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EMBARGOED UNTIL JULY 21, 2009, 9:15 A.M. EASTERN TIME

Bill Gates
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Thank you for that kind welcome. And thank you for offering me this chance to talk with you as you face big decisions for your states and our country.

These are not ordinary times. We're in a severe economic downturn – and you, as state legislators, may have a more complete picture of the impact of this recession than anyone else in the country. You are forced to balance your budgets – even as the recession increases your expenditures and cuts your revenues. Your constituents are losing their jobs, their savings, and their homes – and everywhere you go, people are asking you to make it better.

This is a painful time.

But difficult times can spark great reforms – and changes we can make now can help us come out of the downturn stronger than when we entered.

We've been in an economic crisis for a year or so. But we've been in an education crisis for decades. As a country, our performance at every level – primary and secondary school achievement, high school graduation, college entry, college completion – is dropping against the rest of the world.

In college graduation rates, we are now 10th among industrialized nations – down from number one. If that is a leading indicator, I don't like where it's leading.

But this performance is not a fair measure of our country's energy, effort, or intelligence. It's a reflection of weak systems run by old beliefs and bad habits.

In these circumstances, a crisis can work as a pivot. It can give us the traction to leave behind bad habits – to start something new and better...

.... if you're willing to do it.

You are the authorizers and appropriators of school reform in America. The president and the Congress can make recommendations – and they have passed a stimulus package with billions of dollars you can spend to advance school reform – but ultimately, you decide.

I hope you decide to accelerate reform – because America is changing.

African American and Hispanic American youth represent a rising share of our workforce. Success in this century will depend on how well America does what we have so far done very badly – give low-income and minority students a world-class education.

That's what I want to talk with you about today. The \$100 billion in education stimulus money should do more than stimulate the economy. It should stimulate us to rethink the way we run our

schools. We need to make achievement more measurable, and the system more accountable, so we can get dramatically higher numbers of Americans to and through college.

America is a land of staggering opportunity. But if you want to make the most of this opportunity, high school is not enough, and some postsecondary is no longer enough. If you want to have the skills to build a career, or the resources to raise a family, you need a two-year or four-year degree. You need to complete college. Yet college completion rates in the U.S. have been flat since the 1970s.

Our foundation has set a goal to dramatically increase the numbers of young people who complete a postsecondary degree or credential with value in the marketplace. We hope you will set a similar goal in your states.

The first step toward this goal is to find out which colleges are doing a good job – and which innovations are making the biggest difference.

The institutions and innovations that are getting great outcomes should be expanded. Those that aren't should be changed or ended.

To do this -- we need to measure what matters. We need to know what the students learn, and what jobs they get. We need to know why students of some community colleges do better in the job market than others. Why minority students at some colleges take longer to earn a degree than similar students elsewhere. We don't know the answers. We're not even asking the questions.

I understand that there are challenges in developing fair measurements – but colleges are not entitled to escape scrutiny at a time of a plunging educational performance and permanent fiscal pressure.

Without measurement, there is no pressure for improvement.

As we push to measure performance, the second step is to make an important shift in the incentive system: We should ensure that state funding, financial aid, and other incentives reward the institution when students make progress toward a degree, not just when they enroll.

Financial incentives for completion can encourage colleges to offer schedules that make more sense for students who have to work. They can encourage colleges to offer courses and counseling that guide students toward explicit job goals. They can encourage colleges to make more innovative use of technology – to use on-line lectures that students can watch anytime, anywhere. This would help colleges – many of which are facing both funding cuts and enrollment spikes – to serve more students at higher quality and lower cost.

With the right incentives, more colleges will make these changes and help many more students complete their programs.

I would urge the legislators here to start the push to greater measurement by asking the colleges and universities in your districts to publish their graduation rates. In the future, we should also be

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able to publish data not just on completion, but on how many of those with degrees get professional credentials and are hired into good jobs.

Greater measurement, more public attention, and smarter financial incentives will spark innovation that can make a dramatic difference in the number of students who get a postsecondary credential with value in the workplace.

Of course, the most important step in helping students complete college is ensuring that they graduate from high school ready for college.

While the rest of the world has been raising their high-school graduation rates, U.S. rates have not improved for 40 years.

More than 30 percent of our students drop out before graduating from high school. For minority kids, it's nearly 50 percent. Among those who do graduate, most are not ready for college.

Those statistics are appalling. If all you knew were these numbers, you'd be pretty demoralized. But this is a composite picture, and it hides some really exciting successes.

In fact, whenever I get discouraged about public education, I go visit some exceptional schools to see how great they can be. I recommend you do the same thing. It will give you a burst of optimism.

Last year, I went to Texas, walked into a classroom, sat down, and thought: "What's going on here?" The energy was so high I thought, "I must be in a pep rally or something." The teacher was running around, scanning the classroom, pulling in every kid, putting things up on the board. It was a very exciting class.

I was at a KIPP School. KIPP stands for the "Knowledge is Power Program." Eighty percent of KIPP students are low-income kids; 95% are Black or Hispanic. Among eighth graders who have gone to one of 30 KIPP middle schools for four years, average percentile scores jumped from 31 to 58 in reading; and 41 to 80 in math.

KIPP Schools are amazing, but they are not isolated examples. There are public schools and charter schools serving some of the most disadvantaged students in the country and getting astounding results.

In my experience, when you find a stunning success – you let it grow.

Unfortunately, states are putting caps on the number of these high-performing schools. Why do we want to put caps on the greatest success stories in American education?

Caps should be lifted for charter school operators who have a proven record of success – and charters should be offered the same per-pupil funding as other public schools. As you know, a relatively small percentage of schools are responsible for a high percentage of the drop outs. We can make dramatic advances by replacing the worst schools with high-performing charters -- operated by organizations with a great track record.

This is not just to benefit the students who attend charter schools; this is to benefit all students. Charter schools are where many of the new discoveries are coming from – the value of the longer day, giving teachers data on student performance, and the huge advantage from having a critical mass of effective teachers in one school.

Charter schools, in my view, have been the lead researchers in the most important recent finding in the field of school reform. Namely: The most decisive factor in student achievement is the teacher.

Our foundation has studied the variation between the teachers who get the most student achievement and those who get the least – and the numbers are absolutely unbelievable. A top quartile teacher will increase the performance of an average student -- based on test scores -- by 10 percentile points in a single year. What does that mean? That means that if the entire U.S., for two years, had top quartile teachers, the entire difference between us and Japan would vanish.

So, when you see the power of the top quartile teachers, you naturally think: We should identify those teachers. We should reward them. We should retain them. We should make sure other teachers learn from them.

But we don't identify effective teachers and reward them. We reward teachers for things that do not identify effective teaching – like seniority and master's degrees. And we don't reward teachers for the one thing that does identify effective teaching – great performance.

If you guided your students to great accomplishments last year, that's the best indication that you're going to do it again next year.

Even in the earliest grades where the effects of class size are strongest, students get 5 times the gain from having an effective teacher as from having a small classroom.

No factor advances student achievement more than an effective teacher. So a true reformer will be obsessed with one question: "What changes will improve the quality of teaching, so every student can have an effective teacher?"

We need to take two enabling steps: we need longitudinal data systems that track student performance and are linked to the teacher; and we need fewer, clearer, higher standards that are common from state to state. The standards will tell the teachers what their students are supposed to learn, and the data will tell them whether they're learning it. These two changes will open up options we've never had before.

We'll be able to reward teachers for raising their students' achievement. We'll be able to pay the best teachers more for teaching in low-income schools. We'll be able to see what successful teachers are doing, and use that to give targeted help to other teachers. This will increase the average quality of teaching dramatically – and that will be a fantastic thing for pupils at the top, the middle, and the bottom.

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Fortunately, the state-led Common Core State Standards Initiative is developing clear, rigorous common standards that match the best in the world. Last month, 46 Governors and Chief State School Officers made a public commitment to embrace these common standards.

This is encouraging – but identifying common standards is not enough. We’ll know we’ve succeeded when the curriculum and the tests are aligned to these standards.

Secretary Arne Duncan recently announced that \$350 million of the stimulus package will be used to create just these kinds of tests – next-generation assessments aligned to the common core.

When the tests are aligned to the common standards, the curriculum will line up as well – and that will unleash powerful market forces in the service of better teaching. For the first time, there will be a large base of customers eager to buy products that can help every kid learn and every teacher get better. Imagine having the people who create electrifying video games applying their intelligence to on-line tools that pull kids in and make algebra fun.

There can also be – and there should be – on-line videos of every required course, taught by master teachers, and made available free of charge. These would help train teachers. They would help students who need some review or just want to get ahead. Melinda and I have used on-line videos when we’ve helped our own kids on some of their school work. They are phenomenal tools that can help every student in the country – if we get the common standards that will encourage people to make them.

If your state doesn’t join the common standards, your kids will be left behind; and if too many states opt out – the country will be left behind. Remember – this is not a debate that China, Korea, and Japan are having. Either our schools will get better – or our economic position will get worse.

Common standards define what the students need to learn; robust data systems tell us whether they’re learning it – and they tell us a whole lot more than that.

Most data on student performance today comes in the form of a snapshot. We know only how students did on a test at the end of the year – we don’t see the progression; we don’t have much context, and the information comes too late to improve the teaching.

In post-secondary schools, our information is even worse. Current federal data systems track only graduation rates for full-time students who are enrolled for the first time – but that’s a minority of our postsecondary students.

The stimulus package contains funding for longitudinal data systems; I hope you will use this funding to support systems that track student performance from early childhood education through high school and college and into the workplace. Student performance should be linked to the teacher and the curriculum and the instructional tools. It should let us know what the best schools and teachers are doing differently and what kind of teacher training promotes student

achievement. It should help us improve college completion rates, and determine what curriculum leads to career success.

According to the Data Quality Campaign, 47 states have adopted portions of a strong data system, but we still have a long way to go. There is a big gap between the data that states are gathering and the data they need to have to answer important policy questions.

There are dozens of different data points a state could use to define aspects of student and teacher performance. That difference is compounded across 50 states and the federal government. And states use different products that manage that data in different ways – so states can't compare their results to see what works best.

All states and districts should collect common data on teachers and students. We need to define the data in a standardized way, we need to collect all of it for all of our students, and we need to enter it in something cheap and simple that people can share. The stimulus bill includes competitive grant funding for these efforts. I hope you make use of it for the people in your state.

In the coming year, our goal is to partner with state education leaders, the Secretary of Education, and others to advance the field so that policymakers and educators demand standardized data -- not just for compliance, but for improving student achievement.

Of course, if you do build this system and get this data, you may have to deal with people who don't want you to use it.

Last year the New York legislature passed a law that says you can't consider student test scores when you make teacher tenure decisions. That was a strategic win for people who oppose reform – because no real reform will happen until we can evaluate teachers based on their students' achievement.

I understand the legitimate concern of teachers who point out that, without the right design, teacher measurement systems based on student performance could seem arbitrary.

But without them, we won't be able to identify our best teachers, reward them, help others learn from them, or deploy them where they're most needed. We won't be able to see what curriculum, instructional tools, and teacher training work best.

The solution is not to block teacher evaluations. The solution is to work with teachers who are eager to help build measurement systems that are transparent, that make sense, that lead teachers to say: "This works. It's fair. It helps me become a better teacher."

These systems would include test scores, but they would also involve classroom observation, parent and student surveys, and video taken in the classroom.

We'll know we have the answer when teachers are eager to see the data, to see how their kids are doing and find out what worked. The stimulus package provides funding that could be used to build these kinds of measurement systems. I hope you make the most of it.

My big hope is that some states will establish these systems over the next 3-4 years, and their success will help spread them to other states. No single initiative could do more to get every student a good teacher.

Over the past ten years, Melinda and I have dedicated a large share of our foundation's resources to the cause of school reform. We believe America's greatest promise is in its commitment to equality – and fulfilling that promise demands strong public schools.

This responsibility – to a great extent – lies with you.

I'm asking you to draw on the stimulus funding to do two things:

1. Embrace common standards and data systems so we can know where we stand and how to move forward.
2. Raise the quality of teaching by measuring teacher effectiveness, encouraging innovation, and spreading best practices.

I know you'll face pressure if you push for reform.

But I want to ask you to consider two different schools. In one school, student achievement is low, morale is low, and nothing ever changes -- because nobody expects anything better. In the other school, minority students from low-income families take the toughest classes, get the best teachers, and go on to get college degrees.

Both kinds of schools exist in America. How many of each depends on you.

You could be tempted to shrug off this responsibility if the schools in your district are pretty good. But America's schools are not pretty good, and they're your schools too.

This is a national challenge.

It doesn't really matter whether you are driven by an ethical commitment to equal opportunity or by a long-term economic vision for the country. Both lines of reasoning lead to the same conclusion. We need to measure progress. We need to hold teachers and schools accountable. We need to give all students a chance to make the most of their lives.

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