

<<Welcome/Thank you/Introduction>>

If you listen closely to the Presidential and Congressional campaigns these days, you hear a lot of talk about a few major topics, such as the energy crisis, health care, and our struggling economy. Attention does, indeed, need to be paid to these issues, as they are all vitally important to the well-being of our nation.

Yet there's a theme to the issues *behind* these issues – a common complication that will continue to sabotage any long-term solutions that we might be able to form. While everyone pays attention to the rising cost of oil, few realize or discuss the fact that the median age of an energy worker in our country is 49 years old. Many gripe about the status of health care in our country, but how many Americans know that more than 50% of our Registered Nurses will be

over 50 years old within 20 years? Arguably the hottest topic of debate is the status of our economy and our ability to compete globally. Yet lurking behind the public discourse is the fact that more than a third of our workforce will be older than 50 before the next President's first term is over, with 77 million Baby Boomers approaching retirement.

The U.S. Chamber has launched a major education and workforce initiative through the Institute for a Competitive Workforce. It covers the full , from pre-K to keeping older Americans in the workforce. The Chamber is dedicated to education issues because the business community is the principal consumer of what is produced by the U.S. education system.

Unfortunately, business is often very dissatisfied with that product. Without an educated and skilled workforce, the U.S. will no longer be competitive in the world economy. Equally important, our workers will have a reduced standard of living and will no longer be able to be able to support a family and own their own homes, or in other words, achieve the American dream.

Now, a lot of you might be wondering how it's possible that we've gotten ourselves into this situation. Like most of life's little joys, the answer is not so simple. First of all, more people are working well into what was previously thought of as their retirement years. Quality of health care and increased life expectancy means more people are capable of working into their 70's and beyond than ever before. Many people are also now working "bridge jobs"

as a way to gain a little extra income, maintain health benefits, and stay in a social network while working a little less than they're used to. Heck, these days, even being President of the United States looks like a bridge job to at least one candidate! It wouldn't be forum on aging if we didn't refer to Senator McCain at least once, right?

Unfortunately, one of the primary reasons for the influx of older workers is a record lack of private savings. According to a longitudinal study done at Boston College, the advent of 401(k) plans make retirement savings much more susceptible to fluctuations in the stock market than ever before in our history. Even short-lived dips in the market can force people to work for years longer than they ordinarily would. This trend is going to continue, especially when one factors in the sub-prime mortgage

crisis, which economists says has cost the average homeowner a 40% drop in their net wealth. More than 80% of Americans over 65 own their own home, and many of those people were counting on their home's equity and "reverse mortgages" as part of their nest egg.

Either fortunately or unfortunately, depending of course on your perspective, there will continue to be a home in the workforce for these older Americans for the foreseeable future. This is because we are facing a skills shortage of epic proportions. At some point in the not-so-distant future, these older workers WILL retire, leaving about 77 million jobs behind them. That's just about half of our current workforce.

Now, you would think that we would see this trend and do our best to prepare for it, but you would be very, very wrong. It's true – America does see this pending defection from the workforce, this “brain drain” as it's called, as a growing issue. Maintaining intellectual capital is now a top concern for 68% of the Fortune 1000 companies surveyed in 2007 by Ernst and Young, up from just 38% in 2006. Yet while 70% of those surveyed said this brain drain would affect both middle and senior management the most, three-quarters of all succession plans exclude middle management. Clearly, we're not succeeding at connecting the dots, and I'm not talking about age spots.

This is not a problem unique to the United States. Around the world, we are seeing the 35-44 year old demographic shrink considerably. Japan and China have seen a decline

of nearly 10% each in this age group, while Germany has seen a drop of nearly 27%. We land somewhere in the middle, alongside England with a 19% drop.

This is only to say that we should not view this as a time to lapse into despair. Truly, this is a moment of opportunity that we must seize. The future of our nation - and the future of the global economy with it - is quite literally being formed in the crucible of our classrooms this very minute. Though that is a traditional cliché that's probably been used for as long as societies have had children, these statistics prove that it has never been as true as it is right now.

Make no mistake - we are entrenched in an Educational Cold War, and it is high-time that we start acknowledging

this reality. Our adversaries, which include Korea, China, Finland, and India, have been silently raising the stakes in today's "arms race," closing the education gap by steadfastly producing many of the world's brightest, most talented students. This had been our greatest natural resource, one of the primary reasons for our status as an economic superpower. That advantage has been eroded from years of complacency, and we can no longer afford to squander our human capital as we have for the past several decades.

To extend the metaphor to its fullest, we're fighting this war with weapons designed in the 1800's. If you ever want to learn more about what life was like back in the 1930's or 40's, don't bother with a museum – just walk right into your local school. And that's just barely an exaggeration.

Our curriculum is marginally changed since World War II. The state of technology in the classroom isn't much better. Even our school calendars are geared towards an agrarian society, which we most definitely no longer are.

How can we expect to keep pace with the rest of the world when we aren't even keeping pace with the changes in our own daily lives? Where would we be today if we didn't respond to the Soviet Union's launch of Sputnik? Better yet, why aren't we responding to similar, clear-as-day indicators of competitive inferiority, such as continually lagging scores on international benchmarks?

We do indeed see this is a problem, and it is why the U.S. Chamber of Commerce has made human talent one of its highest priorities. The Institute for a Competitive

Workforce released the *Leaders and Laggards* Report Card last year, assessing each of the 50 states' education systems. The report has started a conversation about the status of education in America, as it graded important areas such as academic achievement, return on investment, truth in advertising, rigor of standards, postsecondary and workforce readiness, flexibility in management, and data quality. We can't begin to determine where we must go as a nation until we give ourselves a true evaluation of where we are, and *Leaders and Laggards* helped to expose some of the many weaknesses in our system.

Most 4<sup>th</sup> and 8<sup>th</sup> graders are not proficient in either reading or math. Only about two-thirds of all 9<sup>th</sup> graders graduate from high school within four years. And those students who do receive diplomas are too often unprepared for

college or the modern workforce. Even in our best performing state – Massachusetts – less than half of our 4<sup>th</sup> and 8<sup>th</sup> grade students are showing basic proficiency in reading and math. If this were baseball, batting around .400 would be something Massachusetts could really be proud of as a national leader. But when it means that more than half of the students in your top performing state can't achieve basic proficiency, it means that we have a lot of work to do as a nation.

Following the Report Card, the U.S. Chamber and the Center for American Progress developed a Joint Platform for Education Reform. There are four elements to our reform agenda. First, better teaching – with emphasis on better teacher preparation programs, better professional development opportunities, nontraditional teaching paths,

and reform of teacher pay to include better starting salaries and pay for performance.

Second, more innovation – to include such models as small learning communities, early enrollment in college-level courses for credit, charter schools, expanded learning time, and online learning.

Third, better data – this is a critical element if we are to improve student achievement. Key elements include data to measure student achievement and teacher effectiveness, as well as the adoption of a common definition of graduation rate as agreed to by the National Governors Association.

And finally, we recommended better management to include holding officials accountable for their spending in relation to outcomes and increasing the authority principals have over budgets and personnel decisions.

The Institute for a Competitive Workforce is also focusing on career technical education. Career technical education enhances student engagement in core subject matter while providing students with valuable technical skills. CTE students report higher test scores, higher graduation rates, and higher wages after graduation.

Just as importantly, career technical education provides entry points to students at all proficiencies and at all ages. This is a key to our ability to train the tens of millions of displaced workers and older workers that need an update in

their skills, while making our workforce adaptable to changes in the job market that we can't even begin to predict.

That's vitally important to economic development, and this is best highlighted in San Antonio. AT&T pledged to bring 5,000 jobs back to San Antonio that it had outsourced overseas. So far, it has only been able to fill 1,400 of those jobs because they can't find enough applicants with the necessary skills.

It's not just AT&T - across the country, you see operations being set up in areas based more on the quality of the local education system than on any other factor. We've seen places like Michigan, South Carolina, and Pennsylvania implement successful economic development strategies

using the strength of their CTE system as a cornerstone. If we build up our education system and provide our students with skills, those jobs that we've seen outsourced will begin to come back.

In this area, the Institute for a Competitive Workforce is working with the National Governors Association, the U.S. Department of Education, and CTE Associations to ensure that high quality programs of study can be found throughout the country. We're also working with these groups towards instituting statewide articulation agreements within CTE programs of study, so that we can ensure students who take the initiative to do college work will be able to get college credit at any school in their state.

That CTE provides opportunities for lifelong learning makes it a link to two other connected issues that are of great concern to ICW: Adult literacy and digital skills literacy. Currently, 88 million American adults are identified as having low literacy skills, no high school diploma, or no college experience.

This means that more than half of our current workforce will continue to languish without the hope of career advancement, without the hope of a brighter future. This means that businesses across the nation will continue to struggle in finding the millions of skilled employees necessary to expand their operations. Worse, this means that those 88 million Americans cannot even take the first step towards becoming highly skilled without overcoming basic, yet daunting obstacles. As it currently stands, they

can hardly fill out the application to begin the process. We can, and we must do better.

Of course, any one that's ever set down at a computer can realize that literacy underpins the ability to learn digital skills, as nearly everything relating to computers is text-based at some point. And this glaring lack of digital skills is already affecting our ability to compete. One survey showed that 57% of companies reported a serious business impediment last year due to this digital skills shortage.

Older workers are typically at a disadvantage when it comes to digital skills literacy, and are often referred to as "Digital Immigrants." To provide some perspective, it's said that today's college graduates have spent 5,000 hours reading vs. 10,000 hours playing video games and 20,000

hours watching TV. They have been born and raised in a culture where technology surrounds them, and they have taken to it the way people take towards learning to speak English.

To these “Digital Natives,” doing research has never meant more than spending a few hours scouring Google. By stark contrast, when many of us in this room entered the workforce, doing research meant spending days in a library, poring over endless strands of microfilm with a magnifying glass and scouring the card catalogs to find the perfect source.

While today’s college grads used their first computers in kindergarten, we were mystified when the first personal computer was introduced in 1981. Whereas a growing

majority of today's jobs require a high degree of technological literacy, the competition can be rather intimidating to many older professionals.

Since these jobs are often far more accommodating for older workers, given the limited physical strain and their typically higher intellectual nature, these jobs have the potential for extending the duration of one's stay in the workforce. Thus, it becomes all the more important that we reach out to improve the digital literacy of our older workers.

ICW has formed a Digital Skills Working Group, partnering with Glaxo Smith Kline, Intel, Microsoft, and a host of other organizations to address this growing problem. The goal of the group is to create an action

agenda of recommendations for businesses, education and training organizations, and the government so that we may address the Digital Divide that separates many hard working Americans from high demand jobs.

ICW also issued a report last year on Workplace Flexibility. With a multi-generational workforce, a shrinking labor pool, and a shortage of skilled workers, companies that are more flexible about their labor policies are able to retain older workers longer and helps improve their productivity. It's projected that over 100 million workers will be working from home at least once a month this year, and even that figure could be conservative with rising fuel costs providing additional incentive stay home. Maintaining flexible working hours, offering telecommuting, and continued training opportunities will

also help limit brain drain by ensuring more overlap between the tenures of older workers and the younger ones that will have to eventually assume their roles.

This sort of workplace flexibility is vital for older workers, as the likelihood of having a disability jumps from about 20% for those in the 45 to 54 year old range, to nearly 40% for workers aged 65 to 69. This can make workplace accessibility and telecommuting options very worthwhile for both the employer and the employee. This sort of flexibility can also stem what is often perceived as a parabolic trend in one's productivity – in other words, that a worker's productivity crests mid-career and then slowly declines. Typically, this perceived drop in productivity can be attributed to a lack of lifelong learning and continual training. That means making an investment in keeping

one's employees up to date on industry developments can pay great dividends in the long run.

The Institute for a Competitive Workforce has also worked with the American Association of Community Colleges on their "50 Plus Initiative." This multi-year project is designed to identify a group of two-year institutions that will create or expand campus programs to engage the 50+ population in learning and training or re-training programs. Through funding from The Atlantic Philanthropies, grants have been given to "Mentor Colleges" to expand or refine existing programs that serve the 50+ population and to provide guidance to two designated "Demonstration Colleges" that are seeking to implement 50+ programs of their own.

The hope is to expand access to lifelong learning for this specialized group that has not traditionally been a focus of our education system, with the hopes of extending their careers well into their “third phase” of life, or perhaps even help some of them start an entirely new career. This system could also be leveraged by employers to assist them in efforts to retain and retrain their existing older employees to meet the continuing demands of an ever-changing economy.

Indeed, many challenges and many opportunities face us in the years ahead. Our nation needs solutions of all kinds – short-term, mid-term, and long-term together – in order to halt the continuing erosion of our power as an economic leader. In terms of quantity, China need only provide quality education to 1% of its population to trump the entire

American workforce. When faced with this fact, we must respond by ensuring that each and every one of our workers, whether they are 18 years old or 78, is able to contribute through high skill, high demand jobs. The consequences of squandering this natural, renewable resource will be grave.

So when you hear a debate this fall on moving our nation towards energy independence, ask your candidates “Who’s going to work in those new power plants?” When you see a column in your local newspaper on the state of health care, write a letter to your editor and ask, “Who will care for our sick in the hospitals?” And when someone promises you economic stimulus, ask them how the foundation of our economic future is going to be built without addressing the needs of our aging workforce.

Education can no longer be the “feel good” issue in politics. Ensuring the viability of our aging workforce is not a “human interest” piece. And I can guarantee you that quality schools are not a “warm and fuzzy” issue in India and China.

We must demand that our children are receiving the quality education they deserve to start their lives and that our adults are receiving access to the lifelong learning that they need to thrive. We must continue to cultivate the abilities of our older workers while we plant the seeds of our economic future in classrooms across the country. Most of all, we must have the vigilance to ensure that nothing stands between us and continued prosperity.

I don't have to tell the Baby Boomers in the audience that the future has a funny way of turning into the present before we even stop to realize it. This is one future that we can't afford to have sneak up on us.