I am continually struck by the profound wisdom underlying the American political experiment. The genius of our system is that much of the power to shape our future has wisely been distributed to the states instead of being confined to Washington.

Our best ideas have always come from state and local governments – which are the real hothouses of innovation in America.

On so many issues -- energy efficiency, mass transit, public safety, housing and economic development – it's the states that are often leading the way – sometimes with federal help and sometimes without.

Nowhere is this more true than in the field of education -- where dedicated practitioners in schools and districts and states are constantly finding new and better ways to educate our children and prepare them for the world.

When I was running Chicago's schools I knew that the federal government's role was to support our work – not to direct it or micro-manage it – but to encourage, reward and support the innovation and progress that was being made at the state and local level.

Now that I am in Washington, it's even clearer to me that education reform starts locally -- in classrooms, schools, districts and states – and my job is to help you succeed.

The call for higher standards is a perfect example.

It started with Governors like Jim Hunt and Roy Romer – who are both here tonight – as well as Richard Riley and Lamar Alexander – who have both been very helpful to me in these first few months.

So I am thrilled to be among the true education reformers who understand the stakes, want to see change and are determined to lift American education to a new level.
I'd like to start by saluting Jim Hunt and Roy Romer for their vision and courage on the issue of education reform. They challenged all of us to make education more than a political talking point or an empty slogan.

Governor Hunt called for common national standards when it wasn't politically popular. His institute has done important work with the National Research Council that shows that there is the political will to accomplish this task today.

Likewise, Roy Romer led the call for higher standards as a governor and as a superintendent. Throughout the 2008 election, he kept this issue in the national dialogue and we wouldn't have 46 states and three territories agreeing to adopt high common standards if it weren't for his hard work.

Again I want to thank you both for showing leadership on an issue that is critically important to our future.

Let me start by talking about the unique, historic and powerful opportunity we have to transform public education.

**Perfect Storm for Reform:**

- Obama effect
- Leadership on the Hill and the Unions
- Proven strategies for success
- The Recovery Act -- $100B

**State Fiscal Stabilization Update**

- As of last week, 31 states had received $24 billion in stabilization funds – and $11 billion more in Title I and IDEA funds.
- Several more states have their applications in and are close to being approved
- Urge governors to get their applications in by July 1
- Promise to turn around applications quickly. Currently taking about 10 calendar days.

We are working as fast as we can because we understand that states are hurting in the current economy. We know that you are struggling to balance budgets and we appreciate that you are working hard to protect schoolchildren.

I also appreciate that the primary focus of the Recovery Act is to save and create jobs and we're deeply grateful that states across America are helping save hundreds of thousands of teaching and other education-related jobs.

But if all we do is save jobs, we will miss this opportunity – which is why we are also using this recovery money to drive reform in four core areas. I'd like to talk about them.
It starts with robust data systems that track student achievement and teacher effectiveness – which I discussed in a speech to academic researchers last week.

We need to do a much better job of tracking students from Pre-K through college. Teachers need this data to better target instruction to students. Principals need to know which teachers are producing the biggest gains and which may need more help.

We also need to track teachers back to their colleges of education so we can challenge teacher-training programs to raise the bar.

There's a lot of money available in the Recovery Act to help improve our data systems and I want to work with you to put the very best technology at the service of educators.

The second area of reform is teacher and principal quality – which I will discuss in a speech to the NEA in July – but let me touch on it briefly.

Nothing is more important than getting great teachers into our classrooms and great principals into our schools. And there are millions of hard-working, dedicated teachers in schools all across America.

But there are many schools where the teaching staff has declined – either because of poor leadership or simply professional burnout. And there are also some new teachers who simply don't belong in the classroom. That's not unique to teaching. It's true in every field.

But we can't allow that to continue – and we need to work with our educational leadership to address this. We need to look much harder at recruiting, training and supporting our teachers and principals.

We also have to fix our method of evaluating teachers – which is basically broken.

A recent report by the New Teacher Project shows that 99% of teachers are all rated the same – and most teacher rating systems don't factor in student achievement.

Some states actually have laws creating a firewall between teacher evaluation and student achievement. This isn't fair to kids or to teachers. Worse yet, it's not honest.

How can you possibly talk about teacher quality without factoring in student achievement?

We also need to have an open mind on issues like alternative certification and incentive and performance pay.

I understand that teachers are concerned about the fairness of performance pay. I share those concerns – but I am confident that if we sit down with the unions – instead of forcing it on them - we can find ways to reward excellence in the classroom.
The third area of reform is turning around our lowest-performing schools – which I will discuss at greater length in a speech to charter advocates next week.

Last year, there were about 5000 schools in “restructuring” under NCLB. These schools have failed to make adequate yearly progress for at least five years in a row.

The children in these schools can’t wait for incremental reform. They need radical change right now – new leadership, new staff and a whole new educational approach.

We need to build more capacity to turn around these 5000 schools. Everyone needs to get in the game: charters, unions, districts, states, non-profits.

This is very hard work and very few people do it – but we have a moral obligation to save those kids.

States and districts need to step up and have the political courage to close failing schools and let others try. We have $3.5 billion dollars in Title I school improvement funds to support this work and another $1.5B in the 2010 budget.

We need leaders with the courage to do the right thing and we need educators with the energy and determination to take on the toughest challenge in public education.

That’s why our administration is pushing so hard to lift charter caps. We want new educational options for those communities. We want innovation to flourish – and where charters are doing well – there should not be barriers to growth.

Where they are not doing well, however, they should be held accountable. Many of you have great charter schools in your states. I have visited some of them.

But many of you have charter schools in your state that, frankly, are not getting the job done. If they are failing, they should close and the children should have another option.

I opened more than 70 charter schools in Chicago. I closed down three for academic failure and mismanagement. Every state needs to look hard at the quality of their charter schools.

I also think that we need to break through the dynamic that positions charters against unions.

Albert Shanker, the legendary union leader, was an early advocate of charters. The AFT represents something like 70 charters and the NEA represents another 40.

So we should stop fighting over charter caps and unite behind charter accountability.

The fourth and final area of reform called for in the Recovery Act is around higher standards and assessments.
We think that every state should set internationally benchmarked standards and assessments that prepare students for success in the workforce and college.

World-class standards are the foundation on which you will build your reforms.

Some state leaders have been telling us that for decades. I mentioned Governors Hunt and Romer earlier. There have been many others.

Gov. Barnes of Georgia and Gov. Tommy Thompson of Wisconsin led a bipartisan commission on changing NCLB. Fixing our patchwork of 50 state standards was a key part of their proposal.

Many other governors have been actively involved with Achieve over the years.

I want to thank Governor Pawlenty for taking a leadership role at Achieve right now, and also thank Governors Granholm, Carcieri, Rendell, Bredesen, Heineman, and Patrick.

Gene Wilhoit has made national standards his top priority as the executive director of the Council of Chief State School Officers. Thanks to his organization and the NGA – your hard work and leadership is paying off.

As I said before, 46 states and three territories have now committed to creating common internationally-benchmarked college and career-ready standards. And you deserve a big, big hand for that.

Creating common standards hasn’t always been popular. Right now, though, there’s a growing consensus that this is the right thing to do.

The list of supporters for this effort is long: The National Education Association, the American Federation of Teachers, the Council of the Great City Schools, and business leaders. From what I’ve heard on our listening tour, teachers in the classroom are supporting you as well.

Just last month, the U.S. Department of Education started asking for comments on policy issues through the Web site. Our first question was about raising standards.

The first response came from a woman named Michelle Wilson, who identified herself as a library media specialist.

She wrote: “I believe one of our country’s weakest points in education is that the level of standards differs for every state.”

Another woman wrote, “If all states followed the same standards then there would be less inequities for our students.”

I agree with them both. With higher standards that are common across states we can share best practices and collaborate on curricula.
We can learn together about how to improve teacher preparation and development so that far more teachers can help students master challenging standards.

This can accelerate all of your reform work.

It is especially important that this has started at the state level because some people will raise concerns that common standards across states will lead to federal over-reaching.

I am very sensitive to that issue. As I said before, I was a local educator before I came to Washington.

Education is a state and local issue. You pay 90 percent of the tab -- and our job is to support leaders like you.

So let’s be clear: this effort is being led by governors and chief state schools officers. This is your work and this is your agenda.

Federal law does not mandate national standards. It empowers states to decide what kids need to learn and how to measure it.

But common sense also tells you that kids in big cities like Newark and San Francisco – or small towns like Tarboro, North Carolina -- are no different from each other.

Standards shouldn’t change once you cross the Mississippi River or the Rocky Mountains. Kids competing for the same jobs should meet the same standards.

So – while this effort is being led at the state level – as it should be -- it is absolutely a national challenge – that we must meet together or we will compromise our future.

The President called on us to produce more college graduates than any other country in the world. We cannot reach that goal without your leadership and the commitment of educators all across America.

You’ve taken the first step. Your stated goals are “higher, clearer and fewer,” standards and I absolutely support your goals. The standards must be tied to the endpoint of making sure students are ready to succeed in college or in the workplace.

For too long, we’ve been lying to kids. We tell them they’re doing fine, give them good grades, and tell them they’re proficient on state tests that aren’t challenging.

Then they get to college and they’re put into remedial classes. Or they go into the workforce and find out that they don’t have the skills they need to succeed.

We need standards that will get them ready for the day after they graduate. That means they must be rigorous.
Today, our standards are too low – and the results on international tests show it. Worse yet, we see the signals in the international economy as more and more engineers, doctors, science and math PhD’s come from abroad.

You must resist the temptation to make these standards too easy. Our children deserve to graduate from high school prepared for college and the jobs of the future.

Your standards must be rigorous – and they also must be tightly focused on the most important things students need to know.

Right now, standards are too broad – covering 35 to 40 topics per subject in each grade as opposed to 15 or 20 standards in many high-performing countries.

Teachers scramble to cover everything – a little of this – a little of that – and not enough of what’s really important.

They can’t dig deeper on a challenging subject that excites their students. And students can’t master material when they are racing through it.

We must limit standards to the essential knowledge and skills our kids need so teachers can focus in depth on the most important things their kids should know.

And once these standards have been created – and reviewed by professionals in every state – I encourage you to adopt them.

That’s when everyone will know that you are serious. That’s when your leadership will be tested because people will push back.

The fact is -- higher standards will make some of your states look bad in the short term – because fewer students will be meeting them.

So I will work with you to ensure that your states will not be penalized for doing the right thing.

And in reauthorization of No Child Left Behind, the administration will work with you and with Congress to change the law so that it rewards states for raising standards instead of encouraging states to lower them.

I always give NCLB credit for exposing the achievement gap but the central flaw in the law is that it was too loose about the goals and too tight about how to get there.

As states come together around higher common standards, I want to flip it – and be tighter about the goals – but more flexible in how you can meet them.

I trust states and districts to find the way – and I don’t trust Washington to tell you how to do it. You have the ideas, the leadership, and the ability. I’m here to support you.
And then our next step is to work together to find a better way to measure success – and that brings me to the real point of this speech – which is the assessments.

Once new standards are set and adopted you need to create new tests that measure whether students are meeting those standards. Tonight -- I am announcing that the Obama administration will help pay for the costs of developing those tests.

As you know, we have $5 billion dollars in competitive grant funding under the Recovery Act to help advance these four reforms.

Congress carved out $650 million dollars for the What Works and Innovation fund – which is for districts and non-profits that are pushing reform.

The administration will dedicate up to $350 million in the remaining funds to help develop new assessments.

We haven’t worked out all the details yet – but in the coming months, we will develop an application process that supports this effort.

We need tests that measure whether students are mastering complex materials and can apply their knowledge in ways that show that they are ready for college and careers.

We need tests that go beyond multiple choice – and we know that these kinds of tests are expensive to develop. It will cost way too much if each state is doing this on its own.

Collaboration makes it possible for this to happen quickly and affordably.

Now, again – some people may claim that a commonly-created test is a threat to state control – but let’s remember who is in charge. You are. You will create these tests. You will drive the process. You will call the shots.

We just want tests that are aligned with your rigorous standards and accurately reflect what is happening in classroom so that teachers, parents and students can trust the results.

And we also encourage you to work together to develop benchmark tests so that teachers can understand how their students are doing during the school year and can target instruction accordingly.

This is a growth area for the testing industry, which may worry that assessments used across multiple states will be bad for business, even if it’s the right thing for kids.

However, it’s not my job to worry about their business. My job is to worry about kids and I know that our kids not only need to be challenged but they want to be challenged.

Everywhere I go – a Montana Indian reservation, a high school in Detroit, or a middle school in West Virginia – the kids are telling us – challenge me, push me, make me work – and I will do it.
And that means that higher standards will require more rigorous teaching and curricula – and that’s why the other three reforms are so important to our overall strategy.

But it all starts with you – raising the bar – raising expectations – and raising our sights. Before I finish, I want to talk about the Race to the Top fund. I explained that the Recovery Act provides $5 billion dollars in discretionary funding.

After the set-asides for the Innovation and What Works fund and the money for the new assessments, we will have $4 billion dollars for states to drive education reform.

This is your opportunity to be bold, creative, think big and push hard on the kind of reforms that we know will create fundamental change.

But this money will only go to states that are absolutely pushing reform in real and measurable ways – states where great educators are turning around our worst schools, meeting the highest standards and producing career and college-ready graduates.

We will ask tough questions around these four reform areas. We will ask you to show us how you will build a coherent strategy around these four reforms to produce a world-class education system – not just for some kids but for all kids.

States can also collaborate with each other or apply on their own.

In addition to evaluating your “Race to the Top” proposals, we will also consider how your other Recovery dollars are being invested because that’s also an opportunity to drive reform.

The draft application will go public in late July and be final by early fall. We will award grants in two rounds – the first one early next year and the second one in September of 2010.

States that lose the first time have a chance to win in the second round. But we must see real and meaningful change. You must eliminate barriers to innovation and create the best possible conditions for success.

We have invited education stakeholders across the spectrum to get involved and we encourage you to work with your districts – with educators – with non-profits and labor unions – to put together the very best application possible.

We have talked to leading foundations and they are eager to support your work so I urge you to reach out to them and draw on their expertise and resources.

There has never been this much money on the table and there may never be again. And there has never been a greater need.

With 30 percent of our kids dropping out of high school and millions of those in college struggling to achieve – we are falling dangerously behind other countries.
Improving education is not just a moral obligation of society. It’s not just an economic imperative. It’s the civil rights issue of our generation – the only sure path out of poverty and the only way to achieve the vision of equality spelled out by our founders.

As we look to the years ahead, we will continue to look to the governors and state education chiefs for leadership and innovation.

We will continue to find more ways to support your work on behalf of children. We will continue to do everything in our power to fulfill your collective vision of great schools producing great citizens, great thinkers and great doers.

Today, perhaps for the first time, we have enough money to really make a difference. We have proven strategies for success in schools all across America.

The only question is whether we have the political courage – the will to make the tough choices that are right for kids.

At the end of the day, this comes down to leadership – partly in Washington – but mostly in state capitals all across America.

This is where reform will play out. It will filter up from classrooms and schools, districts and localities – but then it will arrive on your desks.

And when it does, I urge you to remember that the truest measure of a society’s worth is whether it offers all of our children the opportunity to go where they want to go – do what they want to do – and fulfill their dreams.

This is the promise of education.

This is my promise. This is your promise. This is the American promise.

Thank you.