

COMMENTARY

What Do Test Scores Really Mean for the Economy?

Stagnant NAEP scores spell trouble ahead for the U.S. economy

By Eric A. Hanushek

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It is increasingly common to hear public statements downplaying the results of student tests. Such was the widespread reaction after the annual release of the highly reliable National Assessment of Educational Progress test scores in April, often called the "nation's report card." The 2017 average scores, which measure U.S. student performance in math and reading for a nationally representative sample of 4th and 8th graders, indicate a general stagnation compared with two years ago. And the results from two years ago were significantly below those from four years ago.

The common reaction to the NAEP results—for parents, policymakers, and school leaders—has the tone of, "Oh darn, we do need to do better." But there is no sense of urgency. Nor is there much realization that we have essentially had the same results and the same reaction for four decades. Math and reading scores of 17-year-olds, for instance, are unchanged since the 1970s.

Putting our heads in the sand is not the right answer. Test scores today say a lot about what our labor force will look like over the coming decades. Our current students' skills will dictate our economic future in the long run. Understanding the implications of higher skills—as measured by regular standardized tests—provides a way of assessing how our country as a whole will fare in the coming years.

It is well-documented that people with a better education tend to earn more over their lifetimes. But fewer people understand the overall effects of an educated society on the economy. Research I have done with my German colleague Ludger Woessmann over the past decade shows a clear link between nations' scores on international math and science tests and their economic-growth rates between 1960 and 2000. Other research also shows that growth rates are directly related to achievement improvements that result from better school policies, including external exit exams for students, higher relative teacher salaries, and more choice and competition among schools.

Even though Canada does not seem culturally or historically far removed from the United States, its schools produce systematically better outcomes. On the 2015 Program for International Student Assessment's math tests for 15-year-olds, **Canada ranked 9th, while the United States ranked 39th**—almost one-half standard deviation behind. Continuing "business as usual" puts us well below the average math-skill level in developed countries, leaving us faring only slightly better than countries such as Croatia and Greece—two nations with low PISA scores and struggling economies.

By historic patterns, if we were to close just half the gap between our students' PISA scores and Canada's, it would lead to long-run annual economic-growth rates that are almost 0.5 percentage points higher. That increase would raise the average U.S. gross domestic product 7 percent across the 21st century—more than enough to pay for projected fiscal problems with Medicare and Social Security benefits. Such monetary improvements would be more than 10 times larger than the economic losses from the 2008 recession.

Making headway on such improvements is feasible, and we already have a roadmap: Achievement in Massachusetts, consistently our highest-performing state, closes two-thirds of the average U.S.-Canadian performance gap. But this is just one state, and it cannot carry the entire nation. If other states realized the performance gains that the aggressive educational policies in Massachusetts have yielded over the past two decades (along with states that include Delaware, Florida, and Maryland), our nation could become internationally competitive. These states all put a relentless focus on student performance through emphasizing strong school accountability and teacher effectiveness. They also make their policies consistent across different political administrations.

To be sure, the effects of improving schools do not immediately appear, nor is there an exact recipe. It takes time for higher-achieving students to enter the labor market and make their skills known. But the delayed outcome isn't grounds for waiting to change our practices.

Improving student outcomes has proved difficult in large part because we are unwilling to take any major steps to make schools better. It appears acceptable just to put more resources into existing schools without any evidence of better academic learning. Real **school expenditures per student have more than doubled since 1970**—yet our graduates' achievement remains mostly flat.

When we talk about dealing with the rigidities of our current education system, people generally shrink back. Witness, for example, the reactions to teacher strikes in Arizona, Colorado, Kentucky, Oklahoma, and West Virginia. There were no discussions of relating any salary increases to the effectiveness of teachers. Indeed, the only thing on the table was more funding for failed existing policies.

The economic costs of not paying attention to the message of stagnating schools are huge. The absence of improvement in our nation's schools not only translates into significantly lower economic outcomes for our children, but it also signals a loss of our international prestige and influence. Why risk losing our country's top leadership position in the world economy and the futures of our next generations in one fell swoop?

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