May 8, 2012

Members of the Oregon Education Investment Board,

Three decades ago, I never thought I would have left my profession to become a full-time unpaid activist.

Education, like health care has undergone tremendous changes in this same time because of perverse market forces. Stanford professor Linda Darling-Hammond recognizes the role of poverty, but she also milks a cash cow. She's senior research advisor to the SBAC consortium[1] and, collaborating with Pearson Education Company[2], helped develop the Teacher Performance Assessment.[3]

> *The idea that a handful of college instructors and student teachers in the school of education at the University of Massachusetts could slow the corporatization of public education in America is both quaint and ridiculous.*

Corporatization of public education.
The question is whether the quaint and ridiculous concept of free speech still exists. With commodities, the currency is money.

A "free" market creates bubbles. Many believe that is happening with the student loan crisis. So who is helping blow this bubble?

- The billionaire boys
- The non-profit private foundations
- The conveners of corporations, law and policy makers
- The enablers

The billionaire boys, as Diane Ravitch would call them, include people like Bill Gates, and the Walton family—people who have made their fortunes in the last century, on a nation of consumers. It also includes people like Warren Buffet, who has made his money from investments. The latter includes private equity and hedge fund managers who made billions betting against America in anticipation of the current depression.[4]

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[1] http://www.smarterbalanced.org/about/smarter-balanced-staff/
[2] http://www.nytimes.com/2012/05/07/education/new-procedure-for-teaching-license-draws-protest.html?_r=4&src=rechp
[3] http://ed.stanford.edu/news/stanford-and-pearson-collaborate-deliver-teacher-performance-assessment
[4] http://www.washingtonpost.com/opinions/the-speed-read-paul-krugmans-end-this-depression-now/2012/05/04/gIQALJl31T_story.html "The best way to think about this continued slump, I'd argue, is to accept the fact that we're in a depression,"

Vast wealth is a golden opportunity for the billionaire boys, many of whom set up private foundations. In times when the public coffers are more replete, non-profit foundations help stitch safety nets tighter. This is far from the truth now.

With over $37 billion, the private non-profit Gates Foundation is at the top of the heap of U.S. grantmaking foundations.[5] 990 and 990PF forms can be downloaded from the Foundation Center.[6]

#1 Bill & Melinda Gates Foundation $36,787,952,117
#57 Lumina Foundation for Education, Inc. 1,156,840,104
American Legislative Exchange Council (ALEC)[7] $4,047,129.
Pearson Charitable Foundation,[8] $2,463,340

Private foundations, like Gates and Lumina, are generally not allowed to lobby.[9] ALEC and Pearson Charitable Foundations are *not* private foundations. Pearson Charitable Foundation is company-sponsored foundation is described as an "Organization that normally receives a substantial part of its support from a governmental unit or from the general public."

With Common Cause filing a lawsuit against ALEC[10], more people are criticizing their ability to convene corporate leaders and state lawmakers to write model legislation. How can ALEC claim non-profit status?

But ALEC is not the only convener of corporate and policy/law makers. The Council on Chief State School Officers and National Governors Association are nonprofits that have national impact on school reforms. The CCSSO has corporate partners;[11] the NGA has corporate fellows.[12] In 2007, the NGA established a public-private partnership award to recognize the "NGA Corporate Fellow companies that have partnered with a state to implement a program, project or service that positively impacts its citizens."[13]

While state dues[14] support the Western Interstate Commission of Higher Education (WICHE), the Gates foundation funded an influential conference to create a multi-state

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[5] http://foundationcenter.org/findfunders/topfunders/top100assets.html
[6] http://foundationcenter.org/
[7] http://dynamodata.fdncenter.org/990_pdf_archive/520/520140979/520140979_201012_990.pdf
[8] http://dynamodata.fdncenter.org/990s/990search/ffindershow.cgi?id=PEAR440
[9] http://assets.opencrs.com/rpts/96-809_20080507.pdf
[10] http://www.motherjones.com/mojo/2012/04/alec-tax-lawsuit-common-cause
[11] http://www.ccsso.org/Who_We_Are/Business_and_Industry_Partnerships/Corporate_Partners.html
[12] http://www.nga.org/cms/cflist
[13] http://www.nga.org/cms/CFPublicPrivate
[14] http://www.wiche.edu/askWICHE The 15 member states pay equally apportioned dues; annual dues for FY 2010 are $125,000.

longitudinal exchange.[15] Lumina funded a four-year collaboration between WICHE and the National Conference of State Legislatures[16] "that yielded many important lessons and insights about financial aid and financing policies in the states."

Lumina funds research for the Center for Law And Social Policy (CLASP) and National Center for Higher Education Management Systems (NCHEMS).[17] CLASP and NCHEMS collaborated to create a dashboard for states to calculate the "economic value of increasing college credentials by 2025. Click on Oregon; then click on the "Oregon Return on Investment dashboard tool."[18]

Lumina Foundation for Education is written about on the ALEC Exposed website.[19] Like other knowledge brokers of the knowledge economy (eg Gates, Packard and Dell), they have connections to industry that benefits from leveraging human capital. Lumina is a "conversion foundation," which formed after USA Group Inc. sold most of its assets to Sallie Mae.[20]

Lumina's Goal 2025[21] serves Sallie Mae well.
To increase the proportion of Americans with high-quality degrees and credentials to 60 percent by the year 2025

The 40/40/20 plan serves Lumina, Sallie Mae, Pearson and Gates (and other billionaires) even better.

The student loan bubble will burst if enablers in power inflate any larger.

Kris Alman

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[15] http://www.wiche.edu/longitudinalDataExchange
[16] http://www.wiche.edu/gwypf
[17] http://www.luminafoundation. org/lumina_grants/center_for_ law_and_social_policy/ http://www.luminafoundation.org/tag/nchems/
[18] http://www.clasp.org/resources_and_publications/flash/CPES%20ROI%20Tool/Oregon.swf
[19] http://www.sourcewatch.org/ index.php?title=Lumina_ Foundation_for_Education#Ties_ to_the_American_Legislative_ Exchange_Council
[20] http://www.luminafoundation.org/about_us/financials.html From the Ground Up 2.9M | 115 pages *Most of USA Group's staff went to Sallie Mae, along with business operations, equipment and real estate. USA funds, excluded from the sale for legal reasons, remained as an independent, nonprofit guarator. USA Group, while retaining its nonprofit status, converted its tax-exempt classification from 'public charity' to 'foundation.' Boards for both organizations restructured. Most of USA Group's board members stayed with the foundation, and they were joined by four previous members of the Student Loan Marketing Association,an SLM subsidiary. SLM's board added two USA Group board members.*
[21] http://www.luminafoundation.org/goal_2025.html