



Listening. Learning. Leading.



America's Perfect Storm

Irwin Kirsch
ETS

College Savings Foundation
2010 Summit

September 29, 2010

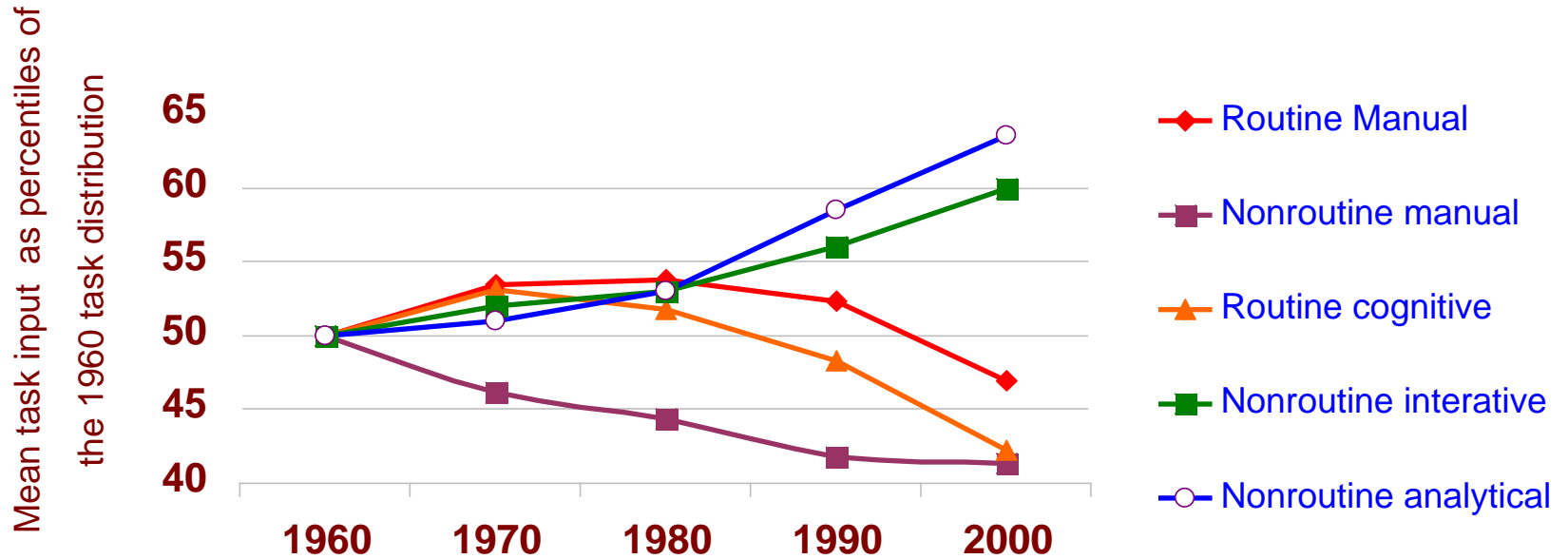
Three Forces Are Changing Our Nation's Future

- **The continuing evolution of the economy and the nation's job structure, requiring higher levels of skills from an increasing proportion of workers**
- **Inadequate literacy and numeracy skills among large segments of our student and adult populations**
- **An ongoing shift in the demographic profile of our population, powered by the highest immigration rates in nearly a century**

A Changing Economy

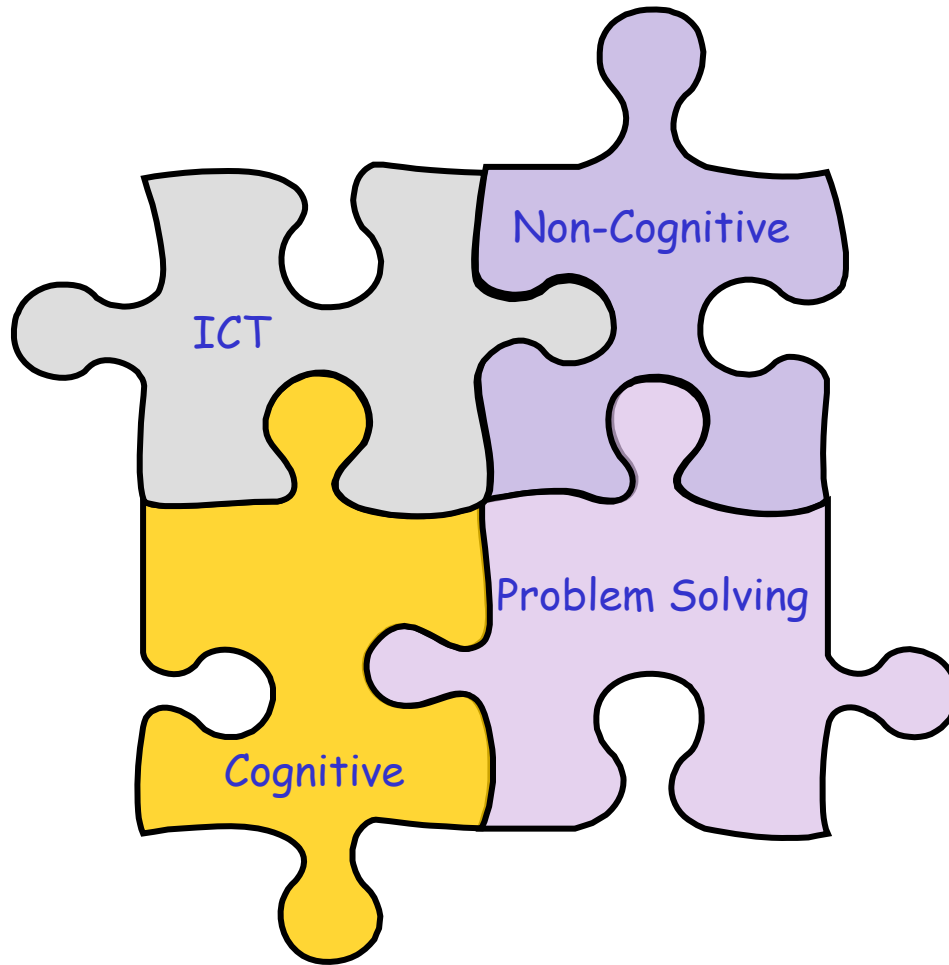


Changes in the Demand for Workplace Skills



Source: Levy and Murnane, The New Division of Labor

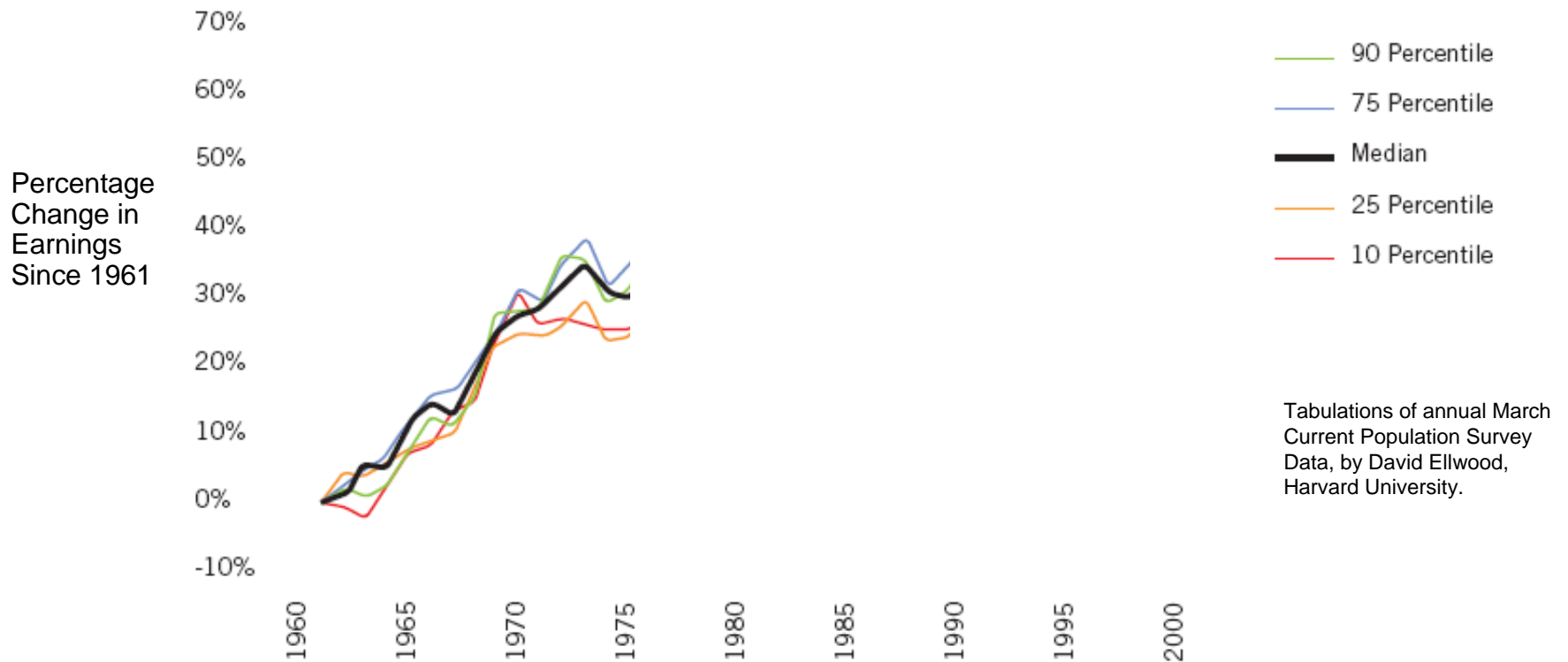
What are the new basic skills?



The expected lifetime earnings of males have changed dramatically between 1979 and 2004 resulting in a growing inequality favoring those with higher levels of education.

Educational Attainment	1979	2004
HS vs. College	50%	96%
College vs. Grad.	11%	30%
HS vs. Grad	67%	254%

Wage and salary earnings reflected a shared prosperity through 1975. Between then and now we have seen a growing inequality.

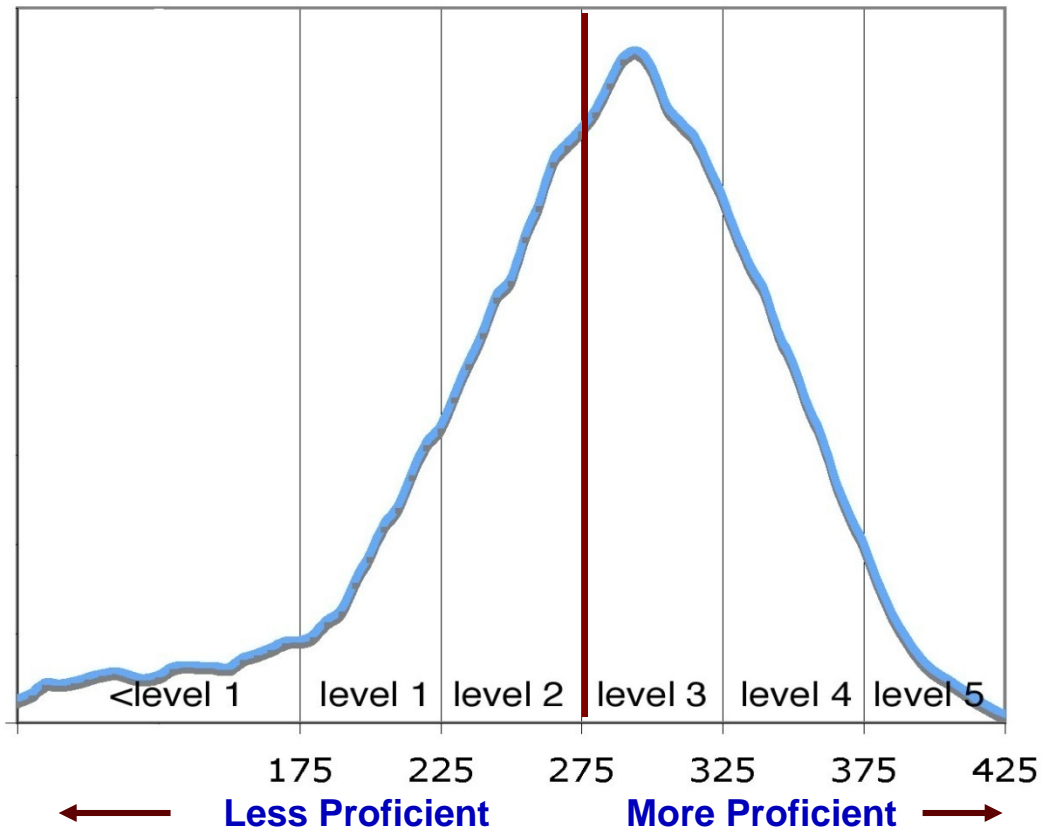


Inadequate Skill Distributions

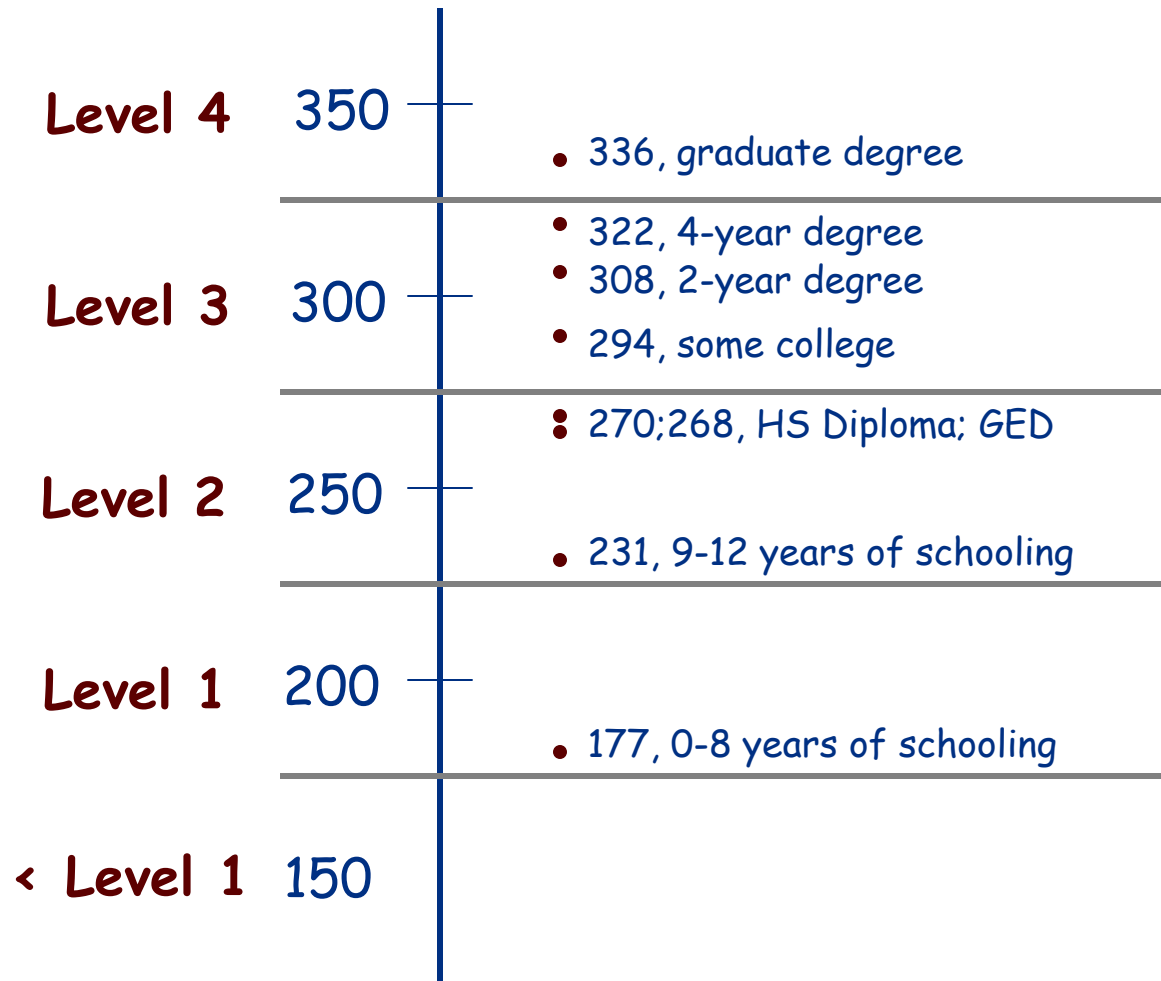


Literacy surveys conducted by ETS have represented literacy along scales divided into 5 levels. National and international committees have judged that skills in Levels 3 and higher are needed for participation in modern societies.

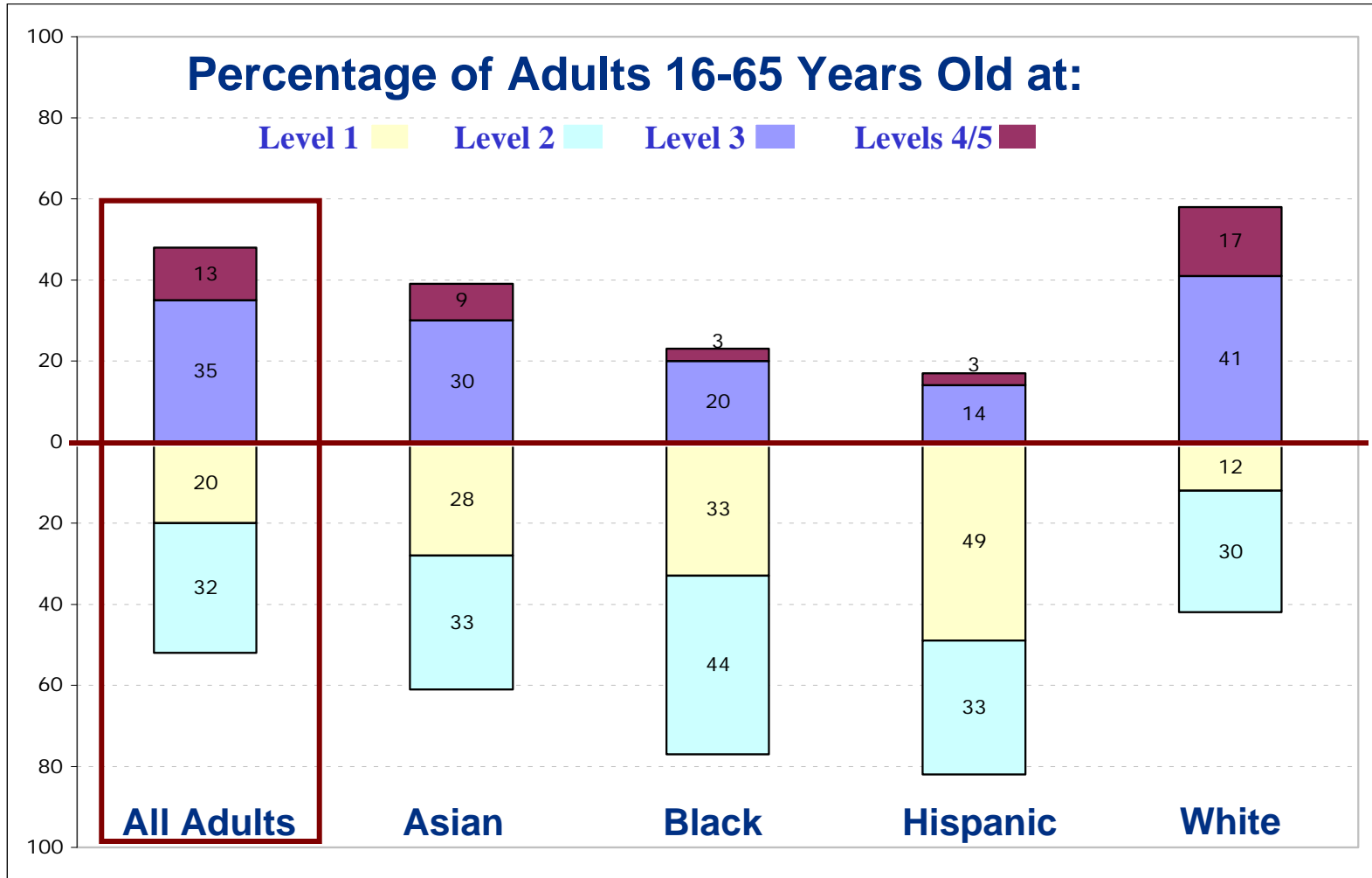
National Adult Literacy Survey (NALS, 1992)



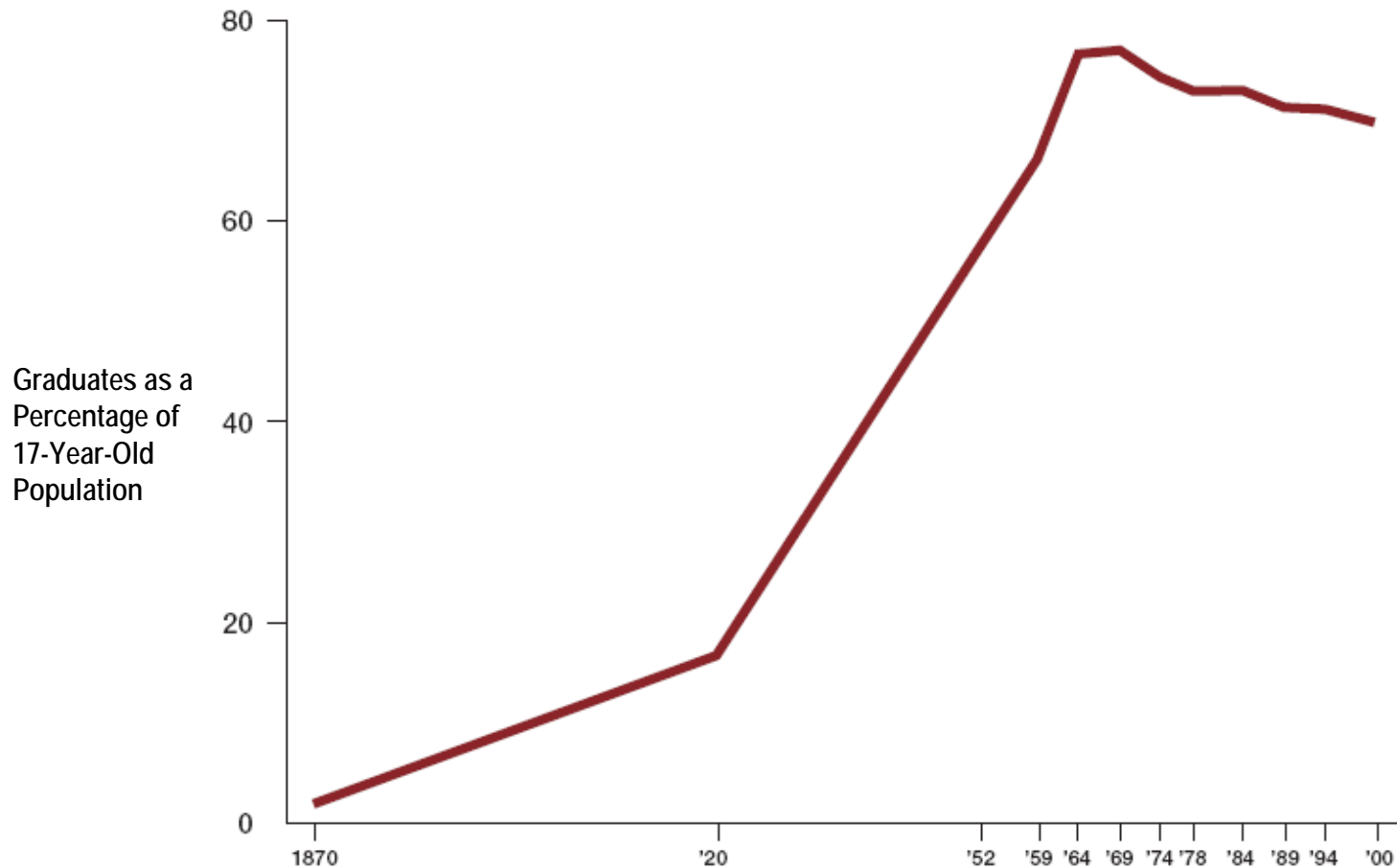
Literacy skills are related to level of educational attainment



Half of America's adults lack literacy skills needed for the 21st century.



High School Graduation rates peaked at 77% in 1969 and have remained in the 70% range since 1995.



Graduates are of regular day-school programs.
Source: U.S. Department of Education, National Center for Education Statistics

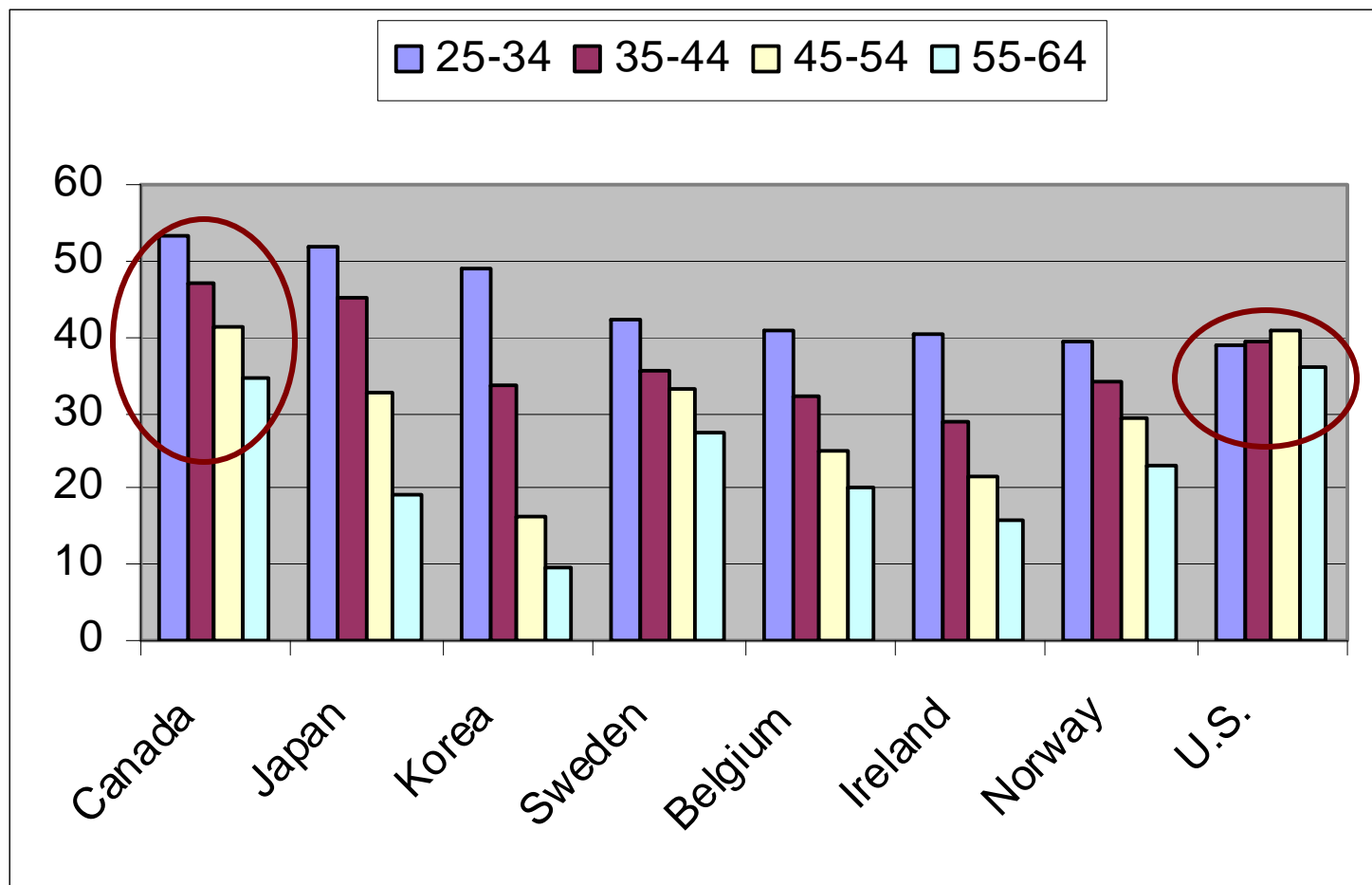
65 & 77 Percent of 12th grade students scored at or below Basic in the 2005 NAEP reading and math assessments, respectively

Reading	NAEP Achievement Levels	Mathematics
5	Advanced	2
30	Proficient	21
38	Basic	38
27	Below Basic	39

The U.S. is not among the world's leaders in any area of educational achievement.

	Math	Reading	Science
U.S. Average Score	483	495	491
OECD Average	500	494	500
U.S. Rank Among 29 OECD Countries	24 th	15 th	20 th

The Percent of Adults with an Associate's Degree or Higher in the US and Other OECD Countries



Source: OECD Education at a Glance 2005

Shifting Demographics



America's labor force will grow more slowly over the next 20 years, with almost none of the growth expected to come from native-born workers.

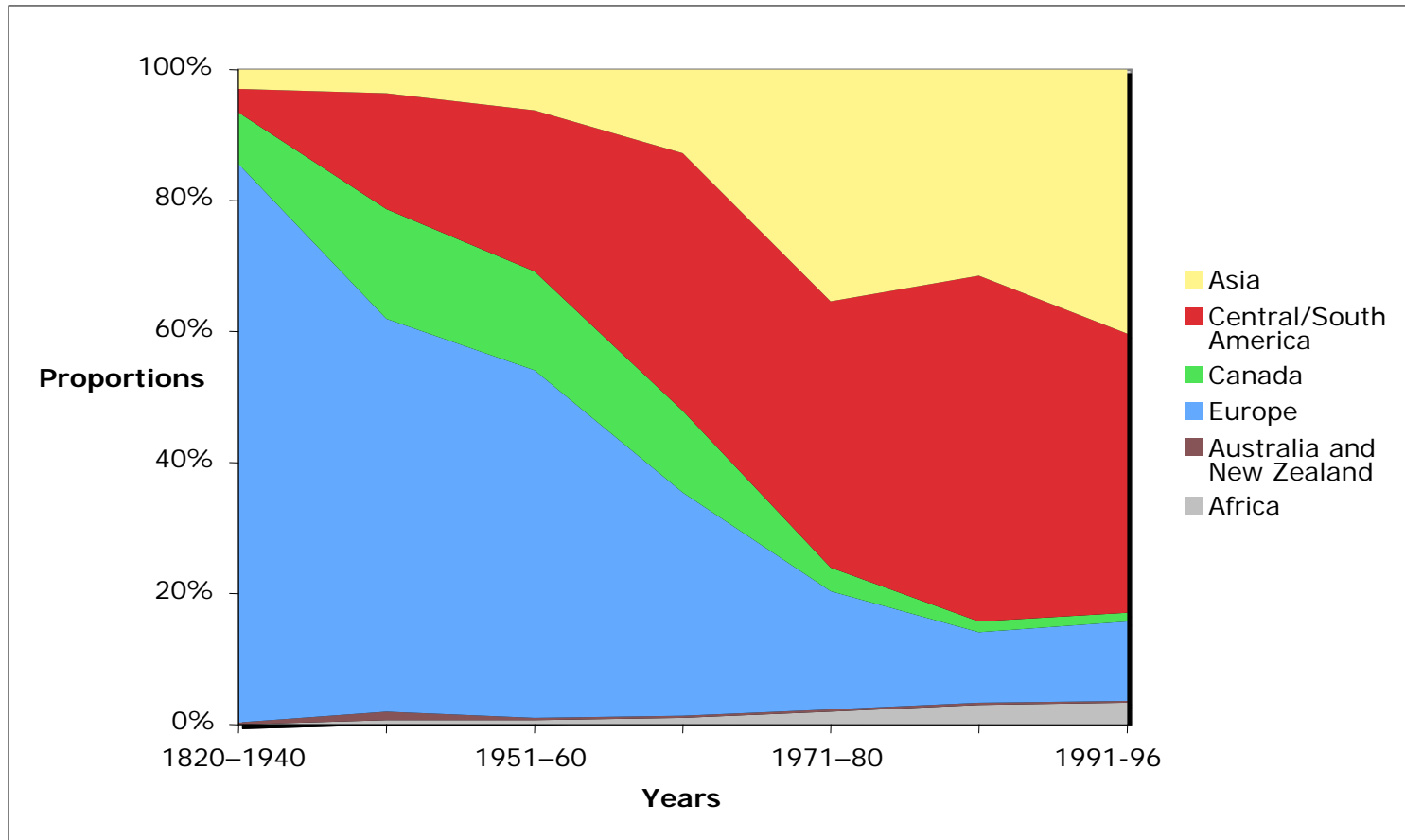
	Growth 1980-2000	Growth 2000-2020
Natives, 25-54, All races	26.7	0.0
Natives 55+, All races	2.7	13.3
Immigrants	9.3	6.0
TOTAL	38.7	19.4

Numbers represent millions of adults

Immigration is projected to account for more than half of our population growth between now and 2015.

Time Period	Population Growth (millions)	Net International Migration (millions)	Net Immigration as a Percentage of Population Change
April 2000 – July 2005 (Actual)	15.0	6.3	42
2005–2010 Projected	13.4	6.7	50
2011-2015 Projected	13.4	7.1	53

Immigration patterns have changed dramatically over the past 100 years. New immigrants to the U.S. are quite diverse with respect to their country of origin.



Between 2000-2004 new immigrants 18 years of age and older entered the U.S. with a broad range of educational backgrounds

Educational Attainment	Number (millions)	Percentage
1-12 years, no diploma	1.7	34
high school diploma or GED	1.1	23
13-15 years	.8	15
Bachelor's degree	.8	17
Master's or higher degree	.6	11
Total	5.0	100

44% of births to women under 30 are out of wedlock. The majority of these births take place among women with either no high school diploma or no postsecondary education

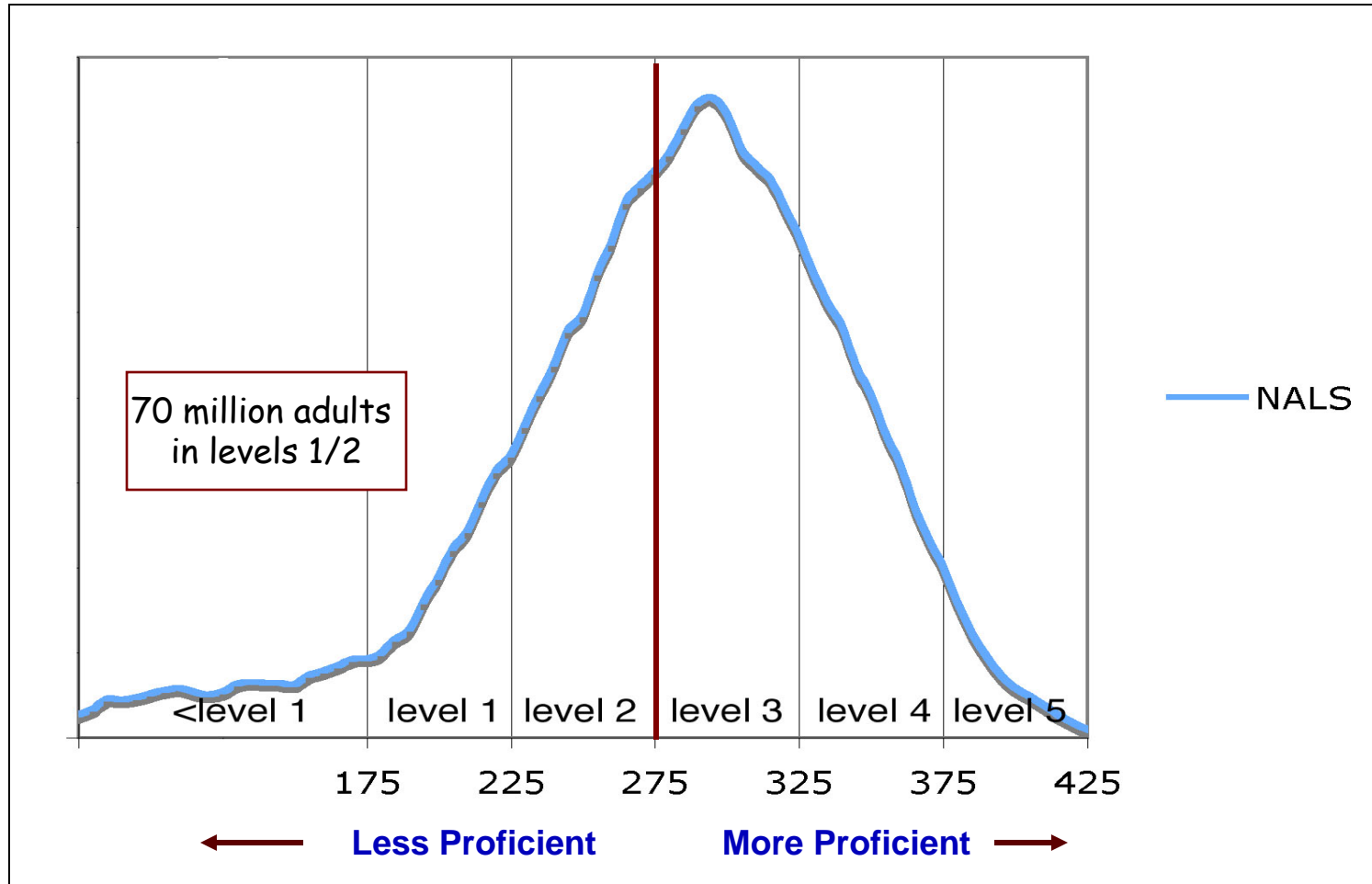
Educational Attainment	Total Births	Out-of-Wedlock Births	Percentage Out of Wedlock
<12 or 12, no diploma	563,288	350,847	62.2
12 years, diploma or GED	743,151	381,060	51.3
13-15 Years	666,328	242,920	36.7
Bachelor's degree	268,238	33,669	12.6
Master's or higher degree	62,313	2,691	4.3
All	2,298,318	1,011,077	44.0

Source: 2004 American Community Surveys; public-use files; tabulations by authors.

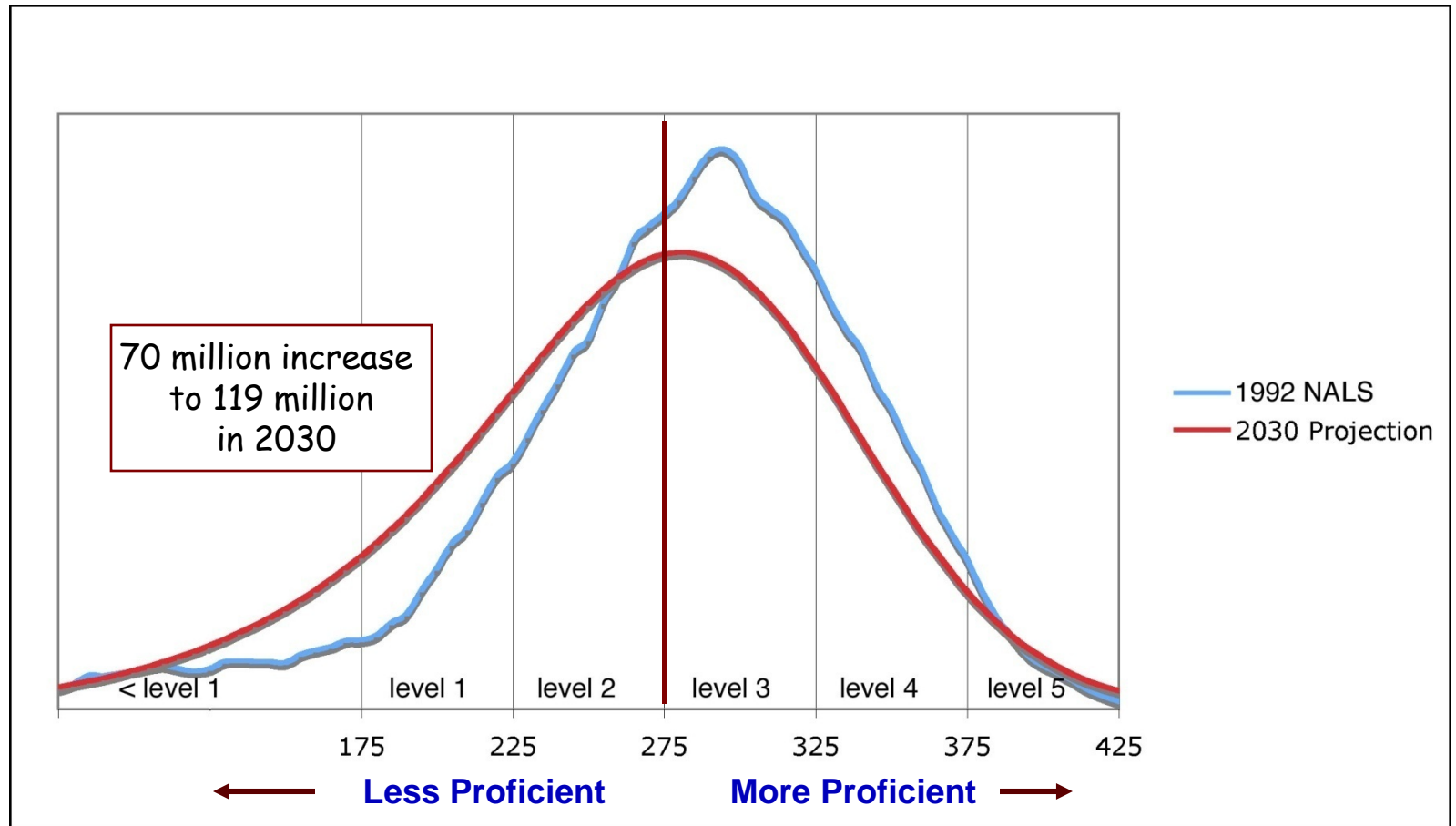
What might the future look like?



Distribution of Literacy Scores Found in the National Adult Literacy Survey (1992)



Average literacy scores are expected to decline between 1992 and 2030, with an increase in the amount of inequality.



The Need for a New Human Capital Agenda

- While new policies focusing only on education and skills will not solve all the challenges associated with existing inequalities, without a new human capital agenda there is little chance of improving economic opportunities among key segments of our population.
- Right now, three-quarters of the fastest-growing occupations require more than a high school diploma. And yet, just over half of our citizens have that level of education. We have one of the highest high school dropout rates of any industrialized nation. And half of the students who begin college never finish.
- We need to understand that it is both the growth of human capital and how it is distributed that is important for America and that government can play a role in laying the foundation for our common prosperity

Our history reminds us that at times of economic turmoil and transformation, our nation has responded with big ideas and bold action.

- In response to the Industrial Revolution we developed the best free public education system in the world.
- We also created the world's best system of colleges and universities and after World War II, through the GI Bill, educated a generation which helped create the most educated and productive workforce in the world.
- This workforce put a man on the moon and helped develop an explosion of technology that still shapes our world.

We need to remember

... Things in the future will be different, but that does not mean that they are pre-determined to be worse.

... Our future will depend on the choices we make now and the things we decide to value.

For more information contact:

Irwin Kirsch

ETS

Princeton, NJ 08541

e-mail: ikirsch@ets.org

Office: (609) 734-1516

www.ets.org/stormreport



