when manufacturing went down in certain sectors of the country, when the natural resource industry started to decline, and we see it today in IT, in the higher tech occupations, some college occupations, and even in construction.

If I'm an adult entering maybe the second half of my working career or somewhere in that piece and I've been making \$60, \$70, \$80, over \$100,000 a year as an electrician or something like that, or working as an IT person, or in any of those places, when the economy shifts, when a major shift occurs and a massive number of people end up out of work in that industry, the likelihood that we will ever get those individual families back to where they were or those individual workers back to where they were is extremely low, and we haven't yet learned that lesson or figured that out.

Some of it had to do with mobility, because often times the jobs that have the skills that those workers could more easily transition to are somewhere

else in the country. And again, people are whole people, they have families and communities, et cetera. And so we have to as a nation start to look at how to address these. We know this is going to happen, it happens over and over. I just, you know, mentioned four examples. And so we've got to figure out as a nation how to address the real needs of human beings with the real needs of the labor market in ways that make sense.

And I think the point about life long learning, building that into us as workers makes sense, and there are structures that allow us to do that, and many of them are work based.

MR. HASKINS: One good thing is that economic studies show, correct me if I'm wrong, that Americans are really willing to move, and they do move for employment, and that's a very good feature of our economy and of American people, and that is the kind of innovation, that they're willing to pick up and go somewhere where there are jobs available, so that's something good for us to work with.

MS. DYNAN: (inaudible) I mean I think right at the present time, the housing problems are making people more sluggish because of people who are stuck in their homes, but I think as a, you know, looking at the longer term, we are a high mobility country. There's a question over there.

MR. CHATTOPADHYAY: I'm Soumya and I'm at Brookings, but I also teach at the University of Maryland in a graduate program. And I'll piggyback on the same sentiment, that many of the students that we see in these grad programs are in their 30's and 40's and 50's, but in the faculty, when we

discuss course contents, still the primary focus being those who are entering the labor force the first time rather than retooling and retraining themselves, and it's not just the recession, it's just – I mean (inaudible) of what are terminally used to be ten years, 15 years has dramatically changed, and that's not reflected in the curriculum or the options that even grad schools are offering.

MS. DYNAN: There's a question over here in the aisle.

MS. CHANSONG: Hi, I'm Rose Chansong, I have a two part question. Do the panelists feel the teachers union a possible partner for changes or could – is it hindrance? The other one is, do you see any part of our education system can be outsourced? I have particular the pre-K program in mind for cost effectiveness and also for more innovation teaching.

MS. DYNAN: Good questions.

MR. WHITEHURST: Well, teachers unions have until recently been very resistant to evaluation systems that would be tied to different consequences for different teachers. The greatest good for the greatest number has been, you know, the general approach.

But I think there's greater flexibility, at least at the national level, particularly for evaluation systems that are aimed at identifying the most effective teachers and providing both incentives to stay in the profession, to work in hard to staff schools, and to serve as models and mentors for less effective teachers. So I think there is – there's promise there, and I think that's, you know, I think that's important.

In terms of outsourcing, I'm not perfectly sure what you mean by that. I mean we have an interesting pre-K system in that with the exception of Head Start. It is largely a series of mom and pop operations. It is, if you will, a kind of mirror of our post secondary system, lots of independent providers, and, you know, in most geographical areas, you can choose where to send your child, and that's supported by both federal and state funds in kind of voucher like ways. You know, I think the challenge for such a system is to get all the independent players providing the kind of education that prepares children for school and employing the sort of people who are capable of providing that education. It's obviously harder to do in a fractionated system than it is in a government run system, but there's also greater opportunity for innovation and match to what parents want in such a system.

So I think that's a challenge throughout the education system, to take advantage of, you know, our history in this country, of providing a variety of educational experiences in environments, but doing it in a way that allows the consumers of those services to know what they're getting and to choose the service that's best fit for them.

MR. HASKINS: I'd like to add just one thing, I agree with everything Russ said. The one thing I want to add is, we don't have any choice except to work with unions. You think we're going to abolish them? Maybe it was a mistake, maybe it's too bad the teachers unions have so much influence, but they have it, it's going to last for a long time, and we have several examples, as Russ pointed out, where there are local unions that have been willing to work

with educators and to work out systems of evaluation. And labor unions I think all over the country, not universally, but have often been willing to consider quality production as part of the, you know, their role in running their union.

I think we had a great negative example here in Washington for all the things that the superintendent did. You know, it was constantly butting heads with the union. Now, I don't know enough about the individual situation, though I think some of that was probably necessary, but I think PR and public school people, especially the superintendent and his people saying reasonable things about the union and waiting until the last possible second lured them into deals and bargains and how important this is to children and so forth, they do a lot better that way than with constant confrontation with the unions, because I really – you don't have any choice except to work with them.

MR. WHITEHURST: You know, I've always been burdened by the ability to see both sides of most issues, and so if I had to put on a hat of, you know, supporting a union role as a progressive factor in education, I could point out that the state in the U.S., that's the highest performing of the 50 states, Massachusetts has entirely unionized teacher work force, and most countries that seem to do better than us in international exams around the world also have organized teacher work forces.

So it is possible to generate strong educational outcomes and unionized involvement. There are, however, particular challenges. And I think the work rules around the tenure pay based entirely on number of years of

experience and a kind of antipathy to careful evaluation of performance are things that need to change and I think are changing.

MS. EGAN: It's not my area of expertise, so I would just be offering opinion. What I do know is that it's always true in the work that I do that you want all of the stakeholders at the table. So I think to have such a huge stakeholder absent and to get the buy in and really work cooperatively with all of your stakeholders, to do anything less than that would be a mistake.

MS. DYNAN: Great; let's see, we're running short on time. I can see one, two, three, four more questions. Why don't we just – Adrian, if you could just go around and take everyone's questions, we'll collect them, and then you guys can respond. So the gentleman in the suit, the brown jacket, back row, and the beige jacket over here.

MR. MARTIN: My name is Brian Martin, I was the Policy Director and Chief of Staff for Congressman Gene Taylor until recently, involuntarily – I have several points, but I'll stick – I'll do one.

In regard to teachers and curriculum development, I can remember we had a teacher from Mississippi, from Pascagoula, a middle school teacher who was the winner of the Christa McAuliffe Program, whatever, which solicited ideas and projects from teachers who worked in math and science, and she had a program, it was engineers in the classroom, she brought some local engineers in, she engaged the kids to do some practical things like build a bridge, you know, design a bridge, then she became a reader for the program.

I talked to her when she came back up here as a reader for the program and she said, oh, these teachers have some great ideas and some great projects, so she asked the Department of Education, well, what are you doing with all these winning projects, they're over there in the file cabinet. I mean there was nothing done to actually disseminate successful programs out there, and that's the sort of dysfunction that you see all through the government, and also, you know, the problem that you have in things like the job training programs. They'll staff the congressional delegation to the Gulf Coast with Speaker Pelosi and Jim Clyburn and all there meeting with Louisiana state officials, and the State Economic Development Director asked for more tax credits and more work visas, not for a construction training program for all the unemployed people of – and those are the kind of dysfunctions that just – it's just poor management of – of basic management of programs that's falling apart.

MS. DYNAN: Okay. Just hold your responses for a minute. Let's go back there.

SPEAKER: Hi, my name is (inaudible) I'm a student. I think that we've talked about students, we've talked about teachers, we've talked about the government, but I think we're omitting also an important part of the puzzle, which is the intervention of parents in the day to day supervision of the education that their children are getting.

So my question to you is, what incentives can governments at every level design to improve that supervision and that active intervention of parents in the education of their kids given that a lot of the current system

actually prevents them from being effective in displacing their kids to other schools and so on and so forth, for example? So given that we have to work with unions, what can parents do and what can government do for parents to improve their intervention? Thank you.

MS. DYNAN: Great; the back row, please.

SPEAKER: Hi, (inaudible) from Washington. I just want to – I mean I agree with all of you about the importance of getting a college degree, but what do you think about all those people out there with masters, PhD, languages that are still unemployed?

MS. DYNAN: Okay. And I think we have – this woman in the third row that's been waiting patiently, I know there are a few questions we're not going to get to, but we're going to take a coffee break shortly, so you'll get a chance to ask the panelists your questions. Go ahead.

SPEAKER: I've been very interested in a sector that we haven't talked about yet, and that is our fantastic land grant college system in the United States. And I've been particularly following President Simon at Michigan State and looking at how she has transformed a land grant college into a world grant college, what she calls. It started with study abroad in India 30 years ago, then they got a Title 6 grant from the Department of Education and funded a regional area studies program. Then they started recruiting Indian and Chinese students. What was happening was that the Indian and Chinese started businesses in East Lansing, and so she started working with Governor Snyder, and they tied into

local export development programs, they got a special deal, State Department visas to incentivize small businesses.

I see this starting at University of Maryland, College Park, and I'm really interested to know to the degree to which this is a trend, could be a trend. We're talking about developing opportunities, an eco system. How can we make our community colleges or support our community colleges using maybe mechanisms we already have to become drivers of economic growth through building competitiveness?

MS. DYNAN: Great, okay, four interesting questions, comments. Let me give you each a turn to respond to whatever you'd like to respond to. And also, if you have any closing comments, that would be great, as well. So, Russ.

MR. WHITEHURST: Federal programs are mismanaged, yes. I worked in the federal government for eight years, in the Department of Education. We don't have a ministry system here with, you know, large numbers of employees who are responsible for actually dealing with education on the ground. That's one reason I think we should maintain a more modest federal presence in education.

But when I try this out on people, they tell me, wherever you worked last is the most incompetent place you've ever experienced, so there's mismanagement throughout the system and we do need to –

MR. HASKINS: You better not say it when you leave Brookings.

MR. WHITEHURST: I'll never leave Brookings except in a box, so there you go. Supportive parents, there are some programs that I think are

effective in doing that, particularly with parents of younger children. One of the really interesting unreported facts from the recent PISA examination, the international examination of 15 year olds, country scores around the world, is that Asian American students in this country perform better than Asian Americans from Asian countries, and in the same schools that produce, often cases, mediocre outcomes for children from other ethnic backgrounds. That's largely a parenting and culture effect, and we need to figure out ways to convince parents to convince their children that personal responsibility, effort in school, working hard are what pays off, and the better we can do a job of – do a good job of doing that, the easier the job will be for schools to get their work done.

Our post secondary system is very entrepreneurial, that's the nice thing about it, so Lumina and other foundations are focused on increasing productivity, and I think the lessons learned are going to be really important. And, yes, there are unemployed PhD's, but the unemployment rate is about a fourth of what it is for people with lower education.

So it's still a good bet, but you need to be wise about whether you're going to major in, you know, music or – the higher education institution in this country with the biggest gap between the cost of attendance and the annual salaries learned is the Berkeley School of Music in Boston, a great place to go if you want to get a degree in jazz performance, a terrible place to go if you want to amplify your annual earnings. So consumer wisdom and information is still an important part of the process.

MS. DYNAN: Ron.

MR. HASKINS: I want to just add one thing about parents.

Actually, I want to add two things. The first thing is, I would – Russ already did this, but I always cite the example of Asian parents, that Asian kids in the United States that their performance is spectacular, I doubt all those mothers are Tiger mothers, but I think there is – it's clear evidence that there's something important that happens in the home, that the parents do directly or how they arrange the environment and motivate their children that we should learn about.

Secondly, though, on the down side, we've had lots of experiments, lots of studies, going all the way back to the '70's, that tried to – especially in preschool, that tried to help parents do a better job – our kids and making them ready for school, and those studies have not produced very good results.

So what you say makes sense, but I don't think we yet know very much about how to really get the parents to do things that will actually assist the kids in their performance in the classroom, and we should figure it out because it's there.

MS. DYNAN: Pamela.

MS. EGAN: Also on parents, we do provide some programs for parents to help them advocate for their kids and navigate the public school system. We think about our parents in, you know, various different sort of categories; one are parents that are really able and available to be engaged in advocating for their children; and then there's a group of parents that are so economically stressed or socially stressed for whatever is going on, there may be substance abuse issues, some other things going on in the family, as well, or just

straight economic stress that they're not as available and able to advocate, and so one has to work with that group of parents differently.

And then there are the parents who just aren't there. A lot of young people don't have access to a caring adult who can intervene for them. And so I would – as we craft solutions, they have to be solutions that work for all of the folks in the system that we're looking at.

MS. DYNAN: Great; well, I really want to thank all three of you. This has been just fantastic. And I feel like I could, you know, sit here for another hour and just hear more about these topics. So thanks to everyone for your comments, as well. We're running a little bit behind schedule, but we're going to have a coffee break now, it's going to be a quick coffee break. So just run out and come back and we're going to start the next panel in ten minutes.

(Recess)

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