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Thank you for that kind introduction.

I also want to thank you, Governor Warner, and your fellow governors, for your leadership in hosting this education summit on America's high schools. It is rare to bring together people with such broad responsibilities and focus their attention on one single issue. But if there is one single issue worth your focused attention – it is the state of America's high schools.

Many of us here have stories about how we came to embrace high schools as an urgent cause. Let me tell you ours.

Everything Melinda and I do through our foundation is designed to advance equity. Around the world, we believe we can do the most by investing in health – especially in the poorest countries.

Here in America, we believe we can do the most to promote equity through education.

A few years ago, when Melinda and I really began to explore opportunities in philanthropy, we heard very compelling stories and statistics about how financial barriers kept minority students from taking their talents to college and making the most of their lives.

That led to one of the largest projects of our foundation. We created the Gates Millennium Scholars program to ensure that talent and energy meet with opportunity for thousands of promising minority students who want to go to college.

Many of our Scholars come from tough backgrounds, and they could bring you to tears with their hopeful plans for the future. They reinforced our belief that higher education is the best possible path for promoting equality and improving lives here in America.

Yet – the more we looked at the data, the more we came to see that there is more than one barrier to college. There's the barrier of being able to pay for college; and there's the barrier of being prepared for it.

When we looked at the millions of students that our high schools are not preparing for higher education – and we looked at the damaging impact that has on their lives – we came to a painful conclusion:

America's high schools are obsolete.

By obsolete, I don't just mean that our high schools are broken, flawed, and under-funded – though a case could be made for every one of those points.

By obsolete, I mean that our high schools – even when they're working exactly as designed – cannot teach our kids what they need to know today.

Training the workforce of tomorrow with the high schools of today is like trying to teach kids about today's computers on a 50-year-old mainframe. It's the wrong tool for the times.

Our high schools were designed fifty years ago to meet the needs of another age. Until we design them to meet the needs of the 21st century, we will keep limiting – even ruining – the lives of millions of Americans every year.

Today, only one-third of our students graduate from high school ready for college, work, and citizenship.

The other two-thirds, most of them low-income and minority students, are tracked into courses that won't ever get them ready for college or prepare them for a family-wage job – no matter how well the students learn or the teachers teach.

This isn't an accident or a flaw in the system; it is the system.

In district after district, wealthy white kids are taught Algebra II while low-income minority kids are taught to balance a check book!

The first group goes on to college and careers; the second group will struggle to make a living wage.

Let's be clear. Thanks to dedicated teachers and principals around the country, the best-educated kids in the United States are the best-educated kids in the world. We should be proud of that. But only a fraction of our kids are getting the best education.

Once we realize that we are keeping low-income and minority kids out of rigorous courses, there can be only two arguments for keeping it that way – either we think they can't learn, or we think they're not worth teaching. The first argument is factually wrong; the second is morally wrong.

Everyone who understands the importance of education; everyone who believes in equal opportunity; everyone who has been elected to uphold the obligations of public office should be ashamed that we are breaking our promise of a free education for millions of students.

For the sake of our young people and everyone who will depend on them – we must stop rationing education in America.

I'm not here to pose as an education expert. I head a corporation and a foundation. One I get paid for – the other one costs me. But both jobs give me a perspective on education in America, and both perspectives leave me appalled.

When I compare our high schools to what I see when I'm traveling abroad, I am terrified for our workforce of tomorrow. In math and science, our 4th graders are among the top students in the world. By 8th grade, they're in the middle of the pack.

By 12th grade, U.S. students are scoring near the bottom of all industrialized nations.

We have one of the highest high school dropout rates in the industrialized world. Many who graduate do not go onto college. And many who do go on to college are not well-prepared – and end up dropping out. That is one reason why the U.S. college dropout rate is also one of the highest in the industrialized world. The poor performance of our high schools in preparing students for college is a major reason why the United States has now dropped from first to fifth in the percentage of young adults with a college degree.

The percentage of a population with a college degree is important, but so are sheer numbers. In 2001, India graduated almost a million more students from college than the United States did. China graduates twice as many students with bachelor's degrees as the U.S., and they have six times as many graduates majoring in engineering.

In the international competition to have the biggest and best supply of knowledge workers, America is falling behind.

That is the heart of the economic argument for better high schools. It essentially says: "We'd better do something about these kids not getting an education, because it's hurting us." But there's also a moral argument for better high schools, and it says: "We'd better do something about these kids not getting an education, because it's hurting them."

Today, most jobs that allow you to support a family require some postsecondary education. This could mean a four-year college, a community college, or technical school. Unfortunately, only half of all students who enter high school ever enroll in a postsecondary institution.

That means that half of all students starting high school today are unlikely to get a job that allows them to support a family.

Students who graduate from high school, but never go on to college, will earn – on average – about twenty-five thousand dollars a year. For a family of five, that's close to the poverty line. But if you're Hispanic, you earn less. If you're black, you earn even less – about 14 percent less than a white high school graduate.

Those who drop out have it even worse. Only 40 percent have jobs. They are nearly four times more likely to be arrested than their friends who stayed in high school. They are far

more likely to have children in their teens. One in four turn to welfare or other kinds of government assistance.

Everyone agrees this is tragic. But these are our high schools that keep letting these kids fall through the cracks, and we act as if it can't be helped.

It can be helped. We designed these high schools; we can redesign them.

But first we have to understand that today's high schools are not the cause of the problem; they are the result. The key problem is political will. Elected officials have not yet done away with the idea underlying the old design. The idea behind the old design was that you could train an adequate workforce by sending only a third of your kids to college – and that the other kids either couldn't do college work or didn't need to. The idea behind the new design is that all students can do rigorous work, and – for their sake and ours – they have to.

Fortunately, there is mounting evidence that the new design works.

The Kansas City, Kansas public school district, where 79 percent of students are minorities and 74 percent live below the poverty line, was struggling with high dropout rates and low test scores when it adopted the school-reform model called First Things First in 1996. This included setting high academic standards for all students, reducing teacher-student ratios, and giving teachers and administrators the responsibility to improve student performance and the resources they needed to do it. The district's graduation rate has climbed more than 30 percentage points.

These are the kind of results you can get when you design high schools to prepare every student for college.

At the Met School in Providence, Rhode Island, 70 percent of the students are black or Hispanic. More than 60 percent live below the poverty line. Nearly 40 percent come from families where English is a second language. As part of its special mission, the Met enrolls only students who have dropped out in the past or were in danger of dropping out. Yet, even with this student body, the Met now has the lowest dropout rate and the highest college placement rate of any high school in the state.

These are the kind of results you can get when you design a high school to prepare every student for college.

Two years ago, I visited High Tech High in San Diego. It was conceived in 1998 by a group of San Diego business leaders who became alarmed by the city's shortage of talented high-tech workers. Thirty-five percent of High Tech High students are black or Hispanic. All of them study courses like computer animation and biotechnology in the school's state-of-the-art labs. High Tech High's scores on statewide academic tests are 15 percent higher than the rest of the district; their SAT scores are an average of 139 points higher.

These are the kind of results you can get when you design a high school to prepare every student for college.

These are not isolated examples. These are schools built on principles that can be applied anywhere – the new three R's, the basic building blocks of better high schools:

- The first R is Rigor making sure all students are given a challenging curriculum that prepares them for college or work;
- The second R is Relevance making sure kids have courses and projects that clearly relate to their lives and their goals;
- The third R is Relationships making sure kids have a number of adults who know them, look out for them, and push them to achieve.

The three R's are almost always easier to promote in smaller high schools. The smaller size gives teachers and staff the chance to create an environment where students achieve at a higher level and rarely fall through the cracks. Students in smaller schools are more motivated, have higher attendance rates, feel safer, and graduate and attend college in higher numbers.

Yet every governor knows that the success of one school is not an answer to this crisis. You have to be able to make systems of schools work for all students. For this, we believe we need stable and effective governance. We need equitable school choice. We need performance-oriented employment agreements. And we need the capacity to intervene in low-performing schools.

Our foundation has invested nearly one billion dollars so far to help redesign the American high school. We are supporting more than fifteen hundred high schools – about half are totally new, and the other half are existing schools that have been redesigned. Four hundred fifty of these schools, both new and redesigned, are already open and operating. Chicago plans to open 100 new schools. New York City is opening 200. Exciting redesign work is under way in Oakland, Milwaukee, Cleveland, and Boston.

This kind of change is never easy. But I believe there are three steps that governors and CEOs can take that will help build momentum for change in our schools.

Number 1. Declare that all students can and should graduate from high school ready for college, work, and citizenship. How would you respond to a ninth grader's mother who said: "My son is bright. He wants to learn. How come they won't let him take Algebra?" What would you say? I ask the governors and business leaders here to become the top advocates in your states for the belief that every child should take courses that prepare him for college – because every child can succeed, and every child deserves the chance. The states that have committed to getting all students ready for college have made good progress – but every state must make the same commitment.

Number 2. Publish the data that measures our progress toward that goal. The focus on measuring success in the past few years has been important – it has helped us realize the extent of the problem. But we need to know more: What percentage of students are dropping out? What percentage are graduating? What percentage are going on to college? And we need this data broken down by race and income. The idea of tracking low-income and minority kids into dead-end courses is so offensive to our sense of equal opportunity that the only way the practice can survive, is if we hide it. That's why we need to expose it. If we are forced to confront this injustice, I believe we will end it.

Number 3. Turn around failing schools and open new ones. If we believe all kids can learn – and the evidence proves they can –then when the students don't learn, the school must change. Every state needs a strong intervention strategy to improve struggling schools. This needs to include special teams of experts who are given the power and resources to turn things around.

If we can focus on these three steps – high standards for all; public data on our progress; turning around failing schools – we will go a long way toward ensuring that all students have a chance to make the most of their lives.

Our philanthropy is driven by the belief that every human being has equal worth. We are constantly asking ourselves where a dollar of funding and an hour of effort can make the biggest impact for equality. We look for strategic entry points – where the inequality is the greatest, has the worst consequences, and offers the best chance for improvement. We have decided that high schools are a crucial intervention point for equality because that's where children's paths diverge – some go on to lives of accomplishment and privilege; others to lives of frustration, joblessness, and jail.

When I visited High Tech High in San Diego a few years ago, one young student told me that High Tech High was the first school he'd ever gone to where being smart was cool. His neighborhood friends gave him a hard time about that, and he said he wasn't sure he was going to stay. But then he showed me the work he was doing on a special project involving a submarine. This kid was really bright. It was an incredible experience talking to him – because his life really did hang in the balance.

And without teachers who knew him, pushed him, and cared about him, he wouldn't have had a chance.

Think of the difference it will make in his life if he takes that talent to college. Now multiply that by millions. That's what's at stake here.

If we keep the system as it is, millions of children will never get a chance to fulfill their promise because of their zip code, their skin color, or the income of their parents.

That is offensive to our values, and it's an insult to who we are.

Every kid can graduate ready for college. Every kid should have the chance.

Let's redesign our schools to make it happen.

Thank you very much.