

10th Anniversary Essays
Reshaping U.S. Public Education Policy
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innovations to grow, scale up, and connect to existing markets. When it comes to solving problems of poverty, impact investing can act as a catalyst, but it is not a silver bullet. Successful businesses serving the poor need more than investment capital. They also need infrastructure to enable effective distribution, strong regulatory systems, access to markets, technical assistance as they scale up, and more. Government, for example, is critical in creating favorable business conditions. But government can also help companies where the market is less effective, such as those providing goods and services like clean water, sanitation, and preventive health care, grow by providing strategic subsidies. And large corporations can help connect low-income people to reliable supply chains—this also benefits multinational corporations as they seek to expand in emerging markets.

Third, we need to create stronger measures of impact to help the world understand how capital can be used to build the kind of society we want to create. The sector has taken the first steps toward creating better measures through the development of Pulse, GIIRS, and IRIS. As the sector grows and attracts potentially billions of investment dollars in the coming years, we will need even more robust systems to clarify the tradeoffs between financial and social returns.

People interested in impact investing often talk about “doing well by doing good,” the idea that they can generate healthy financial returns while making a positive social impact. This line of thinking implies that tradeoffs don’t exist, although we’ve learned—often the hard way—that they do, especially when we are dealing with low-income markets in far-flung areas. We need better metrics to clarify social outcomes and help us understand whether and how our investments are creating more dignity and choice.

Fourth and perhaps most difficult, we must develop talent and leadership with the moral courage to see the world as it is and with the audacity and skills to imagine and then build it as it could be. Our portfolio companies constantly cite lack of talent as one of their biggest challenges. Some of our companies are growing from a few dozen on staff to more than a thousand in only a few years. One can imagine the recruiting hurdles, the need for new management systems, and the training that is required to achieve that kind of growth. Indeed, leadership is needed the world over as old systems and ways of doing business prove unable to meet society’s greatest needs.

We are living in a rare moment in history. We have the tools, skills, awareness, and understanding to solve tough global challenges. Impact investing needs to be part of the solution. The question is not so much *if* as *how*—how we sustain our focus on the moral essence of using investment as a means and not an end, with the goal of building sustainable, scalable systems that provide low-income people with access to choice and real opportunity. For this is where dignity starts, not just for the poor, but for all of us.

JACQUELINE NOVOGRATZ is founder and CEO of Acumen Fund. She is the author of *The Blue Sweater: Bridging the Gap Between Rich and Poor in an Interconnected World*.



RESHAPING U.S. PUBLIC EDUCATION POLICY

BY STANLEY N. KATZ

Twenty-five years ago, if I had been asked to describe the attitude of the major foundations toward education policy, my answer would have been that they were predictably supporting the reform ideas of the leading K-12 academic specialists, who were then concentrated in the best graduate schools of education, especially those at Stanford and Harvard Universities. Lots of ideas were circulating, of course, but the “hot” idea, largely emanating from Stanford, was that of “systemic reform”—the notion that we had not gotten very far by undertaking piecemeal improvements. We needed to come up with grand strategies to improve the entire public education system.

This movement was very much a collaboration between university experts, leading national K-12 organizations, and large foundations. In those days nearly all of the big foundations (Rockefeller, Ford, Pew, MacArthur, and Atlantic) had senior program officers (and separate programs) for education policy in the schools. Some



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—STANLEY N. KATZ, Princeton University

of the program officers, such as Bob Schwartz of Pew, were leaders in making national policy and collaborated openly with state (and to a lesser degree federal) education officials, including the Council of Chief State School Officers and the National Governors Association. By the mid-1990s, however, the “systemic” movement had played itself out, because it could not be successfully implemented. At that point, most of the traditional large foundations abandoned their dedicated education programs and began their current adventure with strategic philanthropy, looking for quicker and more visible accomplishments.

It is interesting to put this development in the context of the earliest philanthropic foundations at the end of the nineteenth century. The origin of modern foundation philanthropy actually lies in the interests that the Slater and Jeanes Funds—and later

Julius Rosenwald, John D. Rockefeller Sr., and Andrew Carnegie—had in improving what they called “Negro” education in the South: building schools and training teachers to assist black children shut out of the rudimentary public education system in the United States’ most benighted region. These efforts to improve education encouraged philanthropists to consider what more they might do to improve other parts of society through philanthropic investment.

But as they created their new foundations, the philanthropists encountered a severe political backlash. The Walsh Commission federal hearings of 1915 alleged that the philanthropists were using their ill-gotten gains to subvert democratic public policy making. For roughly the next 50 years, foundations backed away from overtly supporting social policy. Then, in the mid-1960s, the Ford Foundation brazenly took an aggressive public stance on educational policy by supporting community control of schools in the Ocean Hill-Brownsville section of New York City. Congress once again took hostile notice, and the large foundations retreated to their customary caution in domestic social policy and began to support the sorts of timid reforms I mentioned at the outset of this essay.

That is the back-story behind the entirely new and highly visible efforts of some of the newest crop of large foundations to promote their own, coordinated reform effort. The leaders have been the Bill & Melinda Gates Foundation, the Eli and Edythe

Broad Foundation, and the Walton Family Foundation. These foundations have a strong view of what is wrong with public education and of what needs to be done about it. They support charter schools, high stakes testing, and common core standards, and they aim to prevent teacher unions from standing in the way of “progress.” They also have coordinated their programs in interesting and effective ways.

Combined—especially with the virtually limitless funds of the Gates Foundation—they have extraordinary sums available for investment. And they have been able to leverage them through their influence over US Secretary of Education Arne Duncan, who has for many years been on board with their K-12 reform agenda. When Duncan was CEO of Chicago Public Schools, he was supported by the Gates Foundation, and he has staffed his federal agency with former Gates education senior executives. Thus what we have now is a convergence of federal money (think Race to the Top) and foundations’ K-12 ideas.

This alliance represents an entirely new philanthropic impact on federal education policy, in an era in which for the first time it can be said that we actually have a federal policy with respect to the content of K-12 education. The foundations are vocal and open about their intentions. Their ties to federal, state, and local education bureaucracies have never been closer. They are attracting the support of smaller foundations, multiplying their own huge investment. They are creating new private-public infrastructure



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(charter schools, principals' academies), and they have the teachers' unions completely on the defensive.

I would find this a worrisome situation for public education even if I thought the education policies of the new large foundations were sound. But I do not. I find the brazenness, arrogance, and disregard for public decision making of current philanthropic attempts to influence federal policy just as dangerous to democracy as the critics of the original foundations contended so vociferously 100 years ago.

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FIFTY YEARS OF SOCIAL CHANGE

BY DR. LARRY BRILLIANT

I've been "doing" social change for 50 years. The tools and tactics have changed—from marching in the street to reaching out with social media—but the basic principles persist. Winning hearts and minds takes vision, leadership, clear goals powerfully communicated, innovative programs, and lots of people.

On November 5, 1962, the Reverend Martin Luther King Jr. visited the University of Michigan. It was a dramatic time. The world teetered on the brink of nuclear madness in the Cuban Missile Crisis. Federal troops were on patrol after the first black student was admitted to Ole Miss. And Bob Dylan was singing "A Hard Rain's a-Gonna Fall."

I was a solipsistic sophomore, locked in my own selfish bubble. But when the Rev. King spoke so powerfully that day of a life of service to social justice, a small group of us sat around him for hours, mesmerized. We all signed up for the cause. We marched in Selma, Ala. and Mississippi and Washington, D.C., for freedom, social change, and civil rights. We marched against secret wars in Southeast Asia.

At the time, social change, "the movement," was defined by protest. We had sit-ins and teach-ins. We joined an alphabet soup of civil rights organizations: CORE, SNCC, and NAACP. We learned to sit-in at the lunch counter at Woolworth's and absorb body blows without hitting back. In medical school, I joined the Medical Committee for Human Rights and was arrested marching with the Rev. King.

We won some and lost some, but we stopped the Vietnam War and passed the Voting and Civil Rights Acts. Few of us had the vision to perceive the global drama unfolding around the world in the same way that the Rev. King did when he said, "The arc of the moral universe is long, but it bends toward justice." We tilled our corner of the global garden.

Over time, however, social change organizations began to evolve. They were better run, best practices were shared, communities of excellence arose, and leadership was recognized. The most innovative leaders were christened "social entrepreneurs." People like Klaus and Hilde Schwab of the Schwab Foundation for Social Entrepreneurs, Bill Drayton of Ashoka, and Sally Osberg, who led our sister organization the Skoll Foundation, pioneered the field of social entrepreneurship.

Social entrepreneurs aren't traditional activists. They don't often drive millions of people to the streets, but they do seek to create social change that can scale up. Scale is what separates good from great, the well-intended from the truly transformative. I tasted the raw power of scale in marches in the 1960s, but working on the smallpox program in South Asia in the 1970s taught me the power of combining scale and focus. To eradicate smallpox, we had to find and contain every outbreak in the world, search every home for hidden disease. In India, we made more than 1 billion "house calls," with an army of 150,000 public health workers and volunteers. We didn't march against smallpox, but we put feet on the street to conquer this horrible disease.

In 1979, I co-founded the Seva Foundation to restore sight to poor blind people. Seva was social entrepreneurial before the term was widely known. Its innovative premise was that "appropriate technology" was technology that poor people could afford. By driving the price of a sight-restoring operation to (then) \$5, we could deliver service on a large scale to anyone in the world. Seva and our beloved partner, the Aravind Eye Hospital, have restored sight to more than 3 million people.

Social change is participatory. That's what makes it social. It has always required intellectual and moral catalysts. But lasting change happens by engaging and affecting large numbers of people. Today, scale comes from connectivity. With mobile phones, the



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—DR. LARRY BRILLIANT, Skoll Global Threats Fund

Internet, and social media, the tools of social change now allow us to reach billions of people.

When Steve Jobs started Apple, his views were informed by the 1960s; he wanted to bring "power to the people" by putting computing power on every desktop. Drayton likes to say "everyone a changemaker." I think of social change today as a little Bill Drayton mixed with a touch of Steve Jobs; a heady brew to scale up social change. Combining technology with changemakers drives change, whether we use mimeograph machines in the Civil Rights Movement or Twitter and Facebook in the Arab Spring.