



Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

Pennsylvania Public Education

Before the

House Urban Affairs and Education Committee

Presented by:

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Good afternoon and thank you to both the Education and Urban Affairs Committees for the opportunity to meet with you today to discuss education issues related to the business community. My name is Jim Willshier and I am the Manager of Chamber Relations and Special Projects at the Pennsylvania Chamber of Business and Industry. Understanding that the purpose of your meeting today is to discuss education in 3rd class cities, I must tell you that I am only able to share our membership's perspective on education in general at the statewide level.

The Pennsylvania Chamber has 24,000 members and customers and is the largest broad-based business advocacy organization in the state, representing nearly 50 percent of the private workforce in all industries. In discussing education and workforce development issues with our members, we have developed a set of guiding principles which I have included with my testimony. Through these members we are able to provide valuable input on organizational structure, performance, and financial planning as well as experience from members that have been in the field of education. I will use my time to expand on some of these points in more detail through that framework.

First, let me say that the importance of a quality education has not diminished over the years and we recognize this fact. Education is important to employers in order to have talented employees with basic skills able to compete in an increasingly aggressive global market. The quality of education in our communities is also used to attract and retain effective managers and employees to come to Pennsylvania. We must also keep in perspective that public education is a large expenditure for our state and local governments—the largest state expenditure at 37.3% of the proposed budget—with much of our individual taxes going towards paying these expenditures on top of business taxes. For these reasons, we have a vested interest in our public education system.

An issue that our members have strongly stated needs to be addressed is a more effective accountability system in K-12 public education. Everyone needs to be held more accountable for student performance, including superintendents, principals, teachers, parents. One aspect of accomplishing this is to allow more flexibility to superintendents and principals for management decisions, so that they are better able to work with educators that are performing poorly as well as rewarding exceptional educators.

The business community uses this very effective technique for encouraging extraordinary performance by rewarding employees that find a way to better serve their customers or find a less expensive way of meeting their goals. We believe that the same opportunity should be available in the public education system for teachers that perform above expectations in training our students. This benefits all Pennsylvanians by having a more driven education staff to help students achieve more in the classroom.

We also need to effectively use and monitor education spending so that tax dollars are being used in the most cost-effective way to increase student achievement. A 2007 study done by the U.S. Chamber of Commerce (*Leaders and Laggards: A State-by-State Report Card on Educational Effectiveness*), gave Pennsylvania a “D” letter grade on our return on investment, with 33 states scoring higher than Pennsylvania on this category. This statistic presents a serious concern to our members. This study based these grades on each state's expenditures compared to student

achievement using NAEP test results. Variables such as poverty, special education students, and cost of living were controlled in their analysis.

In our mind, this fact requires us to ensure that we are getting the most effective results for dollars being spent on education. Our schools are funded both by state and local tax sources, so it is practical to decrease spending where possible and create more efficiencies where necessary. It is also essential to eliminate unnecessary government mandates, such as prevailing wage, that increase the costs of education and divert resources from the mission of increasing student achievement.

Prevailing wage has a major impact on education spending as any public project subject to prevailing wage can have its costs increased by up to 30%. Prevailing wages are typically wages set at or near the union-scale level. Prevailing wage laws force contractors on government construction or other projects to pay their employees the same rate as unionized members of the relevant occupation even if non-union contractors could perform the same work less expensively by paying their workers lower but mutually agreed-upon wages. This also leads to rural areas having to pay prevailing wage rates of urban areas for a public project.

The cost of prevailing wage is an added surcharge to our local property taxes, which is more burdensome in our current economic climate. The elimination of the Prevailing Wage Act would help ease some of this burden. At a minimum, this law's provisions needs to be updated from the nearly 50-year-old language to today's dollars.

On an ongoing basis, we must keep curriculums in line with college and workplace expectations. Students will need to adapt the skills necessary for a healthy work ethic and the ability to balance workloads with all of their responsibilities, while achieving necessary proficiencies. As we look at education curriculums, we view competitive programs as helping more families have a choice in which quality education program their child receives. We support charter schools, magnet schools, and EITC as options available to help more students receive training that can prepare them for success later in life.

All students that graduate high school should have basic skills to enter either higher education or the workplace. We also must be aware that students choose different career paths as well as different careers and give consideration to other opportunities in K-12 and higher education institutions for technical skills training in business school, vocational school, or community college as viable options.

In summarizing the business community's needs for our education system, we want to have more accountability in K-12 public education, more effective use of public funds, and allow more opportunities for students to receive an education. Thank you for your time and consideration of our stance this afternoon and I will answer any questions that you may have on this issue.



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WORKFORCE DEVELOPMENT

To be successful in the 21st Century “information” economy, Pennsylvania workers need to adapt and learn the work practices, attitudes and skills required by modern, flexible businesses. Unfortunately, many public school and government workforce programs are based on out-of-date industrial models, their costs are high, and they are not designed to meet current needs.

The Pennsylvania Chamber of Business and Industry strongly encourages the Commonwealth to regularly undertake a comprehensive review of existing workforce development programs to make sure that each is achieving high quality results at an acceptable cost-per-student. These reviews should include a cost-benefit analysis, and the information from these reviews should be made readily available to the public.

In addition, The Pennsylvania Chamber supports:

- The establishment of clear performance criteria and system-wide accountability standards for all government workforce training programs.
- Regular monitoring and continual improvement of all existing government workforce training programs.
- Removal of the perceived educational bias against vocational education programs.
- Determining community workforce needs and tailoring local programs accordingly.
- Promotion of private sector educational and training programs as well as encouraging institutions of higher education to offer courses aligning with workforce needs.
- Focusing workforce training programs on the upgrading, retraining and cross-training of existing workers while holding the preK-16 educational system accountable for producing students who have the desired reading, writing, math, reasoning and work practice skills.
- Identification and utilization of best practices in workforce development.



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Public Education

Historically, Pennsylvania has had some of the highest educational spending in the nation; however, according to recent research and surveys, the Commonwealth is receiving a poor return on its investment because our public school systems are not adequately preparing our students to enter the workforce. As business leaders, parents and taxpayers, we know that these trends must change in order to ensure a long term vibrant economy, a good quality of life and the future success of our children. Therefore, the Chamber supports systematic improvements to Pennsylvania's public education system that will increase the quality of education and overall improvement of student achievement.

Specifically, the Chamber supports:

- Alignment of education standards with college and workplace expectations.
- Programs that emphasize technical skills, business skills, trades and vocational schooling.
- Holding superintendents, principals and teachers accountable for student performance while recognizing the socioeconomic issues that impact those outcomes.
- Increasing authority and flexibility superintendents and principals have over management and personnel decisions and holding them accountable for such decisions.
- Rewarding teachers whose performance contributes to substantial growth in student achievement while at the same time fairly and efficiently removing ineffective educators.
- Efforts to effectively utilize educational spending so that existing dollars are used first and foremost to increase student achievement.
- The elimination of unnecessary state and federal government mandates (i.e. prevailing wage) that divert resources from the mission of education.
- Competitive educational systems and programs, such as charter schools, magnet schools, school choice and Educational Improvement Tax Credits, that provide ample choices for parents and students.
- Encouraging institutions of higher education as well as the private sector to form community-based relationships and programs to enhance the public education system in the Commonwealth.