

The Value of Education

An Interview with Rick Rieder,
Managing Director and Chief Investment Officer of Fundamental Fixed Income, BlackRock

EDITORS' NOTE Rick Rieder also serves as head of BlackRock's Corporate Credit and Multi-Sector and Mortgage Groups. He is a member of BlackRock's Fixed Income Executive Committee and a member of the firm-wide Leadership and Capital Committees. Prior to assuming his current role in 2010, Rieder was BlackRock's Deputy Chief Investment Officer of Fixed Income, Fundamental Portfolios, and Head of its Global Credit Business and Credit Strategies. Before joining BlackRock



Rick Rieder

in 2009, he was Founder, President, and Chief Executive Officer of R3 Capital Partners. He has also served as Vice Chairman and member of the Borrowing Committee of the U.S. Treasury. From 1987 to 2008, he was with Lehman Brothers, most recently as Head of the firm's Global Principal Strategies team and Credit Businesses, including Investment Grade Corporate Debt, Emerging Market Debt, Credit Hybrids, Money Markets, and Structured Products. Before joining Lehman Brothers, Rieder was a credit analyst at SunTrust Bank in Atlanta. Rieder is a member of the board of Emory University and Emory's Business School, as well as the university's Investment (endowment) Committee, and is the Vice Chairman of the Finance Committee. He also serves as Chairman of the Board of the North Star Academy Charter Public School System in Newark, New Jersey; Founder and Chairman of the Board of Graduation Generation-Atlanta; a member of the National Board for the Communities in Schools Educational Foundation; a member of the Board of Big Brothers/Big Sisters of Newark and Essex County; a member of the Board of the Newark Youth Foundation; and a member of the Committee for the Center for Celiac Research at the University of Maryland. Rieder earned a BBA degree in business from Emory University in 1983 and an M.B.A. degree from The Wharton School of the University of Pennsylvania in 1987.

COMPANY BRIEF BlackRock (www.blackrock.com) is a leader in investment management, risk management, and advisory services for institutional and retail clients worldwide. On December 31, 2011, BlackRock's assets under management was \$3.513 trillion. BlackRock offers products that span the risk spectrum to meet clients' needs, including active, enhanced and index strategies across markets and asset classes. Products are offered in a variety of structures including separate accounts, mutual

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You have placed a major emphasis on education in your philanthropic efforts. Why that area of focus?

In the business world, I see how tremendously valuable education is to people, in terms of both helping them succeed professionally and in advancing their business' aims. Many kids in urban communities are just as talented as those in suburban communities, but they don't get the same chance to access quality education.

Educational disparity is becoming a crisis in this country and has reached the point where the unemployment rate for young people, particularly those without a high school education, has surged to troubling levels. It's an injustice that people in urban centers aren't getting the same educational opportunities. A lot of businesses around this country are doing an effective job of promoting equality, but if we start younger, we will be able to present people with an equal opportunity to grow and succeed for years and into their business lives.

What have you seen specific to the efforts in Newark and the type of transformation happening within the education sector?

I got involved in Newark 12 years ago and now chair the board of North Star Academy Charter Public School System, which will be 10 schools in September. There have been a number of great people developing an entire process in Newark geared towards the opportunity for kids to succeed. While Mayor Cory Booker has unequivocally been driving this process, there have been a number of other people in the city supporting these and other initiatives, and money has been coming in alongside of this to create an impressive foundation for the kids of this city. There has been a real shoulder put behind creating success for kids that has been extraordinarily powerful and is only going to keep growing.

How important is it to track the impact of those philanthropic efforts?

Impact assessment is vital, no question about it. In fact, the director at North Star wrote a book called *Driven by Data*, and our entire system of performance metrics is now being tested and may be implemented throughout much of the Newark school system. It is based on a dashboard analysis and evaluation of where kids are doing well and where they're not. It's driven by data and analytics geared towards helping educators determine how effective their programs are. It is becoming an accepted fact in urban education that data assessment is instrumental in promoting sustainable, consistent success for kids.

At North Star, because of our consistent principles and methodology, and regular and consistent data analysis, our new schools meet the standards of our long-standing schools early on, and at times, can exceed them. It is that process that makes serving more kids repeatable, and makes good teachers great, and ultimately creates school leaders and principals for new schools.

How do you characterize the importance of this issue to the future of the U.S.?

It's one of our most pressing social and economic issues, in my view, but it's also a place where you can make a discernible impact. The most fun you can have in life is taking on new initiatives that create real change in the community. At no time in history have we had a greater need to do this while having a set of political leaders today with whom you have a chance to make some real change, and we're seeing it in action today.

When you look at the amount of time kids spend in school in the U.S. compared to other parts of the world like Asia, you see a growing and concerning gap building. Not only are kids spending less time in school, but we're losing the future for many of our kids who don't graduate from high school, go on to college, or go on to get the right technical expertise for later employment. Trying to fix this is not just the right thing to do; it's economically compelling as it is much of the reason why the U.S. economy is falling behind many parts of the world today.

From a social perspective, people with no high school education are three-and-a-half times more likely to commit a crime than those with at least a partial college education. So the commercial and social dynamic of these efforts can be extremely powerful, and an investment in well-run, effective, educational programs will be important in determining what the U.S. looks like in 20 years. ●