

WRITTEN TESTIMONY OF CHARLES T. HARRIS III
BEFORE THE
COMMITTEE ON EDUCATION AND LABOR
OF THE
U.S. HOUSE OF REPRESENTATIVES

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Introduction:

Mr. Chairman and Members of the Committee, thank you for this opportunity to testify before you today concerning the vital importance of the reauthorization of the Elementary and Secondary Education Act, better known as the No Child Left Behind Act.

Background

A brief introduction of my background may provide some helpful context for my testimony today. I am not an educator by training or practice. I spent the bulk of my career as a corporate finance partner at Goldman Sachs, where I arranged financings and mergers and acquisitions for a large number of corporations across a wide array of industries, and where I served as a leader of the firmwide committee that assessed the risks and rewards of specific underwriting transactions. Over the years I have been active as a philanthropist in the field of education, and in 2002 I decided to invest my time as well in pursuit of the improvement of educational opportunity and practices, with advice and input from a number of highly regarded foundations and individual philanthropists. This work led my Goldman Sachs partner Bob Steel (currently serving as Under Secretary of the Treasury for Domestic Finance) and me to found a nonprofit financing organization called SeaChange Capital Partners.

SeaChange and “Bringing Success to Scale”

The mission of SeaChange Capital Partners is straightforward: while there are many innovative and effective ventures in education, they lack the funding to grow to a scale where they can significantly impact the landscape of American education. We intend to serve as a matchmaker between selected, proven nonprofit programs and the ample and growing philanthropic resources of the nation. We will identify the programs, perform in-depth due diligence and work with management to market the programs to a nationwide philanthropic network, arranging multi-million dollar, multi-year rounds of financing to fuel their growth, in the same manner that outstanding business organizations finance their expansion. Numerous studies have shown that the cost of financing in the nonprofit sector far exceeds the cost in the for-profit sector. We believe that by

adapting financing techniques from the for-profit sector, as appropriate, to the social sector, we can realize real efficiencies. Our plan is, over the next five years, to arrange \$400 million in growth capital financing at a cost much lower than is generally the case for nonprofits. Goldman Sachs has agreed to provide a meaningful portion of our startup capital and to support us with human capital as well. I'm also pleased to report that we are not alone in this effort; the private sector has recognized the growth capital problem.

Our purpose is exactly the same as the "Bringing Success to Scale" concept in the draft legislation: to assist the most effective programs in reaching many more of our young people. In so doing we are not speculating, rather we are doing intensive research to find the organizations that have talented management teams, compelling results in their work to date, a commitment to measuring what they do and adjusting their work based on data, and well-crafted strategies for growth. The mechanisms to evaluate impact on academic achievement already exist. I believe it is critical for the federal government and the private sector to collaborate to identify what works and to bring the substantial financial resources required to the table.

College Enrollment Rates as a Measure of High School Success

As a person who spent his business career using data to measure progress and make decisions, I do not think that we should abandon the useful standardized assessments that NCLB has put in place at the state level. However, through my work with a national organization based here in Washington, College Summit, I have seen first hand how a commitment to tracking the college enrollment rates of graduating seniors in high schools in low-income communities, combined with programming to build the schools' capacity to assist these students in the transition from grade 12 to 13, is succeeding in significantly enhancing college-going in these communities. Since high school graduation cannot be considered an end unto itself in today's hypercompetitive economy, I believe the federal government should consider a school's trend in college enrollment an important supplemental measure of adequate yearly progress in that school, as set forth in the draft NCLB legislation. As with other measures of progress, we see that superintendents and principals are successful in meeting goals for which they are held accountable and for which the data is made public.

Closing

Thank you for inviting me to testify today. I hope that my perspective will help persuade you of the importance of supporting "Bringing Success to Scale" as a way to spread effective practices in public education, and of the advisability of adding college enrollment as an additional measure of a high school's success.