

**Remarks of Louis V. Gerstner, Jr.,
Chairman and CEO - IBM Corporation
at the National Governors' Association Annual Meeting
Burlington, Vermont
July 30, 1995**

Thank you, Governor Dean. It's good to be back in Vermont.

In 1983, the report A Nation at Risk focused the country's attention on the deficiencies in our public school system. Here's a quote from that report that has stuck with me for many years: "If an unfriendly foreign power had imposed our schools upon us, we would have regarded it as an act of war."

That was 12 years ago. What's happened since? Lots of hand wringing, lots of speeches, lots of reports. Not much change - very little improvement. It's twelve years since A Nation at Risk was published, and U. S. students still finish at, or near, the bottom on international tests of math and science.

I wonder what the national reaction would have been if in the 1984 Olympic games we had finished dead last. A national outrage, in all likelihood, that would have brought about sweeping changes in amateur athletics in this

country. Believe me, by now, 11 years later, we would have seen massive improvements. But in public education? None — and no national outrage or frustration 12 years after A Nation at Risk.

Let's move from 1983 to the education summit in 1989 when, at a meeting similar to this, President Bush and the nation's governors set the wheels in motion for the Educate America Act: Goals 2000 that President Clinton helped shape and then signed in June of 1994. Let me read just a few of those goals we set for ourselves for the year 2000:

- o All children in America will start school ready to learn.
- o The high school graduation rate will increase to at least 90 percent.
- o All students will leave grades four, eight and 12 having demonstrated competency in English, math, science, foreign languages, civics and government, economics, art, history and geography.
- o Every school in America will ensure that all students learn to use their minds well, so they may be prepared for responsible citizenship, further learning and productive employment in our nation's modern economy.

Six years have passed since those wonderful goals were set. More important, 1616 days remain until the year 2000 arrives. I wonder how many people in our country are committed to achieving those goals. I wonder how many people think we have a chance of achieving them. I often think how many people even know they exist.

One of the goals I just cited talks about graduation rates, and another the need for standards. I read recently that Milwaukee now has a requirement that high school seniors must demonstrate a proficiency in math before they are allowed to graduate. That is great. And we need more cities and states doing the same. But the same article I read reported that 79 percent of the junior class failed in a warm-up test this spring. That's dismal. And it's reflective of our country at large.

Now, that's not the whole story. The test consisted of complex, open-ended problems, which — for these kids — was a new approach to math. Exactly the right approach, of course. Exactly the direction we want to head in, and they'll have a full year to master it. But what happens then? What happens

next year if a large percentage of the senior class fails to demonstrate the required proficiency? Will Milwaukee refuse to graduate those who fail? If they don't, so much for standards.

But it's not that easy. What do we do about the students we've promoted for 13 years through the public school system without demanding high performance? How will they get the skills necessary to earn a living? And, of course, it is much worse than a single class of seniors. We have given high school diplomas in this country to a whole generation of Americans who cannot basically read those diplomas -- they are functionally illiterate.

The bottom line is that if our kids are failing in the classroom, it's not just their fault. It's our fault. And that, my friends, underscores a very frightening reality. Setting goals for U. S. education is one thing. Reaching them is another. And the only way it will happen, the only way that we have even a ghost of a chance of getting there, is if we push through a fundamental, bone-jarring, full-fledged, 100 percent revolution that discards the old and replaces it with a totally new performance-driven system.

Which is what brings me to Vermont today. I'm here because of Willie Sutton. Willie robbed banks, the story goes, because he realized that's where the money is. I'm here because this is where the power is -- the power to reform -- no, to revolutionize -- the U. S. public school system.

You are the CEOs of the organizations that fund and oversee the country's public schools. That means you are responsible for their health. They are very sick at the moment. And we are past the time for incremental change and tinkering at the margin. Fortunately, we're not past the point of no return.

I've spent a lot of time on education. So have many of you. We all have scars to prove it.

But, I've also spent a lot of time helping troubled companies get back on their feet. It's hard work. Lots of hard work, and it invariably involves massive structural change.

But here's the good news. When companies do turn around, they often go on to bigger and better things.

I'm convinced that our public schools can do just that. We can win gold medals in the education Olympics. But it will take a world-class effort and it will only happen if you, the CEOs of the system, reach out, grab it by the throat, shake it up and insist that it happen.

The turnarounds we've seen in corporate America don't come close to the complexities of the job you face in fixing our public schools, but I believe the principles of structural revolution are the same:

- o First, it takes a personal commitment on the part of the CEO. This is not a job you can delegate.
- o Second, it takes a willingness to confront and expel the people and the organizations that are throwing up roadblocks to the changes you consider critical.
- o Third, you need to set high expectations. You can't have too many goals. One or two are best. Certainly no more than three.
- o Fourth, it's critical to measure the progress against those goals — relentlessly and continuously.
- o And finally, there must be a willingness on the part of the change agent to hold people accountable for results.

Nothing pleases me more than to see some of you moving in this direction in your state. You are responsible for some very bright spots in an overall dismal picture. But there aren't nearly enough.

So what do we do now? In the spirit of my views on how one goes about radical restructuring of institutions, I want to suggest three, and only three, priorities for public education for the next year:

- o The first is setting absolutely the highest academic standards and holding all of us accountable for results. Now. Immediately. This school year. Now if we don't do that, we won't need any more goals, because we are going nowhere. Without standards and accountability, we have nothing.

But if we do have standards and accountability, I would suggest two other priorities that are critical to allow our institutions of education to reach those goals, and they are:

- o Financing change, and;
- o Exploiting technology.

Let's talk very briefly about each. First, standards and accountability.

If we don't face up to the fact that we are the only major country in the world without an articulated set of education standards -- and without a means of measuring how successfully we are reaching them, we're lost before we get started. Which pretty much sums up where we are today. To turn the tide, we must set standards. Immediately. And we must have a means of measuring how we are doing. Without standards, educational reform is shuffling deck chairs on the Titanic.

I have to confess I find the whole thing baffling. In virtually everything else we do in the United States, we set high standards and strive to be No. 1. Why not in education? In basketball, you score when the ball goes in the hoop, not if it hits the rim. In football, you score when you cross the goal line, not when you show up in uniform. In track and field, you must jump over the bar, not go under it or around it. And who would practice baseball with the fences 150 feet from home plate?

Why can't we establish standards of excellence for our schools? Why isn't winning in the classroom important in America?

We put a man in space because we set a goal that was beyond -- not within -- our grasp. We need the same approach for education. And we must be relentless in its pursuit. The lessons we understand so well in every other aspect of our lives must be translated into education or else we will lose.

We cannot be side-tracked by academicians who say it will take five years just to set the standards. Nor can we be misled by misinformed people who will argue that certain Americans aren't able to reach high standards, so it's inappropriate to even set them. I find that insulting and demeaning to those people, not supportive.

It boils down to the fact that we can't just settle any more for mediocrity. We must commit to the highest levels of student achievement. And we must do it now. We can't allow our schools to simply sit back, complacently convinced that their only responsibility is to keep students at their desks until they are 18 years old.

They'll get to 18 fast enough and regardless of what we do. What they need from us are tools to help prepare them for success as they go off to college or work, raise families and join the adult community. This requires an articulated set of academic standards that recognizes the real world they'll be entering.

In many places, they don't even exist at a rudimentary level. Many states still require only two years of math and science for a high school diploma. Why? Math isn't something that students can finish in the tenth grade, and think they'll never need it again. And, if we are going to do this right, we must make sure our high school students take real math, academic math -- not what the students call "dummy math." And they must take laboratory science, not general science.

We must find innovative ways to help students master these complex subjects, and we must hold schools accountable for what students learn. It's not enough to memorize facts and figures. Whether we're dealing with the requirements in the job market or skills needed to participate in society, the bar is higher and gets higher every year.

When the Labor Department recently asked businesses what they expected our schools to teach, the answer was clear -- a foundation of reading, writing and arithmetic, combined with an ability to use information to solve problems and to communicate them effectively.

These are not esoteric or complex concepts. They are, however, for every one of these children, the difference between success or failure in their lives. We must find ways to teach them, to measure whether they have been taught and to reward teachers and administrators at schools where students succeed. And we must have serious sanctions for those at schools where students are not learning.

Obviously, Milwaukee will have a difficult choice to make next year because it's out in front. But the fact remains that until we are prepared to penalize students, teachers and administrators for lack of performance, the system will fail. We have a word for that in business. Accountability. It works. Without it, institutions atrophy and die. Let's turn quickly to the second and third priorities beyond standards.

True accountability for performance will depend on exploiting technology and financing change in the system. You've all heard about information technology. Bear with me if this sounds a bit stuffy, but information technology is the fundamental underpinning of the science of structural re-engineering. It is the force that revolutionizes business, streamlines government and enables instant communication and the exchange of information among people and institutions around the world.

But information technology has not made even its barest appearance in most public schools. Look around. The most visible forms of technology remain the unintelligible public address systems, which serve largely to interrupt the business of learning, and the copier in the principal's office, which spews out the forms and regulations that are the life blood of the education bureaucracy.

Before we can get the education revolution rolling, we need to recognize that our public schools are low-tech institutions in a high-tech society. The same changes that have brought cataclysmic change to every facet of business can improve the way we teach students and teachers. And it can also improve the efficiency and effectiveness of how we run our schools.

I'd like to make you a personal offer. I'd like to invite you, the governors, and your key people to a conference that I will organize and run next year. I'll get experts from all parts our industry -- including our competitors -- to participate and, together, we will show you how technology created for business and government can be used to help re-shape the public schools of America.

We'll pull it all together but we'll need your help. And you'll have to be there. You'll have to invest a day -- not a few hours. Because, as I said before, real change requires the participation of the CEO. It will be worth it. I think you will be excited by the innovative things that are beginning to happen in some classrooms. And some of you are already moving in that direction.

Let's think about how technology is benefiting students right here in Vermont. For example, the portfolios used to measure student development are being taken out of manila folders and put on digital discs. This allows educators to make evaluations based on a student's entire output rather than on simple multiple-choice exams. Chicago is combining the power of telecommunications and the Internet to train teachers in math and science.

Schools in Charlotte, North Carolina are using video technology to reach into the home. Philadelphia schools are using voice technology to teach language skills to learning-disabled students.

And outside the classroom, technology is cutting away at the school bureaucracy and dealing with routine matters like bus routing, meal deliveries and purchasing.

Which brings me to my third priority -- financing change. It is my experience in business, and especially in turnaround situations, that if you want to bring about real change, budget allocations must support the new direction.

Reforms perish from lack of support. And that means resources. A true change agent puts their money where their mouth is. The educational aparatchiks fight hard to starve the reformers.

So how do we finance the revolution? How do we use our education resources to reward success and encourage performance? Let's start with the \$150 billion or so that you, as the CEOs of our states, invest directly in the public school system. I've done some homework, so I know that a state's

education budget is typically constructed by adding a percentage increase to the prior year's outlays. The basic formula — which many describe as arcane — is largely driven by the number of pupils in the system, supports priorities set decades before, and rarely, if ever, is linked to performance, success or change.

Here's my proposal. Let's try something new. This year, instead of following the old formula, hold back ten cents of every dollar and earmark it for strategic investments. Where would we put this \$15 billion to work? If it were me, I'd invest a portion of it in moving teacher training out of the horse and buggy era. We expect doctors to get their training in teaching hospitals. We wouldn't send an NBA player on the court if his only training consisted of lectures on the theory of the jump shot, case studies of the fast break and films of games played years ago.

Why, then, do we entrust our children to teachers who have only listened to lectures, written essays on classroom management and read text books on the theory of child development? It's time teachers learned their craft in real schools side-by-side with expert teachers. It's time they got the kind of hands-on experience most other professions consider vital for certification.

If it were up to me, I'd invest some of that \$15 billion in reorganizing how our kids spend their time in school. In Japan, where the school year runs 240 days a year, the average 18-year-old has spent more cumulative time in school than the average American MBA.

And while I challenge you to find a teacher anywhere in this country who truly believes that every subject — or any subject, for that matter — is best taught in exactly 45 minutes, we still ring the bell at the end of each period, as though there was a natural order to it all! A science project may take a full six hours to complete. Other subjects may be best taught in 15-minute slots over a two-week period. The school day, week and year need to be re-shaped fundamentally to reflect reality.

There are hundreds of good ideas out there about how to use the \$15 billion. I know about them, so do you. Some of the most promising are emerging from the New American Schools Development Corporation which is funding development of breakthrough reforms across the country. All that's lacking is the courage to shift funding from the status quo that has failed unarguably, to the agenda of reform and hope for our children.

Obviously, my three suggestions are sure to generate howls of protest from the education establishment and from others who are happy with the status quo and are unwilling to change. They will say that setting standards is not possible in education. Or that setting high standards will only raise the dropout rate. Others will attack the focus on technology, maintaining it's a self-serving business scam or a vain grasp for a silver bullet that won't work.

Still others will attack the \$15 billion we're reallocating for strategic investments, saying it's just a gimmick, it won't work and it is really an approach to disguise cutting education budgets. I see it as just the opposite. Everyone in the education community talks reform and supports reform, but when push comes to shove, they back off and attribute the lack of progress to the lack of financial wherewithal.

Well, now we have it. Our \$15 billion fund will provide a way to kick-start a major effort for reform. And here's the real kicker: we're only going to give \$15 billion to the schools and systems that actually implement true reform.

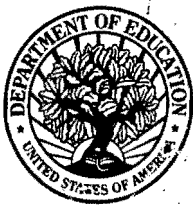
Let me conclude by recognizing again that many of you are working very hard to bring about the changes that we need. The problem is not enough of us in America are committed to seeing that change happens. Too many of us just talk about it. You are the leaders of our 50 states. It really is up to you to bring us the education leadership we desperately need.

School reform is not a partisan issue, so I'd hope that you would work together as a team, and that you would support and learn from each other.

We're talking about the future of our nation. Economic prosperity for all our citizens is an empty and cynical dream unless we provide the necessary education to all students. Perhaps more ominously, no democracy can survive without an educated citizenry.

So let's add an "R" to our traditional reading, 'riting and 'rithmetic. An "R" for revolution. The country needs a new revolution. The first one gave birth to America. We now need a second to save our country — and to give our children back their future.

Thank you very much.



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

August 10, 1995

Mr. David Broder
The Washington Post
1150 15th Street, NW
Washington, DC 20071

Dear David:

I read with great interest your August 2nd column discussing Lou Gerstner's speech to the National Governors' Association and the importance of the National Education Goals Panel. I could not agree with you more that Congress is on the verge of making a serious mistake by eliminating funding for the National Education Goals Panel. I serve on the Panel, and know well the critical role it plays. It is the key body for monitoring, on an annual basis, progress toward reaching the National Education Goals. Since its inception, it has also been the bipartisan catalyst for raising academic standards and reforming education in states throughout the nation.

As you know well from your years of covering NGA meetings, President Clinton led the fight in 1990 to establish the Goals Panel because measurement and accountability are necessary to drive continuous progress. This administration will work to ensure that funds are available to continue the Panel's work when the appropriation process is complete.

Though I genuinely applaud your words on behalf of the Goals Panel, I believe that you overlooked larger and more important issues raised by Mr. Gerstner. In my judgement, the Congress is on the verge of making a much bigger mistake than simply eliminating the Goals Panel. The other, sizeable education cuts in the House appropriations bill will do very serious damage to the nation's ability to address the education reform agenda articulated by Mr. Gerstner. Let me explain.

Lou Gerstner's agenda for education reform is precisely the right one -- clearly defined and challenging academic standards for all students together with real accountability for results; the use of technologies to provide tools for improved teaching and learning and the basis for restructuring our schools; and investing the resources needed to support change. These are principles that guided my own efforts in South Carolina, and I am proud that our Education Improvement Act led to the largest and most sustained gains in academic performance among the states.

These same principles have also guided my more recent efforts to overhaul the federal role in elementary and secondary education.

As you know, the Goals 2000 Act provides new impetus and incentives for states and communities to set challenging academic standards and develop ways of measuring student performance related to those standards. It also provides local schools with venture capital to support change -- to develop strategic plans, provide needed professional development, purchase technology, and promote real partnerships with parents, employers and others in the community.

The School-to-Work Act, passed with broad bipartisan support, provides a framework for expanding the education, career and economic opportunities for all youth through partnerships among businesses, schools, community-based organizations and state and local governments. This initiative has strong business support as does Goals 2000.

You may not be aware of the other important changes we have made. For example, we totally redesigned the Title I program of the Elementary and Secondary Education Act, the largest targeted assistance to schools heavily impacted by poverty. For years, this has been a "remedial" program, aimed solely at helping students acquire the most low level skills and minimal skills.

Last year, working with the Congress on a bipartisan basis, we completely overhauled that program to focus it on high standards with assessments and accountability geared to those standards. Where schools or school systems fail to make adequate progress, there must be some form of intervention (which could include such steps as replacing staff) to turn the school around. In addition, we eliminated almost all of the regulations that once were part of this program, so that there is less emphasis on compliance and paperwork, and far more on getting results with students. Title I provides \$7 billion of leverage money for effective innovation in America's poorest schools.

David, the federal investment in elementary and secondary education is approximately \$14.9 billion. This is almost identical to the amount Lou Gerstner challenged the governors to find in their own budgets to support change rather than preserve the status quo. Much of these resources are targeted to students with the greatest need. With the new flexibility and waiver provisions in our U.S. Department of Education initiatives, state investments in change could be matched by our investment in reform. And if other pressures on state budgets make it difficult for states to quickly make the needed investments in change, federal funds could be the major source of the resources needed to support education reform.

Therefore, I am convinced that these resources are essential if our school systems are to change to the extent needed, and at the pace required.

Yet, unfortunately, federal programs such as Goals 2000, Title I and School-to-Work are in jeopardy. The House Appropriations Committee has voted to completely eliminate all funds for Goals 2000 (eliminating \$371 million from current spending levels, and \$750 million that President Clinton requested for next year), and the Eisenhower Professional Development Program, which provides funds to train teachers, would become a block grant to states with funding reduced by 20 percent. The committee has also cut \$1.2 billion from current spending for Title I. The House and Senate are both considering proposals that would block grant workforce preparation funds and repeal the School-to-Work Act.

In addition, comparable cuts have been made in the Technology Learning Challenge program, which encourages partnerships between local school districts and high-tech companies for the purpose of using cutting-edge technology to improve student performance. In its first competition, the program generated over 500 applications involving approximately one-sixth of the nation's school districts. With the funding levels proposed by the House, we will be able to fund only a handful of these this year.

At a time when it is so important, and so difficult, to move forward in education, I fear that these and other cuts will move our education system in precisely the wrong direction.

David, I know you have followed closely the state and federal education efforts in the context of the National Education Goals. At the Charlottesville Summit and when the Bush administration and the nation's governors adopted the National Education Goals, there was a clear, bipartisan recognition that the federal government's financial contribution to education was an essential component for reaching the goals. This is even more true now than five years ago because the pace of education improvement has plainly not been sufficient.

As you continue to follow education developments, I hope you will keep these thoughts in mind.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Dick", written in a cursive, slightly slanted style.

Richard W. Riley



THE SECRETARY OF EDUCATION
EXECUTIVE SECRETARIAT

9/21/95

FRANK / TERRY / [REDACTED]

Copy for your information.

Phil



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

THE ASSISTANT SECRETARY

September 13, 1995

Louis V. Gerstner, Jr.
Chairman and CEO
IBM Corporation
Old Orchard Road
Armonk, NY 10504

Dear Mr. Gerstner,

I have just completed reading your excellent speech presented at the National Governor's Association Annual Meeting. Your articulation of the problem and vision for the future is to be commended.

In 1976, when I was working at the Center for Independent Living in Berkeley, CA, I had the opportunity to work with IBM on establishing the first computer technology program to train disabled people to become high skilled programmers. As you know, this has led to the establishment of more than 30 comparable programs across the country, resulting in the employment. More importantly I believe those programs have given employers the opportunity to see that well trained disabled people can be great employees.

On page 9 of your speech you state "... we be misled by misinformed people who will argue that certain Americans aren't able to reach high standards, ..." As the Assistant Secretary who has responsibility for education and employment issues for disabled children and adults I am well aware that these disabled children are one of the groups frequently perceived as being unable to reach high standards. Yet we know that when teachers are effectively trained and when technology is appropriately used, and when we coordinate services with other relevant agencies and when the families are appropriately involved these children are staying in school achieving to higher standards, graduating and have a greater prospect for employment. Our data shows that about 38% of youth identified as receiving special education services are dropping out of school prior to graduation. I am concerned that these youths are the throw-aways for our society.

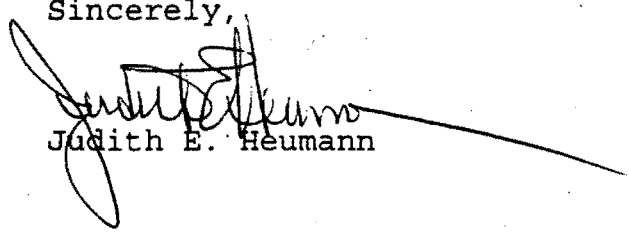
You announced that IBM will hold a conference next year to discuss the future of education in this country. I encourage you to ensure that issues affecting disabled children and youth be an integrated part of this agenda.

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Through the leadership of Secretary Riley this objective is slowly becoming a reality.

Please feel free to contact me at 202/205-5465. We would be pleased to provide any assistance that you might need.

Sincerely,



Judith E. Heumann

cc: Secretary Richard Riley



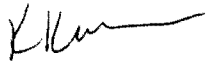
UNITED STATES DEPARTMENT OF EDUCATION

PUBLIC AFFAIRS

OFFICE OF THE DIRECTOR

August 4, 1995

NOTE TO SENIOR OFFICERS

FROM: Kathryn S. Kahler 
Communications Director

Attached is remarks of Louis V. Gerstner, Jr, Chairman and CEO-IBM Corporation at the National Governors' Association Annual Meeting.

Attachment

cc: Senior Staff

MIKE COHEN
SENIOR ADVISOR TO THE SECRETARY

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Thank you, Governor Dean. It's good to be back in Vermont.

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Now, that's not the whole story. The test consisted of complex, open-ended problems, which -- for these kids -- was a new approach to math. Exactly the right approach, of course. Exactly the direction we want to head in, and they'll have a full year to master it. But what happens then? What happens

next year if a large percentage of the senior class fails to demonstrate the required proficiency? Will Milwaukee refuse to graduate those who fail? If they don't, so much for standards.

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The bottom line is that if our kids are failing in the classroom, it's not just their fault. It's our fault. And that, my friends, underscores a very frightening reality. Setting goals for U. S. education is one thing. Reaching them is another. And the only way it will happen, the only way that we have even a ghost of a chance of getting there, is if we push through a fundamental, bone-jarring, full-fledged, 100 percent revolution that discards the old and replaces it with a totally new performance-driven system.

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But, I've also spent a lot of time helping troubled companies get back on their feet. It's hard work. Lots of hard work, and it invariably involves massive structural change.

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So what do we do now? In the spirit of my views on how one goes about radical restructuring of institutions, I want to suggest three, and only three, priorities for public education for the next year:

- o The first is setting absolutely the highest academic standards and holding all of us accountable for results. Now. Immediately. This school year. Now if we don't do that, we won't need any more goals, because we are going nowhere. Without standards and accountability, we have nothing.

But if we do have standards and accountability, I would suggest two other priorities that are critical to allow our institutions of education to reach those goals, and they are:

- o Financing change, and;
- o Exploiting technology.

Let's talk very briefly about each. First, standards and accountability.

If we don't face up to the fact that we are the only major country in the world without an articulated set of education standards — and without a means of measuring how successfully we are reaching them, we're lost before we get started. Which pretty much sums up where we are today. To turn the tide, we must set standards. Immediately. And we must have a means of measuring how we are doing. Without standards, educational reform is shuffling deck chairs on the Titanic.

I have to confess I find the whole thing baffling. In virtually everything else we do in the United States, we set high standards and strive to be No. 1. Why not in education? In basketball, you score when the ball goes in the hoop, not if it hits the rim. In football, you score when you cross the goal line, not when you show up in uniform. In track and field, you must jump over the bar, not go under it or around it. And who would practice baseball with the fences 150 feet from home plate?

Why can't we establish standards of excellence for our schools? Why isn't winning in the classroom important in America?

We put a man in space because we set a goal that was beyond -- not within -- our grasp. We need the same approach for education. And we must be relentless in its pursuit. The lessons we understand so well in every other aspect of our lives must be translated into education or else we will lose.

We cannot be side-tracked by academicians who say it will take five years just to set the standards. Nor can we be misled by misinformed people who will argue that certain Americans aren't able to reach high standards, so it's inappropriate to even set them. I find that insulting and demeaning to those people, not supportive.

It boils down to the fact that we can't just settle any more for mediocrity. We must commit to the highest levels of student achievement. And we must do it now. We can't allow our schools to simply sit back, complacently convinced that their only responsibility is to keep students at their desks until they are 18 years old.

They'll get to 18 fast enough and regardless of what we do. What they need from us are tools to help prepare them for success as they go off to college or work, raise families and join the adult community. This requires an articulated set of academic standards that recognizes the real world they'll be entering.

In many places, they don't even exist at a rudimentary level. Many states still require only two years of math and science for a high school diploma. Why? Math isn't something that students can finish in the tenth grade, and think they'll never need it again. And, if we are going to do this right, we must make sure our high school students take real math, academic math -- not what the students call "dummy math." And they must take laboratory science, not general science.

We must find innovative ways to help students master these complex subjects, and we must hold schools accountable for what students learn. It's not enough to memorize facts and figures. Whether we're dealing with the requirements in the job market or skills needed to participate in society, the bar is higher and gets higher every year.

When the Labor Department recently asked businesses what they expected our schools to teach, the answer was clear -- a foundation of reading, writing and arithmetic, combined with an ability to use information to solve problems and to communicate them effectively.

These are not esoteric or complex concepts. They are, however, for every one of these children, the difference between success or failure in their lives. We must find ways to teach them, to measure whether they have been taught and to reward teachers and administrators at schools where students succeed. And we must have serious sanctions for those at schools where students are not learning.

Obviously, Milwaukee will have a difficult choice to make next year because it's out in front. But the fact remains that until we are prepared to penalize students, teachers and administrators for lack of performance, the system will fail. We have a word for that in business. Accountability. It works. Without it, institutions atrophy and die. Let's turn quickly to the second and third priorities beyond standards.

True accountability for performance will depend on exploiting technology and financing change in the system. You've all heard about information technology. Bear with me if this sounds a bit stuffy, but information technology is the fundamental underpinning of the science of structural re-engineering. It is the force that revolutionizes business, streamlines government and enables instant communication and the exchange of information among people and institutions around the world.

But information technology has not made even its barest appearance in most public schools. Look around. The most visible forms of technology remain the unintelligible public address systems, which serve largely to interrupt the business of learning, and the copier in the principal's office, which spews out the forms and regulations that are the life blood of the education bureaucracy.

Before we can get the education revolution rolling, we need to recognize that our public schools are low-tech institutions in a high-tech society. The same changes that have brought cataclysmic change to every facet of business can improve the way we teach students and teachers. And it can also improve the efficiency and effectiveness of how we run our schools.

I'd like to make you a personal offer. I'd like to invite you, the governors, and your key people to a conference that I will organize and run next year. I'll get experts from all parts our industry -- including our competitors -- to participate and, together, we will show you how technology created for business and government can be used to help re-shape the public schools of America.

We'll pull it all together but we'll need your help. And you'll have to be there. You'll have to invest a day -- not a few hours. Because, as I said before, real change requires the participation of the CEO. It will be worth it. I think you will be excited by the innovative things that are beginning to happen in some classrooms. And some of you are already moving in that direction.

Let's think about how technology is benefiting students right here in Vermont. For example, the portfolios used to measure student development are being taken out of manila folders and put on digital discs. This allows educators to make evaluations based on a student's entire output rather than on simple multiple-choice exams. Chicago is combining the power of telecommunications and the Internet to train teachers in math and science.

Schools in Charlotte, North Carolina are using video technology to reach into the home. Philadelphia schools are using voice technology to teach language skills to learning-disabled students.

And outside the classroom, technology is cutting away at the school bureaucracy and dealing with routine matters like bus routing, meal deliveries and purchasing.

Which brings me to my third priority -- financing change. It is my experience in business, and especially in turnaround situations, that if you want to bring about real change, budget allocations must support the new direction.

Reforms perish from lack of support. And that means resources. A true change agent puts their money where their mouth is. The educational aparatchiks fight hard to starve the reformers.

So how do we finance the revolution? How do we use our education resources to reward success and encourage performance? Let's start with the \$150 billion or so that you, as the CEOs of our states, invest directly in the public school system. I've done some homework, so I know that a state's

education budget is typically constructed by adding a percentage increase to the prior year's outlays. The basic formula — which many describe as arcane — is largely driven by the number of pupils in the system, supports priorities set decades before, and rarely, if ever, is linked to performance, success or change.

Here's my proposal. Let's try something new. This year, instead of following the old formula, hold back ten cents of every dollar and earmark it for strategic investments. Where would we put this \$15 billion to work? If it were me, I'd invest a portion of it in moving teacher training out of the horse and buggy era. We expect doctors to get their training in teaching hospitals. We wouldn't send an NBA player on the court if his only training consisted of lectures on the theory of the jump shot, case studies of the fast break and films of games played years ago.

Why, then, do we entrust our children to teachers who have only listened to lectures, written essays on classroom management and read text books on the theory of child development? It's time teachers learned their craft in real schools side-by-side with expert teachers. It's time they got the kind of hands-on experience most other professions consider vital for certification.

If it were up to me, I'd invest some of that \$15 billion in reorganizing how our kids spend their time in school. In Japan, where the school year runs 240 days a year, the average 18-year-old has spent more cumulative time in school than the average American MBA.

And while I challenge you to find a teacher anywhere in this country who truly believes that every subject -- or any subject, for that matter -- is best taught in exactly 45 minutes, we still ring the bell at the end of each period, as though there was a natural order to it all! A science project may take a full six hours to complete. Other subjects may be best taught in 15-minute slots over a two-week period. The school day, week and year need to be re-shaped fundamentally to reflect reality.

There are hundreds of good ideas out there about how to use the \$15 billion. I know about them, so do you. Some of the most promising are emerging from the New American Schools Development Corporation which is funding development of breakthrough reforms across the country. All that's lacking is the courage to shift funding from the status quo that has failed unarguably, to the agenda of reform and hope for our children.

Obviously, my three suggestions are sure to generate howls of protest from the education establishment and from others who are happy with the status quo and are unwilling to change. They will say that setting standards is not possible in education. Or that setting high standards will only raise the dropout rate. Others will attack the focus on technology, maintaining it's a self-serving business scam or a vain grasp for a silver bullet that won't work.

Still others will attack the \$15 billion we're reallocating for strategic investments, saying it's just a gimmick, it won't work and it is really an approach to disguise cutting education budgets. I see it as just the opposite. Everyone in the education community talks reform and supports reform, but when push comes to shove, they back off and attribute the lack of progress to the lack of financial wherewithal.

Well, now we have it. Our \$15 billion fund will provide a way to kick-start a major effort for reform. And here's the real kicker. we're only going to give \$15 billion to the schools and systems that actually implement true reform.

Let me conclude by recognizing again that many of you are working very hard to bring about the changes that we need. The problem is not enough of us in America are committed to seeing that change happens. Too many of us just talk about it. You are the leaders of our 50 states. It really is up to you to bring us the education leadership we desperately need.

School reform is not a partisan issue, so I'd hope that you would work together as a team, and that you would support and learn from each other.

We're talking about the future of our nation. Economic prosperity for all our citizens is an empty and cynical dream unless we provide the necessary education to all students. Perhaps more ominously, no democracy can survive without an educated citizenry.

So let's add an "R" to our traditional reading, 'riting and 'rithmetic. An "R" for revolution. The country needs a new revolution. The first one gave birth to America. We now need a second to save our country — and to give our children back their future.

Thank you very much.



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

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Your remarks could not have been more timely. As you well know, governors of both parties have been important education reform leaders over the past decade. Yet there has been tremendous turnover in state houses in recent years; in fact, only three of the sitting governors participated in the 1989 Education Summit with President Bush. I am sure your remarks bolstered those governors who have been leading education reform, and gave others new reason to make education reform a priority.

In addition, I am convinced that you have identified precisely the right agenda for education reform in this country -- clearly defined and challenging academic standards for all students together with real accountability for results; the use of new technologies to provide new tools for improved teaching and learning and the basis for restructuring our schools; and investing the resources needed to support change. These are principles that guided my own efforts in South Carolina, and I am proud that our Education Improvement Act led to the largest and most sustained gains in academic performance among the states.

These same principles have also guided my more recent efforts to overhaul the federal role in elementary and secondary education. As you know, the Goals 2000 Act provides new impetus and incentives for states and communities to set challenging academic standards and develop ways of measuring student performance related to those standards. It also provides local schools with venture capital to support change -- to develop strategic plans, provide needed professional development, purchase technology, and promote real partnerships with parents, employers and others in the community.

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Last year, working with the Congress on a bipartisan basis, we completely overhauled that program to focus it on high standards with assessments and accountability geared to those standards. Where schools or school systems fail to make adequate progress, there must be some form of intervention (which could include such steps as replacing staff) to turn the school around. In addition, we eliminated almost all of the regulations that once were part of this program, so that there is less emphasis on compliance and paperwork, and far more on getting results with students. Title I provides \$7 billion of leverage money for effective innovation in America's poorest schools.

Lou, the federal investment in elementary and secondary education is approximately \$14.9 billion, almost the amount you challenged the governors to find in their own budgets to support change rather than preserve the status quo. Much of these resources are targeted to students with the greatest need. With the new flexibility and waiver provisions in our U.S. Department of Education initiatives, state investments in change could be matched by our investment in reform.

I am convinced that these resources are essential if our school systems are to change to the extent needed, and at the pace required. For example, I understand that as NASDC expands its activities, several of the NASDC design teams, such as Bob Slavin's Roots and Wings, will rely heavily on Title I funds to support implementation in the states and communities in which NASDC is working. The National Alliance for Restructuring Education will use the Title I standards, testing and accountability requirements as a strong incentive for participating jurisdictions to use the New Standards it has developed and will soon release publicly. Many states are using Goals 2000 monies to scale up or expand their reforms.

As you well know, federal programs such as Goals 2000 and Title I are in jeopardy. The House Appropriations Committee has voted to completely eliminate all funds for Goals 2000 (eliminating \$371 million from current spending levels, and \$750 million that President Clinton requested for next year), and the Eisenhower Professional Development Program would become a block grant to states with funding reduced by 20%. The committee has also cut \$1.2 billion from current spending for Title I.

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The President and I are committed to eliminating our budget deficit and reducing and eliminating ineffective programs, but we are also dedicated to eliminating our education deficit as well. At a time when it is so important, and so difficult, to move forward in education, I fear that these and other cuts will move our education system in precisely the wrong direction.

You have been a strong and effective advocate for education reform, and I am glad that you are continuing to speak out in support of education.

I am forwarding copies of this letter to Governor Hunt, who spoke about the importance of the National Education Goals Panel for measuring progress annually toward the National Education Goals, and to Governor Thompson and Governor Dean, the current and former chairmen of the National Governors' Association. All are important leaders in education reform.

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Dear Lou:

I want to commend you for your fine speech to the governors at the National Governors' Association meeting in Vermont. My Deputy Secretary Madeleine Kunin was there, and I heard your speech on C-SPAN. I was pleased that you emphasized so strongly the need for fundamental education reform, and I share your sense of urgency.

Your remarks could not have been more timely. As you well know, governors of both parties have been important education reform leaders over the past decade. Yet there has been tremendous turnover in state houses in recent years; in fact, only three of the sitting governors participated in the 1989 Education Summit with President Bush. I am sure your remarks bolstered those governors who have been leading education reform, and gave others new reason to make education reform a priority.

In addition, I am convinced that you have identified precisely the right agenda for education reform in this country -- clearly defined and challenging academic standards for all students together with real accountability for results; the use of new technologies to provide new tools for improved teaching and learning and the basis for restructuring our schools; and investing the resources needed to support change. These are principles that guided my own efforts in South Carolina, and I am proud that our Education Improvement Act led to the largest and most sustained gains in academic performance among the states.

These same principles have also guided my more recent efforts to overhaul the federal role in elementary and secondary education. As you know, the Goals 2000 Act provides new impetus and incentives for states and communities to set challenging academic standards and develop ways of measuring student performance related to those standards. It also provides local schools with venture capital to support change -- to develop strategic plans, provide needed professional development, purchase technology, and promote real partnerships with parents, employers and others in the community.

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You may not be aware of the other important changes we have made. For example, we totally redesigned the Title I program of the Elementary and Secondary Education Act, the largest targeted assistance to schools heavily impacted by poverty. For years, this has been a "remedial" program, aimed solely at helping students acquire the most low level skills and minimal skills.

Last year, working with the Congress on a bipartisan basis, we completely overhauled that program to focus it on high standards with assessments and accountability geared to those standards. Where schools or school systems fail to make adequate progress, there must be some form of intervention (which could include such steps as replacing staff) to turn the school around. In addition, we eliminated almost all of the regulations that once were part of this program, so that there is less emphasis on compliance and paperwork, and far more on getting results with students. Title I provides \$7 billion of leverage money for effective innovation in America's poorest schools.

Lou, the federal investment in elementary and secondary education is approximately \$14.9 billion, almost the amount you challenged the governors to find in their own budgets to support change rather than preserve the status quo. Much of these resources are targeted to students with the greatest need. With the new flexibility and waiver provisions in our U.S. Department of Education initiatives, state investments in change could be matched by our investment in reform.

I am convinced that these resources are essential if our school systems are to change to the extent needed, and at the pace required. For example, I understand that as NASDC expands its activities, several of the NASDC design teams, such as Bob Slavin's Roots and Wings, will rely heavily on Title I funds to support implementation in the states and communities in which NASDC is working. The National Alliance for Restructuring Education will use the Title I standards, testing and accountability requirements as a strong incentive for participating jurisdictions to use the New Standards it has developed and will soon release publicly. Many states are using Goals 2000 monies to scale up or expand their reforms.

As you well know, federal programs such as Goals 2000 and Title I are in jeopardy. The House Appropriations Committee has voted to completely eliminate all funds for Goals 2000 (eliminating \$371 million from current spending levels, and \$750 million that President Clinton requested for next year), and the Eisenhower Professional Development Program would become a block grant to states with funding reduced by 20%. The committee has also cut \$1.2 billion from current spending for Title I.

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In addition, comparable cuts have been made in the Technology Learning Challenge program, which encourages partnerships between local school districts and high-tech companies for the purpose of using cutting edge technology to improve student performance. In its first competition, the program generated over 500 applications involving approximately one-sixth of the nation's school districts. With the funding levels proposed by the House, we will be able to fund only a handful of these this year.

The President and I are committed to eliminating our budget deficit and reducing and eliminating ineffective programs, but we are also dedicated to eliminating our education deficit as well. At a time when it is so important, and so difficult, to move forward in education, I fear that these and other cuts will move our education system in precisely the wrong direction.

You have been a strong and effective advocate for education reform, and I am glad that you are continuing to speak out in support of education.

I am forwarding copies of this letter to Governor Hunt, who spoke about the importance of the National Education Goals Panel for measuring progress annually toward the National Education Goals, and to Governor Thompson and Governor Dean, the current and former chairmen of the National Governors' Association. All are important leaders in education reform.

I look forward to continuing to work with you on behalf of our common goals.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Dick", written in a cursive style.

Richard W. Riley

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