

SESSION III – PROMOTING INCLUSIVE GROWTH: BUILDING SKILLS
AND ENHANCING INCOME

MS. PENNINGTON: Hi everybody. Welcome to what is going to be a great session. I know that it's going to be a great session (a) because of the topic which is great, (b) because of the panel which is phenomenal, and (c) because of the audience because I see so many of you who I know from years of work who have so much to say and contribute on this topic. So hopefully we will go quickly and have a great interactive session and I'm just doing really brief words of introduction before I turn it over to Alan. In keeping with the tradition of having too many people talk at you that we have established already today, I am Hilary Pennington, Director of Special Initiatives at the Bill and Melinda Gates Foundation, and we are happy supporters of the Metropolitan Policy Program. And I just wanted to say a few, couple of words in framing for this panel before we head into it which is the obvious, which is how important education and skill, what it produces, are to regional economies and metropolitan economies. It's the reason why we at the Foundation are focused on it for the long haul -- both for the work that we're doing in high school reform and this new initiative on post-secondary completion. And what is interesting to me and what I look forward to learning about is the connection between the education and skill conversations and regional economies, metropolitan

economies, because those are not conversations that have joined well, and I think Brookings is beginning to try to put a framework for that. But all of us have a need to try to develop our own thinking to be more robust in that framework and to help Brookings be more robust frankly in that framework. So, very exciting to have this panel, which is beginning to focus on that and I hope you all had a chance to look at the papers that were done for it, which are very, very interesting. I just wanted to say sort of three, four things as kind of a quick frame or backdrop as we start, which is first and foremost, the importance, and I think across the effort that people are going to talk about today, the importance of actually having goals that are bold goals and appropriate goals. This is not something that we've done well as a country and I think having goals, setting goals and galvanizing regions or communities and leadership of cross sectors in service to those goals is an important thing that we all need to do as we go back from this conference and also having ways of measuring progress towards those goals, like Kids Count has set the standard for across the years in its sphere, and that they need to help us think more about the pipeline across education levels, right? For a metropolitan region, it's not going to be just adequate to have a goal that is about reducing dropouts or increasing high school completion or graduating more kids college ready or having more kids go on to post-

secondary education and complete it, or recapturing people from the workforce and moving them into education. We need goals that help us understand that that's a system and we need on-ramps for people who fall off. We need to make it easier for people to get back in again and so when we think at the metropolitan level, it shouldn't be about the systems, it should be about the people who live there and what the whole region needs to be able to accomplish. So that's the first one. The second is if we're going to be able to reach those goals, then we need an education infrastructure that has the capacity to help to do that. And I think Chris' paper on community colleges and some of the challenges that they face highlights one key aspect of infrastructure in regions which is the community college neglected resource. Many of our speakers are going to be speaking of other aspects of that with some very innovative ideas about how to build capacity. Third kind of theme is that we have to understand that we want these systems to be adaptive. They're not about just getting good results once. They're about helping regions anticipate change and adapt to change and they're about helping the people in the regions adapt to change. And that means that kind of top-down solutions can't be the only thing that works. We have to, as the theme of this conference has talked about, have bottom-up solutions that use a lot more of the techniques of community organizing that Pat Clancy has pioneered,

social networking, technology, the energy of young people in social groups. We have to get our minds around that more as we think about what it means to have an adaptive human capital infrastructure in places. And then last, it is dynamic -- you know, that we do have to understand it's about the flow of people. You know, when Michael Porter talked about the degree of churning and Ron Sims today talked about what we need as a country to put in place if we know transitions are going to be constant, is something I think we have to understand better as we think about our education system. So, two of my friends, close friends and mentors are on this panel -- Ralph Smith and Mary Jean Ryan from Seattle, who is one of the most innovative leaders at the local and regional level across all these issues that I know and one of the most distinguished philanthropic leaders. I know of the other panelists work. I don't know them as well, but I think we're in for a great session and I'm going to turn it over to Alan.

MR. BERUBE: Hi everybody. My name is Alan Berube. I'm the Research Director at the Metropolitan Policy Program. We're going to talk to you today about a small topic -- education and skills in metropolitan areas. So, first, thank you Hilary for the introduction. Of course, the Foundation supported the blueprint initiative. Thank you as well to all the panelists who are here with us today. Thanks especially before I've heard what any of you think about the ideas that I'm going to talk to you about.

And thank you to Ralph Smith, of course, for the Casey Foundation's longstanding support of our work on low-income families, low-income workers and low-income communities. This session is intended to highlight a few of the policy ideas that we're still in the middle of pursuing with an emphasis on human capital strategies that we think would create more economically inclusive growth in America's major metro areas. These ideas, these papers I'm going to talk about today actually form part of a even broader array of work under the blueprint that is focused on policies to promote growth that has broad based benefits, but within metropolitan area and nationally. And those other papers will focus on topics such as immigrant integration, community safety and even financial inclusion. So there's more to come in this area is the bottom line. But today, my talk is going to proceed in four parts. First, I'm going to discuss some of the pressing challenges -- many of them probably familiar to all of you that we perceive as threatening the nation's ability to achieve broad based economic growth today and in the future. Second, I'm going to highlight some activity in states and cities and metropolitan areas that are grappling with some of the challenges that I'll lay out. Third, I'm going to describe the importance and the nature of a possible Federal response in light of those challenges and opportunities. And fourth, I'll present draft ideas from papers that we've commissioned for the blueprint to hopefully

stimulate discussion, comments from the panelists and the audience. And throughout I have the enviable task of presenting ideas that are not my own, that I did not originate, in front of many of the originators who are actually in the audience today. So I'll acknowledge them as I go along/blame them if something goes wrong with the ideas. So, to begin -- you know, for us, I think the importance of achieving broader based growth, you know, sort of the signal challenge here, stems from a demographic reality and that African Americans and Latinos are projected to grow from about 25 percent of the American workforce today to more than 40 percent by the year 2050. So, I think for us it's hard to imagine a healthy economy, even a healthy democracy in society where a significant share of the workforce doesn't enjoy the fruits of economic growth as I'd argue has been the case recently. Now that population diversification on its own is not a problem. I think in many respects, it's a real strength. But, it has the potential to greatly exacerbate economic inequality if differences in education attainment and skills development by race and ethnicity persists. And those differences are not demographic in nature alone, but they also reflect differences by economic background with, as the Gates Foundation has highlighted, young people from low income families much, much less likely to earn a post-secondary degree than those from higher income families. And though there are stark economic consequences that

we'd argue derive from those attainment differences, because we all know income growth over the past few decades, mainly occurring to workers who have at least some college experience. I contrast real wages stagnating, even dropping in some cases, for workers without that post-secondary experience. This is the iron law of wages in the new economy that Michael Porter was talking about last night. If you listened to his remarks, then it's sort of earn what you learn rule. So a key -- again, familiar sort of national statistics -- a key pivot for the Blueprint and how it views these issues, that these challenges are not, in fact, uniform across the United States. Many of them concentrate in our nation's largest urban and metropolitan areas. Urban public schools, in particular, are educating a really significant share of American students -- one third -- but those students significantly underperforming their suburban counterparts on standardized exams. These schools on their own don't create those achievement gaps. The economic segregation that exists within and across our metropolitan areas means that urban students are much likelier to face the added disadvantages of coming from low income families and low income backgrounds and attending schools that are predominantly low income as well. Those student income disparities are in many places the product of a long run loss of the middle class, of middle income families from these areas, for whom school quality, even today, continues

to be a push factor. And you can see a strong relationship, in both economically struggling cities and economically successful ones as well, between middle class out migration and declines in enrollment and public school systems. So, for instance, between 1970 and 2000, Atlanta lost an estimated 15,000 middle income families. And then between '86 and 2006, it lost an equivalent number of students from its public schools. The underperformance of urban schools is evident in the transition as well from secondary to post-secondary education. So, only 60 percent of entering students in urban high schools earn a diploma according to a recent report from the America's Promise Alliance. And then among those who do graduate and go on to enroll in urban community college, a far lower share managed to finish a certificate or an associate's degree than their nonurban community college counterparts. So, there are, of course, many challenges, but these are not going unaddressed on the ground. First, there is a tremendous level of experimentation and entrepreneurialism permeating many of the nations largest urban school systems aimed at helping some of their most disadvantaged schools and students. Andy Rotherham and Sara Mead, in a forthcoming paper, point to five types of emerging entrepreneurs from founders of new schools, charter management organizations like KIPP, organizations that supply high quality personnel for urban schools like Teach for America, entities that

concentrate on developing discrete tools to improve urban student achievement like Success for All Foundation, organizations that provide specific supports for students like College Summit, and what Rotherham and Mead call meta-entrepreneurs like Mind Trust in Indianapolis, who actually convene or invest in other education entrepreneurs. Secondly, there are a growing number of urban communities, both large and small, interested in using the promise of free and subsidized higher education to stimulate higher student achievement, to rally communities around that goal and to attract and retain middle class families and otherwise struggling older communities and school districts. The originator, the twirling red star on your map there, was Kalamazoo, Michigan, where a group of anonymous donors started the Kalamazoo Promise in 2006. That Promise guarantees up to four years of higher education at a public Michigan University for graduates of the Kalamazoo school district. Now 65 communities, some of whom have commenced promise-style programs themselves using public, private or philanthropic funding, are going to gather in Kalamazoo in a couple of weeks actually for the first ever Promise Conference to share results and strategies and to discuss how to move these ideas to scale in more communities across the United States. Third, a variety of state and local strategies are underway to help students and institutions along the pathway from high school to post-secondary

education to the labor market that Hilary was just alluding to. So, for instance, the University of Chicago working with the Chicago public school system is tracking students as they leave high school, to monitor their post-secondary experience and to assess how well high school actually prepared them for college success. Fifteen states are participating in a multiyear effort to improve student success in community college systems, helping traditionally underserved students to earn credentials and degrees. And states are becoming more serious, I'd argue, about getting value for money from community college programs, striving to ensure that a high percentage of graduates from those programs earn placements in the occupations for which they are preparing. Now, amid these strategies to raise performance and education systems, states are at the same time acting to help lower wage earners, many of whom are actually in urban community colleges themselves or have children in urban public school systems, to help them provide for themselves, to help them provide for their families. And the most notable example of this is the growing number of states that provide through their own state income tax codes versions of the Federal Earned Income Tax Credit [EITC]. Many of these state EITCs have actually been created really only in the last five years or so and many existing state EITCs have been expanded. Now, in light of the useful innovation taking place in states and cities and metros across

the country, I'd understand if you are a little skeptical about session, a portion of the presentation called the Federal Role -- if you can't read the caption it says just when citywide reading scores were edging up, here comes the Federal Government. So, you know, a reasonable question is that, you know, amid all this fermentation and experimentation on the ground, what role, if any, should the Federal Government play? We see a few key opportunities for the Federal Government to help scale up innovation, to link connected strategies and, as Hilary was talking about, to set goals and measure outcomes given the Federal Government's unique fiscal and regulatory capacities as well as the bully pulpit that it still occupies. First, as Andy Rotherham and Sara Mead point out, the Feds have actually played what they call a game changing role in primary and secondary education at several points during the last 50 years, from desegregation in the mid-20th century to sewing the seeds for standards based reform in the states in the early 1990s. So now, with educational entrepreneurs beginning to tackle some of the toughest challenges in the system, the Feds are arguably positioned to change the game again, scaling up the activities of these entrepreneurs by helping them to overcome barriers to entry in some markets, improving their access to needed expansion capital and growing the pipeline of individuals who are ready to drive further achievement gains for disadvantaged students.

Second, the Federal Government can draw together programmatically disparate strategies in ways that recognize the linkages between educational health and economic vitality. So, today through a myriad of programs, some of them displayed here, the Feds play roles in urban economic development in supporting urban primary and secondary schools in their lower income students, and are providing access to higher education. These programs, I'd say, range from meaningful to marginal in their overall impact. But on the ground, especially in areas that are trying to slow or to reverse economic decline and the out migration of middle class and the loss of students from their public school systems, these efforts are all arguably aimed at the same goal. So, bringing together these strategies, under the rubric of what I call education centered economic development, has the potential to catalyze real change to stimulate integrated approaches within urban and metropolitan areas and across the public, private and philanthropic sectors. Thirdly, as community college systems grow in enrollment and importance for the nation's future workforce, especially lower income, minority and urban populations, it may be time to consider how the national Government might not just set rules for that system, but actually bolster its capacity to carry out that mission. For various reasons, urban community colleges, as Chris Mazzeo points out in a new paper for us, are at a resource disadvantage, even as they

face some of the toughest challenges in teaching and supporting students and preparing them for success in the labor market. Pressing issues confront these institutions including the condition of their facilities, the quality of the instruction they provide, the availability of needed student services and the preparation of their entering students to do college level work. Federal engagement in these areas in partnership with states and localities could prove critical. And fourth, the Federal Government is arguably best positioned to help narrow the growing gap we see between wages and prices now affecting a significant proportion of the American workforce, especially in our major metropolitan communities. Fortunately, it has a proven tool for alleviating poverty, supporting work and helping workers and families meet rising costs of living and that's the Earned Income Tax Credit displayed here. The EITC could do more though both to support low income workers without children who are only eligible for a very small credit under the current structure -- that's the green line you see on your graph there -- as well as to support families with larger numbers of children, three or more children, for whom the credit provides no additional benefit right now. We also argue that the Feds could deliver more of these resources throughout the year in ways that are better timed to help families meet their ongoing basic needs. So in light of the challenges, opportunities and possible role for the Federal Government that I've

outlined here, the metro program has commissioned work from a series of leading thinkers and researchers, some of whom I've mentioned already, to outline how a metro policy would invest in human capital and seek more economically inclusive growth. These ideas -- it's not a good caveat -- not meant to be comprehensive, but rather emblematic of a new approach, one that recognizes and addresses a changing urban and metropolitan realities, one that respects and leverages the vital roles of all levels of government as well as the private and nonprofit sectors, and one that we believe is achievable given tough budget realities that currently face our nation. So, what follows again are mostly draft policy ideas that we hope are going to spark discussion, comment, feedback, even dare I say it, criticism. So, first, a forthcoming paper that I've noted by Andy Rotherham of the Education Sector and Sara Mead of the New America Foundation, argues that support for educational entrepreneurs and innovators, especially those tackling the challenges that confront disadvantaged urban schools and students, should form the next game changing wave of Federal education policy. They recommend a new Federal fund to systematize investment in true educational innovation and close partnership with philanthropies that have backed so much of that innovation to date. To carry it out, they call for a revamped innovation focus within the Department of Education that gets away from diffuse

categorical grants towards larger investments and proven models and more rigorous evaluation of return on investment. Rotherham and Mead also see the need for more D in Federal education R&D. And to that end, they propose a DARPA style -- the people who gave you the internet -- a DARPA style strategy that would back a few significant, multiyear high risk/high reward investments and models that have the potential to produce real and substantial gains in educational productivity. These might focus on, for example, new assessment tools that go far beyond our existing models, or even early childhood investments that could take several years to produce recognizable and sustainable gains in achievement. Secondly, a forthcoming paper by Janice Brown, who is the former Superintendent of Kalamazoo Public Schools, Britta Falterkane from the University of Michigan and their colleagues proposes a new national competition to replicate and to evaluate the Kalamazoo Promise model of increased financial support for higher education. This competition would select a limited number of Promise communities that have characteristics indicating that their schools in their wider areas would benefit from such a strategy. They would have to demonstrate cohesive plans to better prepare their graduates for post-secondary work. They would have to bring local resources to the table and they would have to align their wider economic development strategies including those that are

supported by Federal dollars with the Promise. In exchange, the Federal Government would offer enhanced tax credits for families and for students in these communities to offset their direct expenditures on higher education and also credits for donors to local community trusts that support the higher and financial guarantees for graduates. The Feds would also sponsor a thorough evaluation of the programs impacts on student success and community economic health. Thirdly, Chris Mazzeo from the University of Chicago, Sara Goldrick-Rab from the University of Wisconsin, and Gregory Kinzel from the University of Illinois, propose new Federal policies aimed at enhancing the capacity of the urban community college system and thereby helping its students succeed. Chief among these would be a direct investment program, the next iteration effectively of Title 7 under the original Higher Education Act, to improve infrastructure, instruction and advising and student support at urban community colleges. This might operate through a greatly enhanced fund for the improvement of post-secondary education which exists right now, but with greater focus on insuring the sustainability of those investments and evaluating their return. The authors also see a rational for the Feds working with states and school districts to adopt a minimum standard around the level of proficiency necessary for high school graduates to do college level work. This could yield significant benefits for the urban

institutions that today receive many students who are underprepared in that respect. And finally, to operationalize that accountability for these investments and rules and to build on the success of initiatives like the one I mentioned in Chicago, Mazzeo and his co-authors recommend the Federal Government work with states and local communities to create a real time data system for tracking individual student outcomes across the high school and college years and on into the labor market. Fourth and finally, we put out a paper last week that calls for targeted increases in the Earned Income Tax Credit as a necessary near term move to help lower wage workers meet rising costs of living and to alleviate what are likely to be painful affects of the current economic slow down on workers that are near the bottom of the earning and skills distribution. We recommend three expansions to the credit and demonstrate their impacts on each of the nation's hundred largest metro areas which would receive roughly 60 percent of the benefits from those changes. And additionally, we recommend to the Federal Government as it expands the EITC, create a new and streamlined way for workers to directly access a portion of the proceeds throughout the year to help them meet their ongoing expenses. So that's it. Problem solved. But seriously, we hope these ideas offer a bit of a glimpse into what we think are smart, feasible metro-centric strategies, to coin a term, for addressing some of our nation's pressing

human capital challenges. These ideas alone are not going to get us there, but we hope that they do spark a useful debate about how urban and metropolitan areas can be the core, no pun intended, of new Federal strategies to ultimately help us grow in more inclusive ways. So thanks, and I look forward to the discussion and exchange. And I'm going to turn it over to Ralph Smith, Senior Vice President of the Annie E. Casey Foundation.

MR. SMITH: I've been asked to moderate this program and those of you who have had this assignment know that the major job of the moderator is to get out of the way and I'm going to try to be able to do that this afternoon. But if you see me being unduly solicitous of my colleagues here who are panelists, you should know the last time that Alan and I shared a panel like this it was in Springfield, Illinois, half a dozen or so years ago, and one of the people who happened to be on the panel was an obscure, not known by anyone, state senator from Illinois. And I think Alan and I probably paid him just a bit more attention, and it was probably our good judgment because that obscure state senator is now the Democratic nominee for President of the United States. That being the case, I don't know what's going to happen to my panelists, but I'm going to be really, really nice to them, because Alan and I have a record to protect. Let me say that your being here this afternoon suggests that you share

Michael Porter's concern about an issue that he says ought to keep us up at night. You share Mayor Nickels sense that this is the most important and urgent challenge we face as we move forward and you may share Governor Rendell's elegant, eloquent and quite scientific technical description of the challenge. He says we get no brain speed out, I think that's the way he put it. But, it could also be that, for those of us who are old enough to remember, that a generation ago a report was issued -- a report titled A Nation at Risk -- and that report warned of a rising tide of mediocrity. And there are many of us who fear that the dire warning of that report is morphing into prophecy and that what we have now is a last, best chance of stemming the tide and developing a human capital development system that is worthy of the challenge, that is up to the task and can really ensure both our competitiveness as a nation and prosperity as a people. That is the challenge we face and we are all indebted to Bruce and this intrepid band of folks at Brookings who have managed to help us imagine -- imagine the future that is quite different from the present and the past and have really invested the time, not only in creating a vision out there someplace, but in building a blueprint that suggests how we might move from here to there. What I hope would happen this afternoon is we will exchange some ideas, some proposals, some examples and answer some of the why, wherefore and what next. And

rather than spending time introducing my colleagues on the panel, what I've asked them to do is quickly to introduce themselves and tell you what you need to know that will give you a sense of their perspective. After those initial introductions, I've asked them to take a little bit, take about three to five minutes to give you their impressions, their response to Alan's presentation and the general topic and to do that by citing some concrete example that will make it real for you and that makes it real for them. After we do that, my hope is that we're going to have some time for you to put on the floor for us all to hear your issues, questions, responses, concerns and even applause. So, let me begin on my right and we'll go across with the introductions and when we get to Richard, I'll have Richard start with the comments. Please.

MR. McKEON: Well, I'm Tom McKeon and I'm not an elected official and I'm not planning on running for office, but --

MR. SMITH: Yet.

MR. McKEON: I'm the President at Tulsa Community College and it's a real pleasure to be here today. I think this is an extremely important topic. It's one that we've focused a lot of attention on in the last several years in terms of access and success. I guess another way you can put it is equity with excellence and I'll try to address some specific examples when we come back around.

MR. RYAN: Hi. I'm Mary Jean Ryan and I have several hats. I work for Mayor Nickels. I'm the Policy Director for the city of Seattle. I had been the Economic Development Director for a long time, was real involved in a variety of workforce development projects, and I'm currently the Chairperson of the Washington State Board of Education.

MR. PROENZA: I'm Luis Proenza. I serve as President of the University of Akron. I also have been involved over many years in matters of both regional and national economic competitiveness issues, serving on the Council of Competitiveness, the President's Council Advisors in Science and Technology and a variety of statewide entities that really deal with how we translate innovation into wealth creation.

MR. BARTH: And I'm Richard Barth. I'm the President of the KIPP Foundation which is responsible for growing the network of KIPP Schools nationwide.

MR. SMITH: Richard, why don't you start. Tell us what you think about this and tell us, give us an example that you think makes the case or really poses a significant challenge to the case.

MR. BARTH: Thank you. So, I have three to five minutes. I'm going to speak relatively quickly and try to put some things out there hopefully that stir some debate. So, the first thing I would just say I'd be remiss if I didn't open by saying from my standpoint, our standpoint at

KIPP, we do look at this from a dual imperative standpoint. We're going to talk about economic productivity and wellbeing here. But we see this is a moral issue and that for the fabric of the country and the fabric of urban centers to have the situation we have today where where you're born dictates where you end up in life pretty much is untenable, and in fact allowing that to happen really undermines the belief in what could be and the future of the country. It obviously has massive economic impact. So, I just lay that out that there's two issues at work from our standpoint.

There's an economic wellbeing, but there's a larger issue which is what's the dream we all think about when we think about this country and what it can be. How does K-12 education plan -- to really quickly talking just about KIPP, 66 schools nationwide, historically serving kids in grades five through eight, now going K-12. Eighty percent of our alums, matriculate into college. To this point, 67 percent have graduated. This is after unbelievable amounts of hard work. People, meaning kids, teachers and families, school leaders working harder than anyone can imagine. Those are the results. So, you know, when I hear about people, you know, saying well, how can we get to 100 percent, I'm just being very real. We are working, or our teachers, kids -- starting one and two grades behind historically in fifth grade, have been able to achieve those results. That isn't a context of a reality that Alan was able to paint. Seven percent of

poor kids in the country graduating from college right now – it's unbelievable to think about. No one here argues, no one here would argue that the value of a college degree versus a high school degree is growing by the day. It's growing while we sit here in this room. We also know that the average high school graduate of an -- in an urban center, an urban school, is achieving at the equivalent of an eight grade level in a suburban high school. These are just the realities. At KIPP, we're hoping to do really two things. We're hoping to demonstrate that kids can achieve at much higher levels than the public has normally accepted growing up in the communities we serve. Eighty percent of our kids are poor. Ninety-five percent are African American or Latino. And by doing that, help the public engage in thinking about what does it take or what might it take to help kids growing up in the cities we're talking about today achieve at a very different level. The Federal Government, I ask myself, so is there -- that's the second point. KIPP? Why this is important? The third point -- the Federal Government, I ask myself, what role has it played to date in our work? Like how has it helped us? So, there are some very practical examples of what it's done. KIPP would not be at the number of schools we are today, just being very practical, if there wasn't a Title V program that actually creates start up grants for charter schools. These are meaningful grants. We're talking about several hundred thousand dollars

that allow a school that does not exist to actually come into being. And when you're in a startup mode, if you're an entrepreneur, the hardest capital to get often is that first capital. And so I want to flag that as an example of the Federal Government supporting an innovation, and I hope continuing to support an innovation no matter who wins the election, that's allowed this effort to take off. Another example of the Federal Government role, we have two schools in rural communities. One of them was physically built thanks to a grant from the USDA. We would not have the school, the facility we have in Gaston, North Carolina -- for anyone who is from North Carolina or Virginia, it's nearby -- without that Federal role. So there are already clear examples of a role the Federal Government is playing in supporting innovation. I'm optimistic. I'm just going to say, you know, in sort of closing, I'm going to give you reasons for optimism and the challenges for us to engage on the panel. I'm optimistic for a couple reasons. One is I've never seen in the state of entrepreneurship like it is today in the field of education. There are more passionate people concerned about what's going on in K-12 who have an entrepreneurial vent -- both investors and practitioners -- than there's ever been. I run into them all the time. So, that's a reason for optimism. Another reason is the actual dialog around what we need to do is so different than it was when I started out. I say this because I can't believe

that I'm 19 years in this, I still feel like I'm 21. I started 19 years ago. When I started in this, no one was talking about the achievement gap. No one. I sat on panels. It was everything but. Like, literally it was this and that. No one talked about what was actually happening in terms of kids growing up in the communities that we're talking about today. Today, that's all the discussion. I'm not saying we've got the solutions, but there's a sea change in what people are actually engaging around that is really hopeful. And hopefully we don't let it change. That's a reason for optimism. I think the real question a lot of people have is how will you scale success? How do you take this? Because this is exciting, and maybe some entrepreneurs are doing some cool things. KIPP is viewed as a big deal. We're tiny. We are tiny. We are 66 schools, you know. And, you know, a few years from now, we'll be at 100 schools. We're the equivalent of a midsize big urban school district. So people say that's nice. What does that actually mean? And this goes into, I think, some of the challenges and the opportunities of the Federal Government. One is Title 5 money has been great for fueling our growth. Organizations, entrepreneur organizations like ours are typically undercapitalized. It's just a basic fact of life. A lot of great people, people who run KIPP schools across the country, myself, spend a fair amount of our time -- just like I'm sure my fellow panelists do -- going out and raising money. One of the

questions you might ask is, is that the best use of everyone's time and energy? It's a good use. But is it the best use? And are people operating on too thin a capitalization to withstand -- I think the second key issue is -- tolerance for risk. The risk tolerance in K-12 historically I think has been quite low and I think the lack of a tolerance for risk is a key inhibitor for innovation. And so I think the Federal Government, if there are going to be opportunities and I think Andy's paper really does point out a good job for it, there's got to be a much higher tolerance for risk. Third thing I would say is people are going to have to look at this with a different time horizon than typically people do. One of the major challenges in K-12 today is that leadership in governance rotates. We were talking earlier today, every 2.8 years, you typically have a new urban superintendant. School Boards change every three or four years. You want to support innovation and entrepreneurship. One of the virtues is the guys that -- the two guys that started KIPP, are still with it -- 15 years later. Don Fisher. We would not be at 66 schools, had someone like Don Fisher, who's, you know, built the gap, had a long term view and said I will support this. Now, 10 years, almost 10 years into it, without saying every year, maybe I'll think of pulling back or maybe not. So, I think the Federal Government has a real opportunity if it can engage in a higher risk tolerance and a longer term view. The last thing, then I will be quiet, is, you know, I think people have

to recognize that this is incredibly hard work. I look at our teachers and school leaders. They are, you know, they are working so hard. And I think to support that there's going to have to be a level of political courage to make the tough choices. And I think the Federal policy and Federal funding can help provide political courage potentially at the local levels. So, concrete examples of this, I gave you two of things that have helped us already. I think loan forgiveness for teachers in a more, you know, a more dramatic way than has been typically been contemplated could be a huge role. I think expanding Title 5 programs that we have today can be a huge role. And I think supporting, honestly, investments in alternatives to the mainstream system are key and that's going to be a courage question. Whoever's the next president and whoever is leading the next legislature. Are they going to be willing to support innovation? Much of which will probably not be coming about in the mainstream K-12 sector. And politically that will be a question. What percentage of resources is allocated to true entrepreneurial environments that won't be subject to political change every two to three years versus what percentage will? And depending on how you get that balance, right or wrong, you'll have, I think real opportunities for innovation or a situation where people 5 and 10 years down the line are frustrated with the status quo. I'm sorry I took more time.

MR. SMITH: Thank you. What happens is you get later in the day, the folks who are near the end of the agenda, their time gets shrunk. I wanted to make sure that we get some of your questions on, so if you see me sort of itching toward the panelists, you will know what I'm trying to do. But then you've got to remember that we could have the next President of the United States sitting up here, so I'm always -- I'm conscious of that.

Luis.

MR. PROENZA: Thank you, Ralph. Like Richard, let me try to put some ideas forward and see if we can't get into that sense of stimulating some discussion. Beyond being a moral imperative, it is a competitive advantage, imperative and it's an economic necessity. It's a national security issue. In short, it is something that is very vital because I think what this reflects is that it will be our nation's differential rate of learning as compared to other nations which will determine, if you wish, our ability to prosper, to advance in the future in this global economy. If you believe that critically, then you look back at what many of us have begun to call the national innovation ecosystem, which consists, of course, of the talent, the investment and the infrastructure both physical and regulatory, and you ask yourself what is the role in this ecosystem, the talent and the other elements play, and that leads you, of course, to the conclusion that it's the connectivity, the relationships among many elements within our

society that determine the success of the nation and how can we begin to optimize this ecosystem and, if you wish, begin to move it away from the places where, as Ralph indicates, it has been fundamentally disconnected. That nation at risk report has been going on too long and we've had more of a movement of rhetoric than of action, although there are some bright spots as reflected in Alan's and Richard's remarks. What we see from the perspective of innovation and commercialization and wealth creation is that the best estimates that we can come up to is that approximately 95 percent of all technology transfer takes place when people move from one place to another, typically from school into the workplace, or from one workplace to another, taking what they learned one place into another. If that is the case, then you must be committed to enhancing the talent equation. And I think there are things that I would outline very briefly for your consideration. First, and this has been said in other ways, we must move to an evidence based educational framework. It's high time that we stopped assuming that everybody that wants to speak about education is an expert, or more importantly that everything that somebody might suggest about education is worth trying. There are things that are known. There are many things that need to be known and certainly one of the initiatives that Alan talked about reflects the fact that investment in education R&D is an infinitesimally small proportion of the

total national education budget and nothing that would compare to any industry's percentage of investment in R&D to keep it in a sustainable productive going growth forward phase. So, let's adopt a phrase from our colleagues in medicine, not every doctor knows what they think they should know, okay? And neither does every educator. So evidence based education. Secondly, we believe that there is a set of disconnects that clearly is reflected in the nation at risk and many of the things that we're seeing in many settings, and so this leads us to figure out how do we optimize the productivity. The suggestion I have is this is a, if you wish, a supply chain management problem. We are talking about moving people from birth to adulthood through a series of stages that need to be connected and are not. In part, this is because all of us assume we're an expert and we never define specifically the requirements and we certainly don't make the connections. So I would suggest that importing and adapting to obviously human scale supply chain management thinking and tools would be very helpful. An example obviously is the Kalamazoo Promise, which was preceded by the Hope Scholarship Program in Georgia. All of these were tools can be put into place. One of the most important missing tools, and this has continued to be a failure over the years, is linking job opportunities or desired job development to the supply chain of human talent. And we need to do that by making those linkages

and, if you wish, developing the frameworks by which people that go into a particular career provided that we can demonstrate not that they have a degree or certificate, but actually the skills, do in fact then automatically get employed. So, supply chain management thinking brought into solving some of the disconnects, the connectivity problems, or shall we say the lack of optimization. And the final point I would make is quite simply that if we do believe, as all of us I think do in this panel, that there is a tremendous return on investment as reflected in the chart that Alan showed, then it is high time that we figured out how we securitize education in some fashion. How can we make it indeed worthwhile for people to invest in a Kalamazoo project or the Akron idea that Mayor Plusquellic is advancing -- and I'm delighted to recognize our 22 year mayor here in the audience -- how can we create an investment instrumentality or an insurance mechanism that would enable us to have the adequate resources measured against realistic return on investment data? Thank you.

MR. SMITH: Thank you. Mary Jean.

MS. RYAN: Sure. I'm just going to stand up, because like all of you, I have been sitting for a long time.

MR. SMITH: Very good.

MS. RYAN: You can stand up, too, if you like. This is a hard

assignment, you know, to synthesize in two or three minutes what I do think about pretty much night and day and what I've been thinking about night and day for many years now. Some of it's been said very well by other speakers that the time for national leadership on this issue is upon us. Maybe it's past time. Bruce Katz talks a lot about, when he talks about a transportation policy, he gets very animated and talks about how we don't have a national transportation strategy in the United States, other than adding up all the earmarks. And I would submit to you we don't have a national education strategy in the United States. I think we have an imperfect accountability system which has pointed out some of the tremendous weaknesses in our educational system, but that is not an improvement strategy. To the extent we have an implied strategy, it is that we hope that when people confront the weaknesses, that the local creativity and entrepreneurship will burst forth and will save the day. And, I mean, and I don't mean that to be flip. I think that is our implied strategy, you know, absent one that's more explicit. And if you are around, you know, people like yourself from KIPP and other innovators, I mean, it is very hopeful because as you said, I mean, the energy in the innovative capacity, the Kalamazoo Promise, the things that are going on nationally are really promising. And a lot of it is being driven in our urban areas. A lot of it is being driven by some of America's mayors, frankly. But, it is at,

unfortunately, very small scale and I think it's going too slow. Even though the people on the ground are doing their very best to go as fast as they humanly can, going about education this way, I think, is not in our national interests. So, I feel just very, very strongly that it's time for us as a country to really step up to this issue. I think more than any other issue, it will define the future of the United States. If you care about the environment, you have to care about schools. In our beautiful Seattle, our Seattle public schools are not a shining star. They're getting better, but they're not a shining star and they drive sprawl like nothing else. If you care about social inclusion, which I do -- it's what has motivated my career to work on these issues -- you have to care about improving education. And if you care about economic competitiveness, you have got to take this more seriously than ever before. I really don't think in the United States -- I'm sure the people in this room do -- but I really just think we're asleep as a people. I don't think that people really, really to their toes understand the competitive situation that we're in. We are consigning our young people to a life of poverty if we don't dramatically shift. So, I submit to you that there are some moves we should make as an American people and I actually don't think they're that high of risk. I differ with the writers of the innovation paper. I think they've been tested now and they're worth some bets. So I would say it's time for national goals -- Hilary laid that out. We

don't really have galvanizing, you know, uplifting national goals and I think it's time to make some bets. Place some bets on some things. Let's try a few things. Like, obviously, really quality early childhood education. I don't think that's a particularly high risk strategy at this time. I think it's ridiculous that we don't have it universally across the country. I think there's a whole bunch of moves in K-12 that are crying out. Governor Rendell talked about one of them. I mean let's just pick one or two. But, aligning high schools, high school curriculum, high school credits with college entry. I'm trying to do that now in our state. It's very hard. I think we'll be successful. But moving, you know, our kids in our state today -- you can take the minimum high school graduation requirements. You can get straight As and not be eligible to gain access to a Washington state college. It's ridiculous. Again, I think, you know, we've been asleep. We need leaders that are willing to buck what is politically, incredibly difficult. We have a big political problem. And, anyway, I'm probably past my time. I just -- lastly, in terms of big moves, I would make a big move on teacher talent, especially for math and science, and I would make a big move on helping people who are working -- the working poor that, you know, Alan lays out the need for the EITC to be expanded. Obviously. But the working poor are working and they're stuck. And we need the community college system to be infused with new resources and new models so we

can skill people up. It can't be one thing. It's got to be all.

Thank you.

MR. McKEON: I'm going to go back and try to touch on two of the policy papers -- one that has enhancing students' success particularly at community colleges and then also this whole notion of providing more open access to higher education. Before I do, I just want to give you a snapshot of Tulsa. We serve a six county area in the metropolitan Tulsa area and Tulsa is really facing a human capital crisis. We have really virtually flat population growth. High school participation rates or graduation rates are flat going out for the next 10 years. Our May unemployment was 2.9 percent. Our employers are crying for skilled workers and we can't provide enough people and we're virtually at the point where we're going to lose major industries in clusters like aviation if we don't do something pretty drastically. And another thing that you need to know about our community which is somewhat unique is that our community college by legislation is the sole provider of public higher education for the first two years. The comprehensive universities and two regional universities have branches in Tulsa, but they offer junior, senior and graduate programs and do some research. So we looked at our role as really key in terms of the pipeline that Hilary raised, that we are the connection between K-12 and the workforce, and between K-12 and the

universities in our area, both public and private. And so we took a pretty bold move a year ago to really expand that pipeline and bring in new students into the system. Our research showed us that the market for new students for Tulsa Community College in the service area was first generation low income and people of color. And so this bold program, called Tulsa Achieves, was basically providing universal access to grade 14 and there are details in the back. I won't take time to go into a lot of specifics, but basically if you live in Tulsa County, upon graduation from high school, you can come to the community college for three years up to 63 credit hours. And we're funding that by leveraging Federal dollars, state dollars, local dollars and private giving. We've just completed our first year and talking about some type of a national model like Kalamazoo or incentives for communities to put programs together that the Federal Government would help. At least our results are somewhat promising. The participation rates that we saw increased 44 percent in the first year. The year before the program, we had 972 students directly out of high school. That went up 1,398. We just finished our application process for next fall and we're at 1,850 students -- probably 1,700 in that neighborhood will end up coming. But I think more importantly, we saw our minority participation rate in this program increase 9 percent over our overall minority participation rate. We saw an increase in males by 5

percent. We saw a 5 percent gain in first semester to second semester persistence. I think one of the reasons is we require the students to continuously enroll fall and spring. They can't come a semester and drop out. We also saw twice as many students attending full time than we did the year previously. So those are just some of the early indicators that we have. But, an important note, and this gets over to the success side, is that 70 percent of these students require developmental education. Sixty-seven percent require developmental math. Many require basic math. Three levels below college algebra. Right now we know if you're one level below college level course work, your likelihood of successfully completing your educational goals or graduating is extremely slim. So I think the policy paper that really speaks to community colleges and really trying to help community colleges address student performance is critical. We were just accepted into a national initiative, and some of you may have heard this, called "Achieving the Dream," which is supported by the Lumina Foundation. It was a four year program. We got in the last year. Twenty community colleges each year were brought into the program, so there are 80 now. And the program really speaks to a message that has just resonated in my mind since I've been here since last night. And when Michael Porter talked about fact based economy and today Bruce Katz talking about get smart, use evidence to make decision makings, measure

what matters. And the Achieving the Dream program, when you boil it down, is all about creating a culture of evidence at the community college -- something that we have not had. You know, we have a lot of good ideas and we implement things without even really knowing what the problem is or what's causing the problem. And so through "Achieving the Dream", we're receiving a lot of support in terms of developing tools that are really focusing on five areas -- developmental core success, movement from developmental course to college level course work, success in what we call gatekeeper forces. These are things like freshman composition and college algebra -- persistence from semester to semester and year to year, and graduation rates. And so what this program has given us is really kind of a strategic plan to really drill down in these areas and find out what's going on through focus groups working with students. But what's most exciting in just the early stages of that program -- it's taken our college just... the faculty and staff are extremely excited about it. The faculty has ownership. In fact, our faculty is providing the leadership for the program. And I really truly believe that this program will have a transformation change in our college in terms of how we look at the work we do and how we implement supports as referred to by Brookings or interventions. So those are two things that are relatively new in our institution, but we're very, very excited about and I think they

speaking pretty closely to some of the recommendations in the policy papers.

MR. SMITH: Thank you all. Now, let me tell you why I rarely get invited back to be moderator, because I think there's a compact between the organizer and the folks who sit patiently and listen. And, you know, we've all been in this position. You get to the time, you know there's not enough time but for a few questions, so two or three of you will get a chance to ask a question. But, that's not why I don't get invited back. I don't get invited back because I want you to take out a piece of paper, write the one question you would have asked if you could have gotten to that microphone. Write it down and put your e-mail address on it. Now, then -- and Alan knows this is coming -- then I'm going to say to Alan and his whole team, look we kept people here all day. They were patient. They were wonderful. They've got some questions we didn't get a chance to answer. We go home, figure out how we're going to answer them. So, if you've got a question you need to have answered, put it on a piece of paper, put your e-mail address on it and hold us accountable for getting back to you. Okay? Don't leave and if you've got a pearl -- something you've thought about -- don't take it out of the room with you, leave it here. We need that, too. That's the deal. Leave the pearls, leave the questions. We'll handle them. Let me ask, before I ask the panelists to make closing comments, let me just have a couple of people -- you know you've got a

burning question, you've got a thought, you've got something you're going to take away or leave behind. Let me get a couple of those on the floor while the rest of you are just scribbling your note. I think there are a couple of microphones, but if you just stand up, since we've got so little time, just stand up and holler and we'll try to get it. Please.

MR. CHAPMAN: I'm Greg Chapman. I'm the chairman of the Northern Virginia Community College Board. This question about the compact between the Federal Government and community colleges is (inaudible) national. I spent a lot of time thinking about it and heard my colleague announce it on the ACCT Board, so we think about this nationally as well. There are so many different funding models for community colleges. There is taxing authority in some jurisdictions. Some jurisdictions get most of the funding from the states. Some get a large percentage from their communities. It's very hard to think about a national (inaudible) for funding (inaudible) --

MR. SMITH: Greg, you know, if you were up here, I'd think you were going to be a presidential candidate and I wouldn't interrupt you at all. But get to the question. Get to the question, because I really want to get a few more questions on. I don't want to be rude, but push the question for us so we get a chance to answer them. You're about to give us the history and I'm pushing the question.

SPEAKER: The question is in terms of Federal funding for community colleges, do we need a new movement that we had 40, 50 years ago when they started building (inaudible). If so, how much with (inaudible)?

MR. SMITH: Thank you. Question 1. The lady right -- yes, you just looked around. Please.

SPEAKER: I'm wondering if there's not other language (inaudible) -

MR. SMITH: Thank you. Third and fourth question -- there.

SPEAKER: (Inaudible) I wonder if you can (inaudible) things that are (inaudible) that are impacting (inaudible) and what goals (inaudible) --

MR. SMITH: Thank you. Question down front here.

SPEAKER: Hi. I'm Danielle (inaudible). I'm been working (inaudible) --

MR. SMITH: That's called a pearl. Thank you. Good.

SPEAKER: My question is (inaudible) the notion about having education centers (inaudible) development. My question (inaudible) and how will the Federal policy help support that? And I think again the need to (inaudible) is, I think, inclusive growth into, cut across all the things that (inaudible) --

MR. SMITH: I'm heading to my left over here. Josh.

SPEAKER: I really appreciate the comments about the community

colleges (inaudible) --

MR. SMITH: Let me, let me -- because I wanted everybody to hear all of the questions and you know we're not going to get to ask them again, make sure we've got the question and your e-mail address. Let me invite the panelists starting with Tom to -- you've heard the questions. If you could take a minute and just give us -- you know, respond to one or more of the questions if you can or give you some closing reflection, I'd really appreciate that.

MR. McKEON: I'll try to respond to a couple of them. I'm not sure if there's a role for the Federal Government to provide maybe direct funding to community colleges. There may be some infrastructure issues where they could help fund colleges that have deteriorating infrastructures. But, you're exactly right. The funding models are very different. We are very fortunate that we have an extremely supportive local funding and it's allowed us to do things like Tulsa Achieves. But I think there is a role through -- more dollars through (inaudible) programs or the Federal Government playing a research role or even a scaling up role for studies about development in education (inaudible) happening with the Achieving the Dream. It took, you know, it took a private foundation to fund that. That could have been funded and supported by the Federal Government and then it could be scaled across the country to other community

colleges. Your question on barriers outside education -- as we looked at student persistence, we did focus groups with successful students and nonsuccessful students as well as faculty. And a number of barriers bubbled up. One is just stress. The people in community colleges are working full time. In many cases, they're single parents. They're juggling two jobs and so time management and just how to deal with study and family and life is something that the college can help provide counseling and support. But then there's other things I think that third party providers can help in terms of transportation, particularly with the increasing gas prices, child care. So there's other areas that are barriers that need to be addressed outside the classroom.

MR. SMITH: Thanks. Mary Jean.

MS. RYAN: Just two quick thoughts on a couple questions. One, on community college funding, one of the things I've been thinking about is probably very controversial -- would be to really -- I just think the role of community college is probably very much the primary vehicle for skilling up low wage workers and we have all these stovepiped, Federal, mostly categorical funding programs that kind of many of which kind of are around the edges of the community colleges. And so I'm sort of intrigued with the idea of trying to have this be sort of the era of the community college and see if we can't reorient some of that money directly into a

capacity to better serve the low wage worker. I'll leave it at that.

MR. SMITH: Luis.

MR. PROENZA: Just a couple of comments because really a number of the questions went to the issue of productivity among the various elements of our educational system. And so, for example, the University of Akron has partnered with a community college about 35 miles away to create an innovation alliance to bring together to a corridor between Lorraine and Akron the best of what a community college can offer and a four year research intensive university could also offer. We're also partnering, and again with the mayor's leadership in Akron, to create a step focused middle school. The city, together with the Akron public schools, the university, and an entity in Akron called the National Inventors Hall of Fame are pulling together to create this school and once it's up and running hopefully, a similarly stem intensive partnering framework for high school education. Likewise, we're partnering with a lot of corporations to break down the failure of the relationship in that other end of the system mainly when a person finishes a portion or a couple of years or four years of their education, moving into the workforce. So those partnerships are critical across the system and between the system into the workforce.

MR. SMITH: Thank you.

MR. BARTH: I would just say -- I'm going to go back to the first

point I made -- risk and courage. If you look at the highest performing K-12 public schools today, serving the kids we're worried about. If you look at them, I'll tell you you're going to find some things that are in common everywhere. And they're not rocket science. Our schools, kids go to school, 7:30 to 5:00 every day. They go to school every other Saturday. They go to school during the summer. All of our staff, at will employees. School leader hires and fires and regularly. No one is guaranteed anything from a career standpoint. Focus on results and the picture from the day a little, little kid -- a four year old -- walks in is the full continuum. It's all the way through college. The picture that is painted for that child and that every staff has bought into is this is about preparing yourself for college. And we start with four year olds with that understanding. All these messages make, you know, (inaudible). The issue I was going talk about, it's about courage and risk. There are very few people who are willing to talk about scaling that. It's happening here. A superintendent in D.C. is trying this. It is huge news. Why? Because no one has ever tried it. People are terrified to actually have the courage enough to come up and say guys, the way we're doing this ain't going to get us there. And I would just put up there in there in terms of the level of urgency, we can worry about this, we can be concerned. A whole generation is going to get lost as we sit here unless people are willing to do it and I think from the

Federal standpoint, maybe one thing, because there is no silver bullet. I'm describing multiple things we have to be willing to do if you had national standards and were willing to create total transparency so that a kid who is proficient in one state, is revealed to be three levels behind a kid in another state, maybe there's some humility that can be engaged nationally to say oh, my God, this is crazy what we're allowing. Just that might be a very powerful message to get, you know, a national engagement around the crisis we're facing.

MR. SMITH: Hilary, you opened this open. Any closing comment? Okay. Alan.

MR. BERUBE: Okay. Well, I want to thank everybody and I think the panel and Richard's closing comment pose a big challenge for this initiative and in fact the nation about how to reconcile the need to get real serious real quick about the education and skills challenge in the nation. But then to reconcile that with the slow pace of change in our public policy systems and perhaps national standards are the answer, but I think we recognize that's probably a 20 to 25 year solution itself, maybe if we're lucky. I think as long as we keep talking about this, we've broaden the relevance to suburban institutions and populations who I think are suffering some of these same challenges, I think that's an important political point. As Kim said, make this part of the silent conversations that

we're having at this whole conference right now, between these panelists, because all of things that we're talking about bent in the right direction, have the potential to enhance social inclusion, economic inclusion. So some big challenges, and I appreciate the questions and the opportunity to talk about it today.

MR. SMITH: Mary Jean urged us not to see serendipity as a strategy and Tom suggested that actually it was possible to have a strategy. Mary Jean said, you know, we should make some big bets and Luis really, drawing from a number of areas, said, you know, we should maybe think about evidence based education. We could think of about borrowing from supply chain management. We could think of a securitizing education. All interesting ideas and Richard says and when we're done with all this, you still have the formidable challenge of how we move this to scale. It appears to me that the panel really took on, the sort of issues here, were provocative. At least I leave thinking about the challenges. I hope it worked for you as well and I'm looking forward to seeing your questions. It is now 3:15. We're going to finish on time. Thank you all.