



**Senate Committee on Finance**  
**“Realizing a Competitive Education: Identifying Needs,  
Partnerships and Resources”**

**March 20, 2007**

**The High School Dropout Crisis and the Cost to America**

Mr. Chairman, thank you for the invitation to speak with you today. I appreciate your commitment to education, and interest in keeping America competitive as well as that of the other distinguished Members of the Committee.

In a couple of months, millions of high school seniors will walk across the stage at graduation ceremonies to receive their high school diplomas. Auditoriums and gymnasiums around the country will be packed to the brim with proud parents and relatives. For many students, Graduation Day will be the culmination of thirteen years of study; for others, it will be the doorway to postsecondary education. But for nearly 1.2 million students nationally who started high school with these graduating students, it will likely be just another day that they are unemployed or working at a minimum wage job because they have already dropped out of school. This dropout crisis is an obvious problem for students and parents, but it should also be of major concern to America’s citizens, businesses, and elected officials.

Analysis by my organization, the Alliance for Excellent Education, reveals that if the 1.2 million high school dropouts from the Class of 2006 had earned their diplomas instead of dropping out, the U.S. economy would have seen an additional \$309 billion in wages over these students’ lifetimes. And that’s only for one year—we can expect the country to lose another \$309 billion in potential earnings later this year as dropouts from the Class of 2007 fail to graduate with their classmates. If this annual pattern is allowed to continue, more than 12 million students will drop out of school during the next decade at a cost to the nation of \$3 trillion.

To put that number into perspective, President Bush's budget request for Fiscal Year 2008 was \$2.9 trillion.

But why is this an issue now? As we all know, there have always been students who didn't finish school, and have gone on to do well in life. However, as you all know, today's economy is much more global. Whereas past generations of Americans only had to compete for jobs with students from Boston or Birmingham, today's students compete with students from Bangalore and Bangkok. And, based on the most recent international data, American students are already coming up short.

In reading, American 15-year-olds rank 15<sup>th</sup> compared to other OECD countries. In math, our students' performance was even worse, with American 15-year-olds scoring below the international average and 24<sup>th</sup> overall.

Imagine that these international tests were the Olympics. Would the nation tolerate such a dismal performance? In the 2004 Summer Olympics, when the United States men's basketball team won the bronze medal, newspaper articles called the team's performance a "humbling two weeks in Athens" and an "Olympic low point for U.S. men's basketball." Stu Jackson, the chairman of the U.S. Senior Men's National Committee, wasn't as critical, saying that the team's performance was not "an indictment on the U.S. team" and that the "rest of the world is getting better."

Well, Mr. Chairman, the same is true in education. Forty years ago, the United States led the world in producing high school graduates. Today, the nation ties for 17<sup>th</sup> in high school graduation rates. Our nationwide graduation rate is only about 70 percent. And, among minority and low-income students, that figure is even lower—only 52 percent of Hispanic and 55 percent of African-American students graduate on time, compared to 78 percent of white students. That's a gap of more than 20 percentage points!

And the news could get worse. Based on projections from the U.S. Census Bureau, the white population is only expected to grow by 1 percent by 2020, while the Hispanic population will increase by 77 percent and the African-American population by 32 percent. If the nation cannot do a better job of serving minority students and ensuring that they graduate from high school, the nation's overall graduation rate will fall even further as a growing number of minority students are left behind. However, the Alliance projects that if the U.S. education system could raise minority high school graduation rates to the current level of whites, and if those new graduates go on to postsecondary education at similar rates, additional personal income would be more than \$310.4 billion by 2020, yielding additional tax revenues and a considerably improved economic picture.

If the nation's graduation rate starts to decline, how much longer before U.S. companies start to move their operations in the United States to India or China where they can tap into a workforce that is as highly educated as Americans—if not more so—and willing to work for much lower wages?

So, what's wrong with American high schools and why are they failing so many of our students? Let me give you an analogy, drawing upon my being a classic car fan.

Back when I was in high school, I owned a 1965 Chevrolet convertible. It was a wonderful piece of machinery. It looked good, went fast, and hugged the turns. Today, aside from the sentimental value it would have as a showpiece, the vehicle would be considered useless by modern-day standards. Even at its best, the 60s engine was far less efficient than today's computerized ignition. It certainly wouldn't have side impact air bags and anti-lock brakes. And it goes without saying that the car would lack today's technology: Instead of a six-disc CD changer and a DVD player, you'd have an AM radio.

America's high schools are in a similar situation. Like the 1965 car, they were designed for an era long since passed. Fifty years ago, the nation could afford to have almost half its students drop out of high school because there were good-paying jobs waiting for them. But in the knowledge-based economy of the 21<sup>st</sup> century, every student needs to graduate from high school, prepared for college or the workforce. In short, America's high schools cannot keep up with current economic demands—domestic or international—any more than a 1965 vehicle is ready to meet today's automotive standards.

And the cost is not only to the individual. Recent research conducted by a group of the nation's leading researchers in education and economics has shed some light on exactly how much a high school dropout costs the nation in lost taxes, increased health care costs, higher spending on crime, and more expenditure on support programs such as welfare.

According to the recent report, which was published by Teachers College at Columbia University, male high school graduates earn up to \$322,000 more over the course of their lifetimes than dropouts, while college graduates earn up to \$1.3 million more. Because they earn higher salaries, individuals with a high school education and beyond pay considerably more in taxes. Whereas male dropouts pay approximately \$200,000 in taxes over the course of their lifetimes, high school graduates pay an additional \$76,000–\$153,000 and college graduates pay an extra \$503,000–\$674,000.

While some high school dropouts might eventually find good jobs and earn decent livings, most will spend their life in a state of uncertainty—periodically unemployed or on government assistance. Many will cycle in and out of prison. In fact, about 75 percent of America's state prison inmates, almost 59 percent of federal inmates, and 69 percent of jail inmates did not complete high school, according to Alliance analysis. If we could increase the male graduation rate by only 5 percent, we could save \$7.7 billion a year on crime costs.

High school graduates also have better health and lower rates of mortality than high school dropouts. Individuals with higher educational attainment also are less likely to use public social services such as Medicaid. An Alliance analysis found that if every student in the class of 2005–2006 graduated from high school, the nation could save \$17.1 billion in lifetime health costs.

Now that I've explained some of the economic benefits to graduating more students from high school, how can we make that a reality?

The good news is that we know a great deal about how to educate low-performing adolescents to high standards, and many high schools across the country are doing so. These schools are raising

achievement levels and increasing the options available to students who would otherwise drop out or merely “get by.” Unfortunately, there are too few of these successful schools nationwide. This shortage is exacerbated by a general lack of attention to the problems in our high schools by the public and policymakers—particularly at the federal level.

The realities of global competitiveness, the rapidly-diminishing prospects of those students whose high schools fail to prepare them for college and work, and the resulting widening opportunity gap all make high school reform an imperative from an economic, national security and civil rights perspective. The time is right for the federal government to take bold leadership in advancing high school reform—leadership that is appropriate to the crisis and in line with the federal government's tradition of intervening to assure the security of the nation, reduce poverty, increase equity, and advance research to inform effective practice.

The reauthorization of the No Child Left Behind Act (NCLB) offers an opportunity for Congress to put the "Secondary" into the Elementary and Secondary Education Act and take the critical first steps forward towards improving our nation's high schools. To that end, we offer the following priorities for federal high school reform policy:

- **Turn Around Low-Performing Middle and High Schools by Creating a Secondary School Improvement Fund:** Title I is designed to provide the federal investment in turning around low-performing schools. However, this investment fails to reach most eligible middle and high schools, leaving the vast majority of low-performing secondary schools without the additional supports necessary for successful school improvement. You must address this gap by creating a comprehensive Secondary School Improvement Fund to improve low-performing middle and high schools using research-based interventions chosen locally to meet the needs of students and schools. This fund should both finance student supports and school-level interventions, while also building the capacity needed at the state and local levels to make secondary school improvement possible. You should also create a Secondary School Innovation Fund, to go beyond the research and best practices and stimulate the innovation that will truly create the high schools of the 21<sup>st</sup> century.
- **Improve Graduation Rates and Promote Meaningful High School Accountability:** At the high school level, the federal accountability system does not adequately measure student preparedness for college or work, nor whether a high school is even graduating its students. Graduation rates must be weighted on par with assessments in determining AYP, and like assessments, must be disaggregated and increase over time to ensure all students graduate. NCLB set a new standard for accountability in our nation's schools, but focused too narrowly on test scores as the only measure of school quality. High school accountability should include an appropriate analysis of school performance and student indicators of achievement to better align interventions to the students' and school's needs.
- **Improve Adolescent Literacy:** Almost 70 percent of eighth grade students read below grade level. Unfortunately, the federal investment in reading, the Reading First program, disappears after third grade, which is exactly the point at which expectations for student

literacy increase. This lack of basic reading skills contributes greatly to students failing to master the knowledge they need to succeed after graduation, or simply dropping out entirely. Congress should authorize the Striving Readers program on par with Reading First, a \$1 billion formula grant program to states to support both professional development and targeted interventions to improve adolescent literacy.

- **Advance Shared Standards and Assessments Aligned to College and Work Readiness:** While one-third of students do not graduate from high school at all, another third graduate but without the skills and knowledge to succeed in college or the workforce. Congress should support a process for developing common education standards to ensure that all students are held to the same high expectations aligned with the requirements of post-secondary education and the workforce. The federal government should also offer high-quality, performance-based assessments to regularly measure student progress towards those standards which will remove a significant financial burden from states and increase the quality of assessments. In addition, the federal government should provide states with incentives and supports for adopting such standards and aligning them with their key systems, such as their curricula, graduation requirements, and professional development.
- **Build State Data Systems:** High-quality data systems are critical to improving secondary schools across the nation. However, most states and school districts have not yet built such systems. Current federal investment in data systems has only funded fourteen states. The federal government must help states build the infrastructure needed for data to be collected, reported to the public and used by educators to improve education. Congress should significantly increase its investment in grants to states to build such systems in accordance with the recommendations of the Data Quality Campaign, as well as grants to build the capacity to use data to improve teaching and learning through professional development, effective data collection and other key functions.
- **Get Effective Teachers to the Students Who Needs Them Most:** Research shows that teachers are the greatest in-school factors in improving student achievement. Currently, federal policy sets a good bar to begin teaching, but it does not ensure teachers are effective in helping students learn. Federal policy should help attract and retain the most effective teachers to low-performing schools by improving working conditions and supporting good practices like time for teachers to collaborate and use data, comprehensive teacher induction programs and smaller course loads. Federally-provided professional development funds should be targeted to struggling districts to provide evidence-based activities and strategies to teachers to improve effectiveness.

While these priorities do not cover all of high school reform, they do provide the cornerstones necessary to build a solid foundation for an effective federal partnership in advancing state and local efforts toward that critical goal.

For education reform to truly take hold and be successful, it must happen at all levels of education, from the schoolhouse doors to Capitol Hill. As a nation, we will never reach the goals of No Child Left Behind or making every child a graduate without significantly increasing

funding to improve America's high schools—levels of investment equal to the levels of reform. But I am not interested in making the current dysfunctional system just more expensive. Reforms must be targeted and research based and investment should match that reform.

Currently, there is little federal investment in our nation's high schools and we are getting what we pay for. As of now, the federal funding in education funds targets the bookends of the education system—concentrating on grades pre-K–6 and higher education, with little to no focus on the secondary school level. Funding for grades pre-K–6 totals nearly \$18 billion. Funding for postsecondary education totals nearly \$16 billion and that is without taking into account student loans or other tax incentives. However, funding for grades 7–12 is close to \$5 billion.

There is no disagreement that early education programs improve student achievement, especially in the lower grades. However, there is also little disagreement that that impact fades over time. Students who have early education experiences continue to outperform their peers; however, the advantage gets smaller over time even if the students never fully regress to the level of those who do not have early education interventions. In addition, there is no question that funding for federal financial aid is critical to increasing access to a postsecondary education. However, until all students have the academic preparation to go to and succeed in college, real improvement in access to postsecondary education will not be realized.

It is imperative that Congress take the opportunity to bring the nation's high schools into the 21<sup>st</sup> century, through action that addresses the needs of America's middle and high school students. Failure to seize this opportunity, however, could have serious consequences for the nation's economic prosperity in the future as today's dropouts and undereducated graduates become tomorrow's poorly educated workers.