

# Quality Education Producing Highly Skilled Workers Critical to California Jobs, Economy, Future

**“Education is our top national priority—well ahead of health care, climate change and financial regulatory reform—and government and business policies need to reflect that. If we don’t address this, we endanger our children, economy, businesses and national security.”**

This is not a statement from the National Education Association or a coalition of urban mayors. It is a recommendation from a council of CEOs convened by the *Wall Street Journal* in the fall of 2009. And it also accurately reflects the stake that California business leaders place on education for the state’s economy and future.

Over the last several years, the importance of well-qualified high school graduates to California business executives and to the California economy has been reiterated by two studies from the California Foundation for Commerce and Education (CFCE). An opinion survey of California business leaders found that the quality of public schools was among the top issues of concern, primarily because one of the top challenges to doing business in California was attracting and maintaining a qualified workforce.

A second study by the CFCE found that student academic achievement is the single best public policy predictor of a successful state economy, based on trend data from all 50 states. Even more important than tax rates, infrastructure investment or job quality, the performance of students will predict whether a state will have high income, high employment and low poverty—or not.

#### *Increasing Demand for Highly Educated Workforce*

More recently, the Public Policy Institute of California (PPIC) added strong evidence for business leaders’ concerns about the need for more investment in higher education. The PPIC authors found that California’s economy will inexorably increase its demand for a highly educated workforce, but “the state is unlikely to meet this demand unless decision makers implement policies that effect substantial changes in college attendance and college graduation among the state’s young adults.”

In other words, if California wants any chance to maintain a world-class economy with well-paid jobs and opportunities for its children, then it must accelerate its production of graduates from four-year institutions. According to the PPIC, “California will need to produce many more college graduates if it is to even partially meet its increasing economic demand for college graduates.”

In fact, if current trends persist, California will be short 1 million college graduates by 2025. By then, the state’s economy will demand 41 percent of workers have a college degree, but only 35 percent of adults will be on track to have that degree. (See box on next page.)

There are only three ways to increase production of college graduates in California:

- Increase enrollment of high school graduates in four-year institutions.
- Increase transfer rates from community colleges.
- Improve graduation rates at the University of California (UC) and California State University (CSU). While four out of five freshmen graduate from the UC within six years, only about half of students from CSU do so.

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#### **Race to the Top**

The only education policy debate of any consequence in 2009 was not even

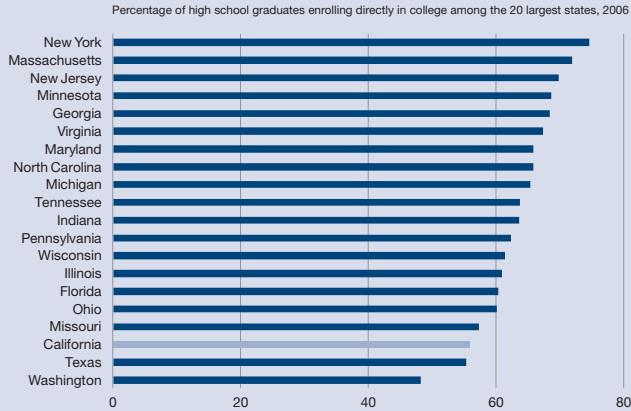
**California Lacks Potential Highly Skilled Workers**

California's competitive weakness among other large states for highly skilled workers is evident from the low percentage of high school graduates enrolling in college and the lower rate of college graduation. The lack of potential highly skilled workers puts California in a weak position to capture the best jobs in a dynamic world economy.

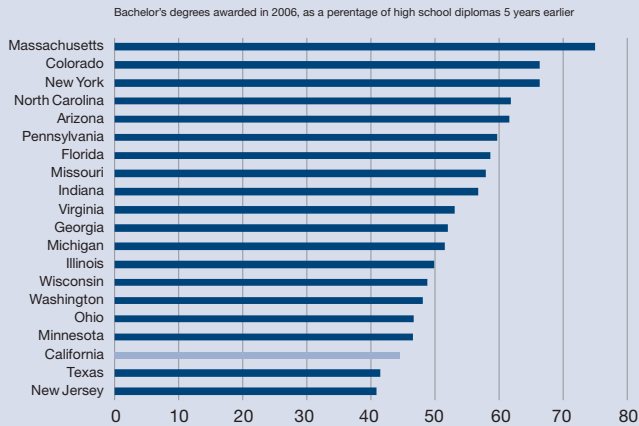
But this is not just a case of falling short of California's economic potential; there are major social consequences of falling behind in production of college graduates. An increasing portion of California's workforce is made up of Latino workers, who have a low college participation rate.

Access to college education is important to parents. The 2009 PPIC survey of California education issues found that at least seven in 10 public school parents across political and demographic groups hope their youngest child will graduate from college, including 75 percent of Latino parents.

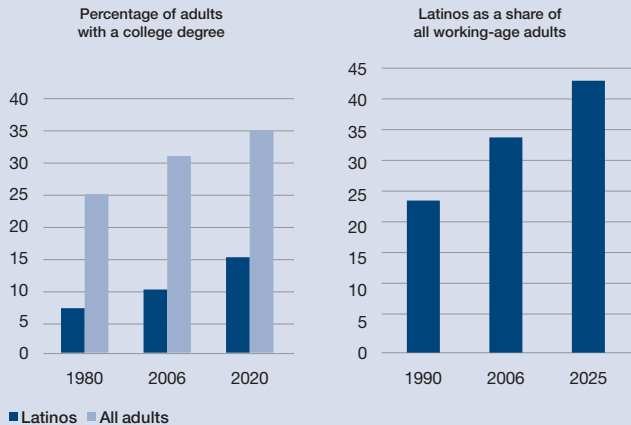
**Enrollment Rates Are Low**



**California Already Lags Other States in Production of College Graduates**



**College Education Is Low Among Fast-Growing Latino Population**



Source: Public Policy Institute of California

motivated from within California. President Obama's Race to the Top initiative, adopted as part of the February 2009 economic stimulus legislation, encouraged states (in the form of competitive grants) to develop policies in four areas:

- Adopting standards and assessments that prepare students to succeed in college and the workplace and to compete in the global economy;
- Building data systems that measure student growth and success, and inform teachers and principals about how they can improve instruction;
- Recruiting, developing, rewarding and retaining effective teachers and principals, especially where they are needed most; and
- Turning around the lowest-achieving schools.

The state Legislature's initial response was to repeal a measure adopted several years ago that blocked school districts from using certain student assessment data for teacher evaluation (SB 19 - Simitian; D-Palo Alto; Chapter 159, Statutes of 2009).

After several months of debate, the Senate, led by President Pro Tem Darrell Steinberg (D-Sacramento) and Senate Education Committee Chair Gloria Romero (D-East Los Angeles), passed legislation to comprehensively address the federal incentive grants. Together, SBX5 1 (Steinberg) and SBX5 4 (Romero) will:

- Allow districts to tie teacher and administrator evaluations to student performance if allowed by collective bargaining agreements.
- Require the governing board of a school district to implement one of four interventions set forth in federal "Race to the Top" legislation if one of its schools has been identified as persistently low-achieving.
- Require the state to participate in the Common Core State Standards Initiative consortium sponsored by the National Governors Association and the Council of Chief State School Officers, or other interstate collaboration efforts.
- Establish a longitudinal data system(s) to aid in educational reform efforts at all levels of government.
- Empower parents to bring meaningful reform to persistently failing schools by requiring districts to take

drastic steps to improve persistently failing campuses when more than 50 percent of parents served by that school sign a petition demanding action (limited to 75 schools statewide).

- Allow parents of students in 1,000 of the state's low-achieving schools, as identified annually by the State Superintendent of Public Instruction, to apply for a transfer to a school in another district.
- Establish the Science, Technology, Engineering, Math and Career Technical Education Educator Credentialing Program to increase the number of highly qualified teachers in these critical fields.

Faced with a tight deadline, legislators moved the bills swiftly through both houses of the Legislature during the first week of January, and Governor Arnold Schwarzenegger signed them into law on January 7.

The California Chamber of Commerce, one of many groups in favor of strengthening the state's education system, supported both bills, including the more controversial "parent-trigger" and "open-enrollment" provisions, which will help make school reform a more democratic process and provide better opportunities for the state's most under-served student populations.

### Pervasive Budget Crisis

With the exception of the Race to the Top debate, and notwithstanding the centrality of education outcomes to the California economy, any concentrated effort to improve public policy was mostly stymied by the pervasive state budget crisis. With legislators and the Governor struggling to achieve tens of billions of dollars in new taxes, program cuts and accounting gimmicks, ideas of education reform faded to irrelevance in 2009.

In November 2009, Legislative Analyst Mac Taylor served up a new chapter in this fiscal soap opera. Taylor's forecast of California's General Fund revenues and expenditures shows that the state must address a General Fund budget problem of \$20.7 billion by the time the Legislature enacts a 2010–11 state budget plan. The budget problem consists of a \$6.3 billion projected deficit for 2009–10

and a \$14.4 billion gap between projected revenues and spending in 2010–11. According to Taylor, "addressing this large shortfall will require painful choices—on top of the difficult choices the Legislature made earlier this year."

With state support for public schools and higher education accounting for nearly half of state spending, the budget ax will carve a hefty amount from public education support. For K-12 and community colleges, the spending trajectory eventually will be restored through the Proposition 98 mechanism, and the actual budget reductions may be offset by federal subventions.

The University of California and California State University each endured substantial (about \$600 million) budget cuts in the current fiscal year. These reductions will be restored only upon the sufferance of the Legislature, not by operation of the Constitution.

As a result, student fees have been substantially increased.

The Governor has recognized the crisis facing higher education. In his January State of the State address, he committed the state to a long-term increase in investments in California colleges and universities.

### 2010 agenda

In this fiscal environment, further progress on education reforms is unlikely, since the policy debate will be dominated by maintaining financing and using the tight budgets as an excuse to reject further accountability or responsibility. Any new tax revenues that might typically "buy" more education reform would inevitably be used to support the current state budget, rather than enhancing education programs.

Nonetheless, the CalChamber will continue to articulate a set of education reform principles and promote those principles with education leaders, elected officials and opinion leaders in the state. For California business, education reform is an urgent priority that should be undertaken no matter the state's fiscal situation.

- **Defend the current accountability system.** Efforts are

made every year to roll back some of the important accountability measures adopted and implemented over the past decade, such as the High School Exit Exam, other regular student assessments, and California's world-class academic standards. The CalChamber will oppose rolling back the state's accountability measures.

- **Extend current accountability measures.** Hold schools accountable for attaining a minimum of grade-level proficiency for all students by utilizing appropriate incentives and interventions, such as immediately implementing corrective actions for failing schools and developing standardized end-of-course examinations in core high school subject areas.

- **Improve assessment systems.** Increase the rigor of the California High School Exit Exam, which measures proficiency at 10th grade levels for language arts and 8th grade for math. Also consider implementing a 6th Grade Exit Exam, to ensure that students bound for middle school are sufficiently prepared, and reduce the epidemic of dropouts in California high schools.

- **Align workforce and college readiness.** Require all 11th grade students to take the Early Assessment Program and aggressively remediate students in the 12th grade, to reduce college and workplace remediation.

- **Define "teacher quality" as the ability to improve and maintain student academic achievement.**

This measure should be used to implement a performance pay system for outstanding teachers and administrators, and as a tool for evaluating, remediating or terminating school professionals who do not perform adequately.

- **Improve fiscal transparency and effectiveness.** Improve disclosure of the costs of education and hold schools and districts accountable for their use of taxpayer funds.

- **Ensure career technical education is high quality and aligned with academic standards.** These programs should be designed to supplement academic requirements, not replace them, and should be integrated into the curriculum without reducing standards. Career tech or workforce readiness standards must be grounded in existing academic content standards. Students must be proficient at grade level in reading, writing and math all the way through elementary and high school as defined by the current California content standards no matter if they are on a workforce readiness pathway or a college preparedness pathway.

- **Maintain a long-term financial and policy commitment to higher education.** California's university and college systems are the envy of the world and a clear competitive advantage for the state. Investments in these institutions will continue to pay dividends to California's economy, and should be at the top of the public policy and financial priorities.

- **Promote state and private investment in science, technology, engineering and mathematics (STEM) education.** Consistent with California's world leadership in scientific and technological leadership, state leaders should pursue every opportunity to encourage and nurture students in these fields. College and university investments, high academic standards and performance in these fields, investment in training for allied fields, and appropriate tax and regulatory treatment will ensure California remains competitive in this highly value-added sector.



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