



# America's Perfect Storm

## Questions and Answers

**Q:** Why should ETS, a testing organization, do a study of this kind? Is it not a bit far afield from ETS's core competency?

**A:** ETS's mission is to help advance quality and equity in education by providing assessment, research and related services. As part of its research efforts, the Policy Information Center uses data from ETS and other sources to inform the debate on current education issues. The Center for Global Assessment designs, develops and participates in large-scale national and international surveys. Such surveys provide the kinds of data that are used in this report, and in several others that provide information on the skills of student and adult populations.

**Q:** What are the three major factors you predict will combine to create this "Perfect Storm" for the United States?

**A:** First is inadequate literacy and numeracy proficiencies among large sections of our student and adult populations. Second is the continuing evolution of the economy and the nation's job structure, requiring higher levels of these skills from an increasing proportion of workers, especially to secure an adequate level of earning. And third, an ongoing shift in the demographic profile of our population, powered by the highest immigration rates in nearly a century. The confluence of these three forces is creating a powerful dynamic that has the potential to transform the American dream into an American tragedy.

**Q:** How is this report any different from similar ones we've been hearing about recently?

**A:** Rather than focusing on particular parts of the pipeline (e.g., the production of scientists and engineers, or on the workforce in general), this report looks at the skills of both students and adult populations and how these skills will interact with changes in demographics and the labor market over the next 25 years.

**Q:** How do you know what the literacy and skill levels of the population will be in the future?

**A:** Our report combines demographic projections from the U.S. Census Bureau with current skill distributions to project the distribution of literacy skills of the population in the year 2030.

**Q:** Literacy is important, of course, but why is it so important in the economy you predict? Give some examples of why people should care and how it can affect someone's life.

**A:** There has been a greater return to education and skills over the last generation resulting in widening wage and income gaps. Beyond the workplace, individuals now have more responsibility for various aspects of their lives including things like retirement planning and choosing appropriate health care plans. For example, Medicare now requires seniors to choose a drug prescription plan that is appropriate to their needs.



Q: Economists will say there are still plenty of low-skilled jobs available. How can you say that the number of low-skilled jobs is decreasing?

What's wrong with a low-skilled job? Plenty of people have them.

Where will job growth come from in the future, if not from low-skilled areas? Where are those statistics from?

A: There is little or no doubt that there will be a large number of low-skilled jobs available for those who want them. Unfortunately, these jobs pay lower wages and have fewer long-term opportunities. Data over the last 25 years or so show that there is a widening wage and income gap between low- and high-skilled workers. The challenge in the future will not be finding employment; it will be finding employment that provides adequate wages and long-term opportunities.

Q: You warn of inequality in America, but there's always been inequality. What makes this inequality different or of greater concern?

Traditionally, America has had a rather large middle class. What will these forces do to affect the middle class, where many families have the opportunity to improve themselves?

A: What is different today is the growing inequality among large segments of our population with respect to wages, income and wealth. According to the Economic Policy Institute, CEOs in 1979 earned 35 times more than the average American worker. By 2005, this gap widened to 262 times as much. Looking at the overall distribution of incomes, we find that in 1980 the richest 20 percent of Americans earned about 44 percent of all income, and by 2002, their share had grown to 50 percent. Income inequality is important not only because it limits our economic potential but also the quality of our democracy. According to Benjamin Friedman, "economic growth is not merely the enabler of higher consumption; it is in many ways the wellspring from which democracy and civil society flow."

Q: If this "perfect storm" scenario comes to pass, what will be the impact on our nation's immigrant population?

A: Immigration has always played an important role in the development of our country. For much of our history, the majority of immigrants came from Europe. More recently this pattern has shifted so that today the largest percentage of immigrants arrives from Asia and Latin America, particularly Mexico.

During the 1980s, net international migration accounted for only 21 percent of the nation's population growth. By the 1990s, this rose to 31 percent. It will likely account for more than half the nation's growth between 2000 and 2015. The Hispanic population alone is projected to grow substantially during the next 25 years. The Hispanic share of the U.S. population is projected to increase from 14 percent in 2005 to 20 percent by 2030.

Immigration has always been a positive thing for the United States. Immigrants bring a variety of cultures and languages and add energy, creativity and diversity to our society. What is important in the context of this study is that immigrants also bring their educational backgrounds, skills and experiences to the United States, and here the picture is less sanguine. While some 28 percent of those 18 years and older who arrived between 2000 and 2004 came with a bachelor's degree or higher, about 34 percent came without a high school diploma. Among these, some 80 percent reported they did not speak English well or at all.

Those immigrants who do not speak English and have lower levels of education and literacy likely will lack the skills needed to thrive and be productive in the new economy.



Q: If lack of education or ability to speak English limits job opportunities for immigrants, won't there always be a ready supply of low-skilled jobs for them to fill?

A: The formidable challenge will not be finding employment, but finding jobs that pay well and offer long-term opportunities. There is little doubt that our economy will continue to grow. The question is how this growth and productivity will be shared.

In the past, jobs in the manufacturing sector provided those with moderate levels of education and skills good wages, long-term employment, health benefits, training, pensions and more. These jobs are going away. Today, manufacturing accounts for only about 10 percent of the jobs in the United States, compared with more than 30 percent in the 1950s. Between 1984 and 2000, high-literate jobs — those associated with college level skills and education — accounted for about two-thirds of the job growth. These types of jobs are projected to represent about half of new jobs over the next decade.

This means that those with limited levels of education in this country will be competing not only with one another, but also with newly arrived immigrants endowed with low levels of education and with millions of workers in low-wage economies around the world.

Q: What is the answer?

A: For starters, we need to boost the literacy levels of the population as a whole, in part by reducing the skills gaps among key population segments defined by nativity, race/ethnicity, and socioeconomic status. We must also recognize the value of family and community involvement, and we must understand the importance of economic growth not only to our standard of living but to the quality of our democracy.

We should make it a national priority to find ways of equipping adults with the ability to perform work that is highly valued in the marketplace and that contributes to our global competitiveness.

Q: What will ETS do specifically to address these concerns?

A: Substantial work must be done on multiple fronts, and it will take courageous national leaders and law makers, bold companies and effective organizations to turn the tide of this storm. As the world's largest nonprofit educational research and testing organization, ETS will have many roles to play in the work to come, as a resource, a convener and a collaborator.

First, we have sounded the bell, drawing upon our extensive research expertise to produce this report, and we are grateful to be working with you to help draw attention to the issues it raises. For nearly 25 years, ETS has helped the U.S. Department of Education track student performance through the National Assessment of Educational Progress (NAEP).

Second, we have conducted national and international literacy studies and written policy papers that serve as a resource for individuals and organizations that are as deeply concerned as we are.

And third, this spring, we will convene a forum of business, government and education leaders to discuss and prioritize responses and solutions to the issues raised in this study. We will issue a white paper at the conclusion of our work together. We will also organize other forums with diverse thought leaders throughout the year.

Q: Where can I get more information?

A: Visit our website at [www.ets.org/stormreport](http://www.ets.org/stormreport)