

Education:

A MORAL IMPERATIVE

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Good afternoon. I am deeply honored to have been invited to speak here today at this most venerable and intellectual establishment, the City Club of Cleveland.

Because many of you listening today may not be that familiar with our foundation, I would like to begin my remarks by providing a very brief overview of the Cleveland Foundation and our wide array of philanthropic endeavors. Then, I would like to share my views on what I believe is the most important issue facing our city and nation, in both the short and long term: education.

I have chosen to focus on education today because it is a key factor affecting most of my organization's work and, moreover, this entire nation's critical problems and future opportunities.

The Cleveland Foundation, established in 1914 by Frederick Harris Goff, the city's leading banker of that era, is one of the nation's largest foundations and the world's oldest community foundation. Community foundations, unlike national foundations, raise all of their funds from a local community and make their grants back into that local community. So while the wonderful Gates, Rockefeller, and Ford foundations can make grants all over the globe, our foundation makes its grants in the Greater Cleveland area.

We have assets of \$1.8 billion, and we make grants of about \$80 million each year. The establishment of the Cleveland Foundation has had significance far beyond Cleveland, because it represented the birth of the community-foundation field. Today, there are more than 1,000 community foundations across the globe.

Our mission is to improve the quality of life for all Clevelanders now and for the future. We do much more than write checks. We convene, lead, and facilitate, and we partner with key governmental, corporate, and nonprofit entities, such as the city and county; our chamber of commerce; local banks and industrial companies; our eds-and-meds anchor institutions, including Case Western Reserve University, the Cleveland Clinic, University Hospitals, Cleveland State University, and many others.

We support the arts, economic development, social services, education at all levels, neighborhood revitalization, the promotion of an advanced-energy industry here, and the globalization of Cleveland.

During just the past several years, we have led the charge to establish NewBridge, a bright and shining new center for after-school arts programs aimed at keeping at-risk kids in school, and for sophisticated adult training programs for low-income citizens.

Working with our marvelous Cleveland anchor-institution partners, we have begun to establish a series of for-profit, employee-owned cooperative companies for low-income residents of Cleveland. We call them Evergreen Cooperative companies, and they include a green commercial laundry, a solar installation business, and, coming soon, the largest urban greenhouse in the United States.

We have also played a leading role in promoting advanced energy and creating the public-private partnership that is working to construct a significant wind farm on Lake Erie. We hope this wind farm will help us to generate not just megawatts, but also a large number of R&D, manufacturing, and service jobs in the region.

Last but not least, we make about 3,000 grants per year, both large and small, in response to requests from a wide range of community arts, social-service, and educational organizations.

We are proud of the impact that our foundation and its partners are having in the community. And we believe that in so many ways Cleveland is moving in the right direction.

However, over the past eight years of toiling in the trenches, I have become increasingly convinced that the issue at the root of almost all of our problems, and the factor that will most determine our city's and nation's ability to succeed in the future, is education. So it is worth spending the rest of our time today on this topic.

Allow me to begin, however, by sharing with you my personal biases, so you will know where I am coming from and won't misconstrue my comments. I come from a family of teachers. I think teaching is among the most noble and important professions on earth. And I ardently believe that effective educators should be revered by our society, as they are in other nations. In Japan, for example, the same honorific title "Sensei" is used for both medical doctors and teachers. So a brain surgeon and a kindergarten teacher are addressed in the same highly respected manner, and their salaries don't vary to anywhere near the degree that they do in the United States.

I also come from a pro-union family. In my opinion, there is no question that there was a time in our nation's history when unions helped to save American capitalism. Indeed, during the dark days when communism was in fashion, this economic system was never really a threat to the United States because our labor-union movement had corrected most of the excesses of capitalism in other nations. Of course, there remains a need to respect and protect labor in order to maintain our all-too-critical middle class, which appears to be on the verge of

becoming an endangered species. And I would like to remind the audience that the vast majority of our brave sons and daughters fighting for this nation in two wars at present hail from our middle class.

In my current job, I witness every day the problems that affect our city: how we are struggling to maintain our world-class arts organizations, how we are grappling with gang violence, teenage pregnancy, high crime, homelessness, unemployment in the face of thousands of job openings that can't be filled for lack of properly educated applicants. All of these issues stem from, or are severely exacerbated by, the state of our city's public education system over the past four decades.

Before honing in on Cleveland, let's just quickly review the state of K-12 public education nationwide and its impact on higher education, society, and the economy.

The bottom line is that we are in peril – absolute peril – as a nation. Our standard of living is at risk, our global leadership is at risk, and even our democracy itself is at risk, because our education system is failing our children, especially in our major cities. And this will, if not fixed, ultimately lead to America's economic and social collapse.

But this is not a news flash. Way back in 1983, 27 years ago, the U.S. government's landmark Bell Commission report, "A Nation At Risk," famously stated: "If an unfriendly power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war."

Nearly three decades later, we've lost, rather than gained, ground.

Whereas we used to be ranked No. 1 in the world, America's educational performance now ranks no higher than the middle of the world's industrialized nations. Our 8th-graders rank 17th in reading, 26th in math, and 20th in science. These scores are as unacceptable as they are pitiful!

Two of every three new jobs today – and 90 percent of the jobs in the fastest-growing high-tech fields – require education beyond high school. Yet we can't even get nearly one-third of our kids through high school. Our national graduation rate is only 70 percent, and it's much lower in urban systems like Cleveland's, where barely half of the students graduate. Compare that to Denmark's 96-percent graduation rate and to Japan's 93-percent graduation rate. And in Poland, a developing economy, the high-school graduation rate is 92 percent. Only 34 percent of our adults aged 18 to 34 enrolled in college. In South Korea, that rate is 53 percent. That country, which is the size of Ohio, is churning out more college graduates in science, technology, engineering, and math than all 50 of our states combined.

So what are the national ramifications of this poor, in both absolute and relative terms, American educational performance?

In short, the rest of the world is about to eat our economic lunch, breakfast, and dinner! Forget the developed nations like Germany; even the developing world

is building new and better education systems to try to catch up and surpass us – and they’re having success. From Scandinavia to Singapore to China, nations are setting very high standards for every student and teacher in every school. They’re adapting their education systems to this century and the global marketplace.

It’s not just our economic health that’s at risk. Our national security is too.

Poor education systems are the main reason why three-fourths – that’s right, I said 75 percent – of our nation’s age-eligible young people can’t qualify to serve in our country’s armed forces. One of every four is ineligible because of a lack of a high-school diploma. Among high-school graduates who seek to enlist, about 30 percent get rejected because they can’t meet the military’s most basic reading and math requirements, which should tell us that our educational performance is even worse than what we think it is based on graduation rates alone.

Richard Clarke, the anti-terrorism czar for the last Bush administration, recently published a book called “Cyber War,” in which he demonstrates how our adversaries are developing cyber-attack technologies that could have a Pearl Harbor-like impact against our military and civilian infrastructure. Our power grid, communications, banking, transportation, and even military and intelligence systems, are utterly vulnerable, in part because we have fallen behind in science, engineering, and math education.

Finally, and most tragically, we’re frittering away naturally talented human beings, the most precious capital of all. How can we as a country ever fulfill our potential, or even just maintain our democracy and standard of living, when so many of our citizens are unfulfilled and unable to engage in meaningful and interesting work? How can we maintain our moral compass as a nation in such circumstances?

Our schools should be lifting our citizens out of persistent poverty and breaking down racial disparities in education and income, and eliminating all of the other stubborn vestiges of 2½ centuries of slavery. But, because many of our urban school systems are dysfunctional, the rich are getting richer and the poor, especially minorities, are getting poorer. And the middle class is shrinking fast – an economic state of affairs that has led to some very bad outcomes for a number of empires and nations over the course of world history.

A University of California economist quantified the explosive growth in earnings disparities in a shocking study last year. In it, he demonstrated that from 1993 to 2007, the top 1 percent of Americans had come to possess half of the nation’s overall economic wealth. Now, I’m a corporate guy and a true believer in private enterprise, but I find this fact to be alarming.

Given these various dismal statistics, you may wonder why the debate over public education in America has been proceeding for decades with little improvement. We have known for quite some time that our current system of education is not working. It needs to be completely reinvented in our urban, rural, and even suburban districts. But why has it been so difficult to create change?

- First, unlike high-performing countries such as Singapore and Finland, here in the United States, we have neither a national system of education nor a national teacher-preparation program. There is no single point of control.
- Second, Americans have allowed themselves to be duped by the pernicious myth that low-income, minority students cannot achieve academic success at very high levels. What President Bush once described as the soft bigotry of low expectations has crippled our ability to achieve true reform, particularly in our urban schools.
- Third, we have faced the tyranny of highly organized entrenched interests. As Joel Klein reflected upon leaving his post as chancellor of New York City's public schools, teachers unions and other unions, bureaucrats, vendors, and politicians, who have benefited from our deeply fractured system, continue to aggressively resist change, while the opposition – parents, concerned citizens, and companies that need skilled workers – has been, up until now, completely unorganized.
- Fourth, the public has developed a deep level of mistrust in the current system due to a long track record of broken promises and marginal progress. And many parents and students have abandoned the community altogether by fleeing to the suburbs in hopes of better educational opportunities – a phenomenon that has helped to hollow out our once-thriving urban cores.
- And finally, media – meaning television, radio, movies, and video games – have poisoned our citizens, especially our children, with anti-intellectual and anti-education messages that predispose them to undervalue education and learning, and to disrespect the very people – teachers – who can provide them with the tools they need for a lifetime of success. Hollywood may think it is liberal, progressive, and caring because a few movie stars go to Africa to help with AIDS, or to New Orleans in the wake of Katrina to raise funds. But the damage that Hollywood has done to our nation by inuring our kids to violence, sexual misconduct, and racist and misogynistic attitudes is incalculable. Yes, you folks in the media bear responsibility as well for the nation's educational performance!

However, there are national signs of hope. The growing movement for change, and the political will around education reform, are arguably at their strongest moment in recent history. The past decade has brought with it courageous leaders, new laws, innovative ideas, and a much deeper understanding of the problem.

So, what are these signs of hope? The following are the five brightest beacons of hope, from what we can see:

- First, the federal government, under Presidents George W. Bush and now Barack Obama, has begun to play a significant role. The White House and U.S. Department of Education have framed education as a national problem that could cripple our entire country. Education reformers aren't alone anymore.

- Second, the discussion around a national curriculum is moving forward. Ohio, 40 other states, and the District of Columbia, have come together to create common academic standards and assessments to measure student progress.
- Third, whether or not accountability measures should be in place, both in and out of the classroom, is no longer a subject for debate. There is consensus that superintendents, principals, and teachers must be held accountable. This marks significant progress. The real question now is: How should accountability be measured?
- Fourth, competition has finally gotten its foot in public education's door. Entrepreneurs are creating models that work outside the typical education space. Teach for America, for example, is attracting the best and the brightest to the field of education. New charter models, like KIPP and Green Dot, have had unprecedented success with low-income students. And let us not forget philanthropic giants, like Bill and Melinda Gates and Eli Broad, who are not only contributing in a big way financially, but are also willing to take big risks.
- And fifth, at the local level, we see a group of men and women who are excited to lead and help turn around some of the worst-performing districts in our country. Although they have distinctly different styles, they have all managed to achieve some level of progress while becoming household names: Joel Klein, former chancellor of New York City schools; Michelle Rhee, former chancellor of District of Columbia schools; and Arne Duncan, United States Secretary of Education.

So what is the current state of public education in Cleveland, and what roles have the Cleveland Foundation and its key allies – the George Gund Foundation, the Greater Cleveland Partnership (our chamber of commerce), and numerous other local organizations – been playing in this key sphere of public life?

Like all urban school districts in the United States, the current performance level of the Cleveland Metropolitan School District, or CMSD, can best be described as abysmal. Last year, 70 percent of our schools were rated in academic watch or emergency, the equivalent of a D or F grade. Of every 100 Cleveland 9th graders, 54 will graduate from high school in four years, 25 will go on to college for a short period of time, and only seven will graduate from college with a bachelor's degree. Stated another way to drive home the point: 93 percent of our kids will not go on to earn a college degree!

Over the past 10 years, CMSD has lost 31,493 students, a 40-percent decline in enrollment. They have voted with their feet. At the same time, CMSD's costs have risen, primarily because of negotiated increases in salaries and benefits.

Five years ago, the Cleveland and George Gund foundations partnered with the school district, the teachers union, and other community partners to begin to ameliorate this situation. Our goal was to create new, innovative schools that operated differently from typical urban public schools and got much better results.

Given the unwarranted low expectations for our city's school children, we decided that we needed to achieve proof of concept that if you provided these kids with a great educational experience, they could achieve at a high level and go on to college. We wanted to work with the district and others to create pockets of excellence, and then take this excellence to scale across the entire system.

To date, we have directly invested in the development of 11 innovative schools that offer a broad range of choices for children and their families, including single-sex pre-K-8 academies; high schools that focus on STEM – science, technology, engineering and math; and a K-12 International Baccalaureate school. These schools are supported by a designated office within CMSD – the Office of New Schools and Innovation – and operate under separate agreements with the teachers union that provide greater autonomy at the building level, including control over hiring.

While these schools are not yet where they need to be, most are on the path to excellence. As a cohort, these schools are outperforming other district schools on almost every measure. All have been rated in continuous improvement or above. These schools are drawing in new students, helping to retain current students, and attracting new teachers and talent. These schools are places where parents are welcome, and teachers can collaborate, problem solve, and focus on the needs of their students.

Of all of the schools we have helped create, the one that is dearest to my heart is the Cleveland School of Science and Medicine. I serve as chairman of the board of this school, which prepares students for college and careers in medicine and health care. Through its unique partnership with Case Western Reserve University School of Medicine, the Cleveland Clinic, and University Hospitals of Cleveland, the school exposes its students to a rigorous, state-of-the-art science curriculum.

When the Cleveland Foundation and its anchor-institution partners helped create this new public school four years ago, we had a hard time finding enough students. We had no test to get in. Most of the students told us that they had chosen this school because they thought they would be physically safer there than at their neighborhood high school. They were not saying, "I want to be a doctor." We had 100 slots and could only recruit 78 kids. But after just four years, the School of Science and Medicine has earned the state education department's highest possible rating: excellent. Its test scores put us on par with the best high schools in the best suburbs. It ranks among the top 6 percent of all schools that *U.S. News and World Report* analyzed in its "America's Best High Schools" rating.

Last June, this school graduated its first class of seniors. One hundred percent of the kids graduated, virtually all poor minority kids, and all of them were accepted to a four-year college! They were accepted at some schools that you might have heard of: MIT, Harvard, Princeton, Bowdoin, Case Western Reserve, the Ohio State University, Cleveland State University, and more.

I think that it is fair to say that these opportunity schools, along with several high-performing local charter schools such as E-Prep, Citizens Academy, and the Intergenerational School, as well as a handful of other high-performing district

schools, have proved the concept that if you put low-income urban kids in a school with a great principal, deeply engaged community partners, excellent and committed teachers, more flexibility in terms of class time, and a rigorous and exciting curriculum, anything is possible, and even probable.

Through this work, I have come to realize that we have a deeply committed mayor, and one of the nation's best and most courageous school-district CEOs in Dr. Eugene Sanders. We are also blessed with many superb and very hard-working teachers, principals, union officials, and central-office staff.

But as I mentioned earlier, our intention was to create and then work with the district to bring these highly successful educational innovations to scale across the entire district, so that the other 90 percent of our kids could also receive a high-quality education and go on to a life of success. You might ask: "How's that going?" Well, frankly speaking, despite important gains, not as well as we had hoped.

On the plus side, the district's transformation plan, adopted earlier this year, has set challenging and critical five-year goals, including raising the high-school graduation rate from 54 percent to 90 percent, and ensuring that 100 percent of district schools receive a rating of continuous improvement or above, with half of those in the effective or excellent categories. I also believe that the plan lays out a rational strategy for getting us from where we currently stand to where we need to be.

The district is moving forward with key aspects of the plan. Central office is being reorganized from top to bottom. The district is putting in place a performance-management system designed to hold everyone in the system accountable for results. The district has put in place a school-by-school improvement plan, giving more support and oversight to the lowest-performing schools. Despite unfounded warnings of impending chaos and violence, the district very successfully closed 16 of the chronically worst-performing schools. Finally, the district has moved forward with growing its portfolio of innovative schools. It opened three new schools this year, and just issued an RFP to charter schools to partner with the district. CMSD is the first Ohio district to adopt this approach, a strategy that has been used successfully by districts in New York, Denver, and elsewhere.

On the minus side, there are several developments that have threatened both the scope and pace of transformation. I would like to briefly touch on three of the most troubling.

- First, the transformation plan called for the radical restructuring of 22 persistently low-performing schools, which included a new academic program, a new principal, and replacement of at least half of the teachers. The teachers union objected to this course of action, saying the CEO did not have the right under the current contract to reassign staff. The union won. Consequently, only eight of the original schools are being significantly overhauled. What a tragedy. What a travesty.
- Second, earlier this year, the district and teachers union signed a three-year

contract. While some real salary and benefit concessions were made, the contract does not fundamentally tackle many critical barriers to change, such as tenure and seniority, inflexible work rules and assignments, and pay based on longevity and credentials rather than on performance.

- Finally, as is often the case with large unsuccessful systems, pockets of success are resented rather than revered. I am just going to tell it like it is when I say that there is a growing and pernicious tendency to try to discredit the success of the innovative schools in Cleveland. So instead of becoming the shining example of transformational success, Cleveland remains an example of how hard it can be – even with a highly supportive mayor and a world-class superintendent – to put the interests of our children first and achieve fundamental change.

We have made progress, both nationally and here in Cleveland. But it hasn't been nearly enough. And the fact remains that we're still in peril. Looking forward, what should we be doing in Cleveland over the next two to three years to ensure success?

- First, we must advocate for needed changes in state law and policy, such as abolishing seniority-based layoffs and lock-step pay systems, and creating alternative teacher certification that would open up Ohio to Teach for America. In addition, we need to support Ohio's collaboration with other states aimed at strengthening academic standards and assessments.
- Second, we must accelerate the development of new schools and new school designs that challenge outdated ways of delivering education. We need project-based learning, not boring lectures. We must figure out ways to expand the reach of our most effective teachers. We can, and must, take better advantage of new technologies.
- Third, we need to restructure CMSD's human-resources department, moving from an almost exclusive focus on compliance to one that focuses on talent recruitment and development. All managers must celebrate and support excellence, while at the same time being able to terminate, more easily and cheaply, poor and mediocre staff.
- Fourth, we must craft a radically different union contract with teachers, as well as with other unions. We need to eliminate seniority and tenure, not just in state law but also from the contract, and move to performance-based pay systems. Work rules need to maximize flexibility in schools. I believe that the best teachers in the system support this concept.
- And finally, we will need to do more with less. Our district faces a minimum \$54 million deficit in the coming year. And more than a \$100 million deficit the following year. This does not take into consideration the state cuts we expect are coming. A balanced budget will require significant cuts as well as new revenue, most likely through a levy, which I believe voters will support if – and only if – they see radical systemic change. In balancing the budget, we must make the necessary changes in cost structures. This will not be easy, but it is essential.

I'd like to conclude today by saying that this great nation – which I believe remains, in the words of Abraham Lincoln, “the last, best hope of earth” – cannot endure unless we fix our education system. It is the key to our future economic prosperity, national security, social cohesiveness, and moral authority in the world. This will require great change, and change is not easy. It involves conflict and compromise. It requires sacrifice. It creates winners and losers. But we will all be victorious if we preserve our nation, society, and our American culture. It will take all of us – superintendents, principals, teachers, parents, students, elected officials, business leaders, nonprofit leaders, and the media – to ensure that our education system opens the door for all our children. And, if the task seems too daunting, just remember that our nation triumphed over the Great Depression, fascism, and communism. We can meet this challenge as well.

The bugle has been sounding. It is now time – way past time – to heed its call.

Thank you very much.



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