

Keynote Remarks of Matt Miller to Grantmakers for Education
“Lifting Our Sights: A Paradoxical Moment for Education Reform”

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Thanks for that kind introduction. It’s a privilege to be with you.

We’re meeting at a moment when, strangely enough, sex dominates the headlines – David Letterman’s troubles -- Senator John Ensign’s escapades on page one of the New York Times on Friday – and of course Roman Polanski. On our radio show “Left, Right & Center” on Friday, just before our mid-show break, my teaser was: “Up ahead – Max Baucus... and a little bit of sex” – two topics not usually thought of together! Anyway, it’s a relief to take a break from sex this morning, with a group that has its sights set on something more important, if less titillating.

Let me say it at the outset: The work you in this room do, along with your partners and grantees, is essential to the future of the country. Indeed, I was reminded just how essential last Monday in a depressing session I had with 20 high-tech CEOs in San Jose.

These were leaders of major multinational firms that are based in the U.S., but which have more than half of their sales, profits and employees overseas. They’d asked me to talk to them about the changing role of government in the Obama era. These were not happy CEOs. Apart from their general anxiety about government intrusions into private markets, the striking thing was their collective pessimism about America’s ability to confront its major challenges. And not just pessimism, but a kind of resigned indifference.

They weren’t convinced America could overcome the entrenched political obstacles to really reign in spiraling health costs. They weren’t persuaded America would ever get serious about educating the bottom half of the workforce now languishing in mediocre or failing schools.

Sure, there would be lots of noble rhetoric about all this, they assumed – but their basic premise was that America probably wouldn’t get its act together to get all this right. And the eye-opening thing was this: from these CEOs point of view, this was a pity for their country, but it wasn’t really a problem for their business. They’d make new investment decisions and locate new jobs in nations that gave them the quality workforce and business climate they needed. I found myself at the end of the session making the case to these CEOs as to why they had a stake in the quality of U.S. public policy – and I wasn’t making the sale. From their perspective, they work for their shareholders, and something like the quality of U.S. schools was a reality, a “given,” external to them, that they’d take into account as they made decisions.

Understanding these hardheaded economic realities in a global age ought to reinforce a simple fact: the success or failure of the people in this room at your assigned task of improving American education will go far to determine America's future.

Not to put any pressure on you, but the moral and economic stakes couldn't be higher.

I was authorized by our hosts to be provocative, so let me suggest that this is a paradoxical moment in education.

With Barack Obama and Arne Duncan we have the boldest focus on progressive innovation in education that we've had coming from Washington in memory. I'm a huge fan of both leaders. Yet, at the same time, the outer limit of the Administration's ambition is demonstrably unequal to the magnitude of the challenges we face.

Why do I say this?

- Consider the stimulus. A huge \$100 billion boost in education spending, yes – but there's very little reform in it. It's a useful state budget stabilizer, a job-saver for many teachers who'd otherwise be on the street – but it does very little to improve schooling. The education portion of the stimulus helps us avoid a disaster related to the Great Recession—that's important as a matter of crisis management, but it offers little hope for long-term improvement in student results.

- Or consider the Teacher Incentive Fund. It promotes innovation in teacher compensation – that's good – but it's only a few hundred million dollars in system that spends about \$600 billion a year. That can't affect real change.

- Then there's the Race to the Top initiative. This has obviously generated lots of excitement – and I know its conditions have prompted a number of states to alter laws on charter caps, or that prevent student achievement data from helping inform teacher assessment. That's all good. But my own view is that a one time \$4.5 billion incentive fund in a system that spends \$600 billion a year can't produce fundamental change.

As a result, for all the excellent new talk and support for innovation – and granting the modest progress it will bring – I believe that even if we get eight years of a “progressive administration,” America in 2016 will:

... Still systematically assign the least qualified teachers in America to the students who need great teachers the most – and be recruiting teachers for poor neighborhoods from the bottom third of college classes;

... Still tolerate dramatic differences in per pupil funding between wealthy and poor districts, in ways that no other wealthy nation tolerates;

... Still have the federal government contributing dramatically less as a percent of K-12 dollars than any other advanced nation;

... Still be years away from a consensus on implementing the high national standards that our global economic competitors take for granted;

... Still be spending more on K-12 than other advanced nations, with mediocre results.

... Still be losing ground to other nations in graduation rates and attainment.

... Still expect American students to incur levels of debt to get a college degree that no other advanced nation allows – and Pell grants, despite increases, will still cover less as a percentage of college costs than they did 30 years ago!

Believe me, I'd be thrilled to be proved wrong on these predictions. But suppose, on the trajectory that's been set on education policy, that I'm right?

The question we face is what we should make of this paradox. The most innovative national education leadership we've had -- yet also unequal to the magnitude of the challenge. How should we think about this? And what does this paradox imply for the role of education funders in the nonprofit sector? What will you do to make it less likely that in 2016, when you meet again at this conference, this won't be true?

It won't surprise you that as a guy who has a book out called *The Tyranny of Dead Ideas*, I think your urgent task is to help the nation bury some dead ideas that limit the boundaries of what we think is possible today.

The chief dead idea in education (and I'll focus on K-12 for now) is what I call "Schools Are A Local Matter."

This idea, as an organizing principle of education, made perfect sense in the early 19th century, and the system it produced led to the greatest expansion of education in a democracy the world had ever seen.

But all of us know that twenty-five years after "A Nation at Risk," we're still at risk.

Today, radical, dysfunctional localism – basically leaving 15,000 local districts in charge, more recently helped by the 50 states – causes two big problems.

The first is the huge financial inequity between more affluent and poorer districts. As you know, it can amount to many thousands of dollars per pupil each year, because of America's outsized reliance on local property taxes, supplemented by related state taxes, to fund schools. While money isn't everything, in this case it's a lot. There's no avoiding the fact that when teacher and principal salaries are the major chunk of district budgets, these fiscal gaps fuel huge inequity in teacher quality.

Take your typical high poverty district and compare it to its nearby affluent suburbs. When the suburb (1) pays more – (2) has much nicer working conditions – and (3) has kids who come to school without the myriad problems many of the poorer kids bring – it should be no surprise that over time the best teachers in America gravitate to the best suburban

schools – and we’re left relying on “the missionary plan” to staff the poor schools who need great teachers the most.

Well, the missionary plan is not working. And our reliance on it is a direct function of local control and funding of education.

I urge you to add that phrase whenever you say “local control” – local control, after all, sounds like an unmitigated virtue – local control and funding of education reminds us that it’s a problem.

Only in America is this kind of inequity between schools in rich and poor neighborhoods tolerated – in other countries, in fact, most conservatives say poor kids need more funding, because they have to overcome so many disadvantages...

Second, local control leaves the vital question of what students should be expected to learn to the whim of thousand of districts, more recently helped by the fifty states. The result is a crazy quilt of frequently “dumbed down” standards designed to make politicians look good when they’re easily met. This may be a great way to get re-elected, but it’s no way to prepare American children to compete with the Chinese or Indian children who are out for their jobs.

The Obama administration deserves credit for making a push on national standards – though it’s modest and likely to take many, many years. But the Administration hasn’t even put school finance inequity on the radar screen.

I asked Arne Duncan about local control and school finance inequity during a session at the Aspen Ideas Festival in July. Secretary Duncan was plainly sympathetic to the issue; as he pointed out, Chicago, the school district he ran for years, spends about half as much per pupil as affluent suburbs just a few miles up the road. His hope was that after proving through various innovations like charter schools that poor and minority children could achieve at the same level as white students, the nation might over time come to support more investment in these children’s educations.

While I understood the political constraints he faced on saying anything more, the result was (and is) still depressing. It means yet another decade will likely pass, even under a “progressive” president, with no serious effort to reform the local funding-based injustice that dooms millions of poor children.

Richard Nixon was the last president to look seriously at this issue. In the early 1970s, he was close to proposing what one aide called his “education masterstroke.” Nixon’s commission on school finance, headed by the chairman of Procter & Gamble, issued a report that urged states to equalize financing disparities, and proposed spending federal cash to help.

Nixon was weighing a new national tax, with the proceeds distributed to states that drastically reduced state and local property taxes while closing the financing gaps among their school districts (by lifting the bottom). The plan would have brought the federal

government's share of K-12 spending to 25 to 30 percent – versus 9 percent in ordinary times today.

Then Nixon got sidetracked by something called Watergate.

What does it say that our first black president and his terrific education secretary feel they can't be as bold as Richard Nixon was 35 years ago?

I think it tells us that our biggest challenge – among the many we face – is how to shift the boundaries of debate.

That may not be how many of you have traditionally conceived of your work – but I'd like to suggest it needs to be – and it has implications for the way you spend your scarce resources, the kind of skills you seek in your staff or use outside – the aims you have when you collaborate with each other, with other partners and government – and more...

What are the implications for you?

Collectively, education funders have a choice. You can do good and play nicely in the current sandbox – it's still the Lord's work and you'll make a difference in many lives. Please don't get me wrong, the work you do will get you to the Kingdom of Heaven.

But it won't enable those CEOs I spoke of the outset to create more good jobs here. It may just be too incremental for what this country – and our kids – need.

So what would higher ambitions look like?

I believe they would focus much more creatively and boldly on advocacy and communications, media influencing, and on what we might call "constructive troublemaking" at the grassroots to alter the terms of debate.

These tasks involve deployment of sophisticated, small "p" political skills to make it safe for politicians like President Obama and Arne Duncan to call for changes they don't feel are politically viable today...

The union leader Andy Stern has a wonderful phrase that I think he attributes to Martin Luther King: To create real social change you have to change the direction of the wind. Do that, and all the rest follows.

To "change the direction of the wind" you have to be willing to take more risks to move the debate and change the climate of opinion.

Now, I consult to some foundations on their education work. I know there is often timidity, and legitimate forces that produce this timidity, and small-"c" conservative choices in this terrain.

But with the stakes this high, I urge you to revisit those assumptions.

As you know, the \$1.5 billion you collectively spend each year is a drop in the bucket. The only way you'll have ultimate impact is by changing the effectiveness of what government does. And the only way to do that is to change the climate of opinion and the interest group dynamics so that political leaders feel safe – and feel compelled – to act with more urgency, because they'll pay a bigger price if they don't. That's not the equation they face today.

We can talk more in the breakout session if you're interested in what that might look like. But let me toss out a few concrete examples of ideas – from shaping media/opinion leader points-of-view to the grassroots.

Teacher Quality: We need highly publicized research on what it would take to get the top third of college students to choose teaching – and especially teaching poor kids – as a career. All the research (including work by McKinsey, where I spend part of my time as an advisor) shows that this is what world-class education systems routinely do. America doesn't.

I was involved with one group that did unpublished preliminary market research showing that if starting salaries were \$65,000 and the best teachers could earn \$150,000 you'd triple the pool of top talent that would go into teaching. Do this report more robustly, and you can get it on page one of the *New York Times* and start a new national conversation about what it would take to be serious about a new generation of teachers. At one stroke, it would show that both political parties are blowing smoke.

Higher Education: Why not sponsor a report, “We’re Number 10! Why?” What are the other nine nations that now surpass us in graduation rates doing that would surprise us, and that we might learn from?

At the Grassroots Level: Creative media. Sponsor parents from the inner city in field trips to nearby suburban schools with the media in tow. Let them see what they don't get. Stoke their outrage.

Do the same with middle class parents who complacently think their kids are doing fine. Let them see what kids in Finland, or South Korea, or China, or Singapore are doing. Stoke their outrage.

In general, ask yourselves: What would a third party political campaign sound like in education?

Anyway, those are just a few notions to stir the pot.

Let me end with a startling fact:

In my McKinsey life, I helped lead the work on a report on “The Economic Consequences of the Achievement Gap in U.S. Education,” released a few months back.

Our team found that the economic cost of America's achievement gap versus the best performing nations in the world – the impact there would be if we performed at the levels

these top performing nations do today -- is over \$2 trillion a year. That's around 15% of GDP! A permanent national recession much bigger than what we've gone through during the last 18 months. This is the cost of dramatically underutilizing human potential in the U.S.

To combat this great recession, the government has taken the most extraordinary measures in seventy five years.

When you consider the unprecedented emergency measures we're mounting to combat today's "official" recession, doesn't this vastly larger education recession deserve a crusade of its own?

I think it does. I think you do, too. And I hope you'll be willing, as you deliberate over the next few days, to challenge yourselves and push beyond your own comfort zones to make it happen.

Thank you.

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