

Provost Harry Hellenbrand closing remarks and the January 2011, Faculty Retreat.

[Please note that the first part of the speech was not captured due to a problem with the recorder.]

SLIDE #1

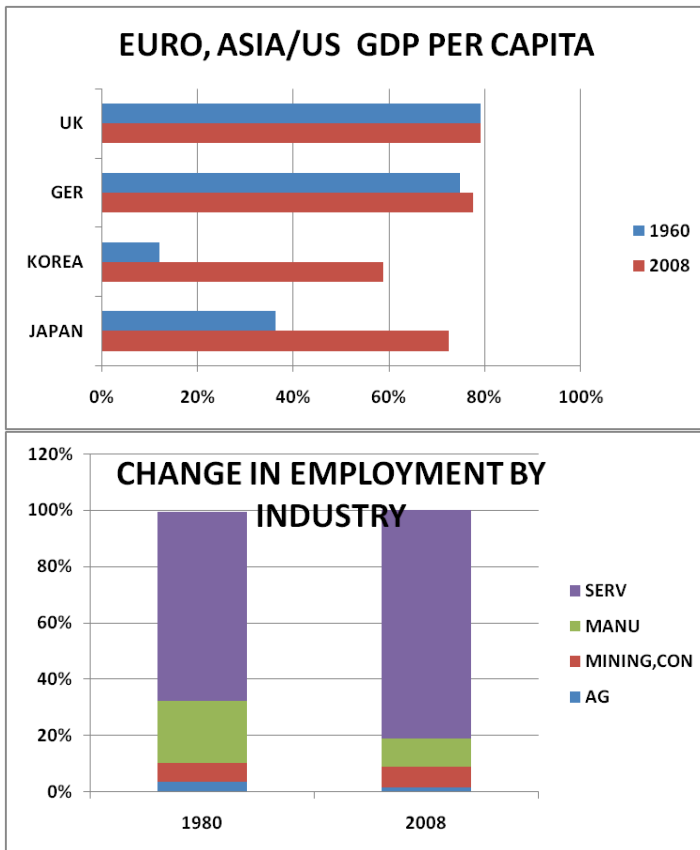


SLIDE #2 “The Pass We Are In”

.....so ideally, what we want to do is to get down to the [Inaudible] smoothly. But the **pass** that we were in. And let's talk about that. And this is going to be talked about right now in the terms that economists talk about it today, because they're dominating the debate. And you might want to talk about that a little bit later on.

SLIDE #3

1. INTERNATIONAL CONVERGENCE
2. THE LCD OF GLOBALIZATION
3. THE IMPERATIVE FOR INNOVATION
4. THE AMBIVALENCE OF EDUCATION
5. THE LIQUEFACTION OF THE STATE
6. THE META-MARKET AND INVESTMENT
7. WHAT ROLE, WHAT FUNDING



First, we talked about international convergence. It's becoming harder for America to maintain its economic superiority – because while - don't worry about the slide - this is just to prove to you that I've got evidence for what I'm going to say [laugh] What you find is that when you look at GDP per capita, we've been holding on to Europe. When you compare us to Asian countries, like Korea and Japan, they've made some great strides over the last number of years. And that competitive gap is closing economically between us and others. [00:53]

And we have what I call the LCD of globalization, which is, when you take a look at the American economy over the last 25 years, we've been losing a lot of stable jobs in manufacturing because they've been going abroad, and we've been losing a lot of union jobs and a lot of stable wages for people, and that's become a big issue. In fact, in the United States, when you took a look at national income over the

past 25 years, you see that college graduates makes so much more than people of young graduate college. But it's not because college graduating has been rising, it's because high school graduation income has been falling. [01:30]

And the argument is, that when we lose these good jobs abroad, what we must do is follow the imperative for innovation. That our plus, if we would have it, would be to get out in front and create a design, create an engineering, leadership, and imaginative professions so we can professionalize and get at the front end of industries, rather than being at the back end and losing them. [01:57]

The problem is you run into the ambivalence of higher education and the ambivalence of education internally. We don't want to be told what to do. So we want to become more competitive with the world and follow this imperative innovation but higher education rebels against the idea. So we have to train people for careers that work for global skills. And I will be able to show that to you later. And one of our big problems of this country is that we're out of sync with public policy. [02:22]

And at the same time, the state is being what I call liquefied. The market forces are asking for the state to be deregularized, but we're buying off state properties. We're selling off state goods. We're reducing taxes. So the ability to help higher education is going to be decreasing. [2:40]

And the meta-market in investment. Today, if you were to ask people what would they rather spend their money on, a house or higher education for their kid, they would stop and think. Ten years ago, that wasn't even a question then people would spend a minute asking. This is an economy and culture-based on short-term return. When you're investing in higher education, you're looking for a return that will come out in 20 years down the line, or something like that. It's hard to convince you but that's a good, when they can invest their money in a house and make and flip it in a week or two. That's a big issue.

And the question then becomes what role and what funding? What role do we fill? Probably reconcile our differences with public policy what funding can we see. [3:23]

SLIDE #4

	GDP TR	GDP%	R/D	TERT
United States	\$14.62	3	2	37
China	\$5.75	10	0	4
Japan	\$5.39	3	3	34
Germany	\$3.31	3	2	23
France	\$2.56	3	1	23
UK	\$2.26	1	1	26
Italy	\$2.04	2	1	10
Brazil	\$2.02	7	1	
Canada	\$1.56	3	2	42
Russia	\$1.48	4	2	20
India	\$1.43	8	1	7
Spain	\$1.38	-1	1	
Australia	\$1.22	3	2	29
Mexico	\$1.00	5	0	10
Korea, South	\$0.99	6	3	28

NON US AV	\$2.31	4.07	1.43	21.33
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Now, one more slide on GDP stuff. Because another issue that economists look at, China, for instance, has a GDP of 5.75 trillion bucks; that's about one-third of the United States, who is at the top, but the growth rate is 10 percent; and tertiary, university education is at 4 percent. Well, that tertiary education is increasing quickly each year. And the issue becomes when you look at China and you look at India and you look at Asia, is they become more competitive, as they bring more people to higher education. But what role does it leave for America and the United States and its global productiveness and competitiveness? And the issue is it's scary when people look out 20 years of this stuff internationally and they look at the global data. [04:11]

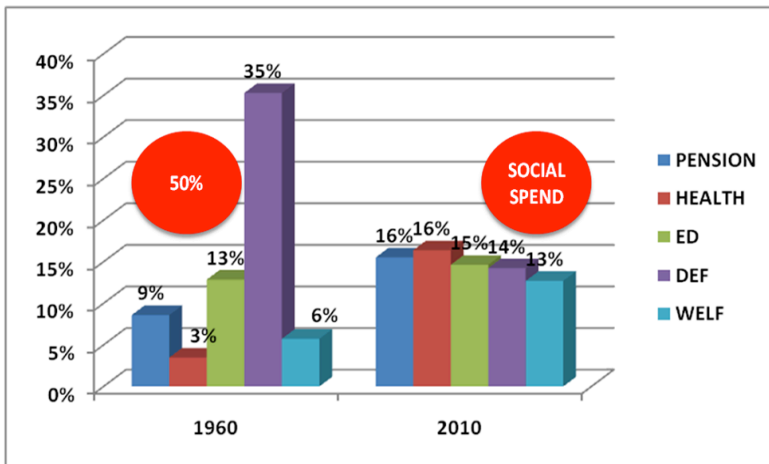
SLIDE #5 “Public and Private Priorities”

Now how do we prioritize things right now? Where do we want to spend our money in the United States? And are these valuable things we spend it on? I'm going to try to say these things without too much of value judgment. [04:25]

SLIDE #6

50 YEARS—DEFINING GENERAL WELFARE THROUGH PUBLIC SPENDING

TO WHAT DEGREE DO WE VALUE EDUCATION?

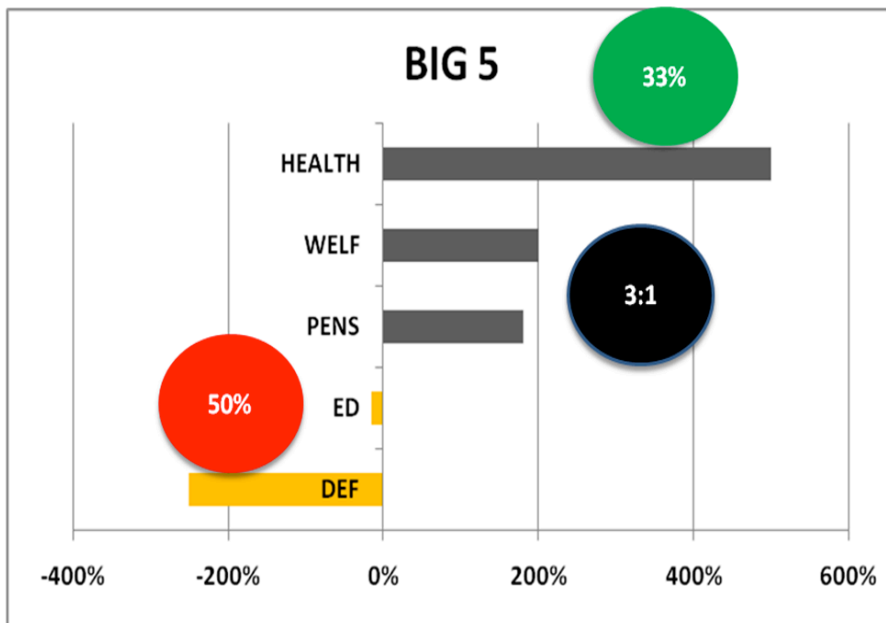


Now, if you'd ask people how our priorities have changed over the last 50 years, odds are that they probably wouldn't quite understand what's been going on. If you go back 50 years ago, you'll see in 1960 -- and this is all public spending in the United States, -- local, state, and federal. We spend about 13 percent of our total budget on education and about 35 percent on defense, because this is the beginning of the ending phase of the Cold War period of time. If you look at 2010, you can see what the differences have been. Defense spending has gone down tremendously; education spending has gone down slightly; but pension spending has gone up by 200 percent; health spending has gone up by 3 to 500 percent; welfare spending has gone up by 200 percent, at least. We've moved into an economy where we have become a social democracy. And I'm not saying this is a good or bad thing, but the issue

is not that -- really to increase the size of the prison system, and it's not to really -- is damaging higher education funding or education funding in the United States; it's how our priorities have changed. [5:33]

Yes there has been a premier and a funding game, from the lowering of the defense budget, but no, it hasn't gone into higher education, it's gone to social spending. And this is an important issue to bear in mind because it runs flat into the values that we can find, if we're looking for more different spending or we want to re-orient American culture. The 50 percent sign is up there, because, historically as you go back through the American history, the federal government spent mainly on defense, and the states spent mainly on education, to the tune of 50 percent on each. And we've got now -- we've moved into a stage, is quite different from our historical past. So when you argue for more federal funding on education, you're arguing against the legacy of history in the United States and the legacy of how money has been spent and the tracks that we've laid down. [06:22]

SLIDE #7



Now, the next chart makes this a little clearer. Here, we look at the big five categories, what I'm calling the big five. Since 1960, you can see their health spending has increased by 500 percent; welfare spending by 200 percent; pension spending by merely 200; education has gone down slightly, and defense spending has gone down a great deal. [6:43]

And now, this is a proportion of the universal budget. It's not in terms of raw dollars or current dollars. It's in terms of the proportion of the budget. Obviously, these categories, when you look at real dollar terms, defense spending has gone up. At least, proportion of the budget, it is not. And there are values hitting in these things. And let me try to make them clear to you.

Defense spending is very high, historically. It's gone down tremendously, but we still spend 50 percent more than our international peers on defense spending. There's a proportion of the total budget. The world average is about 2.7 percent. We spend 4.1 percent. If you take a look at pension, welfare, and

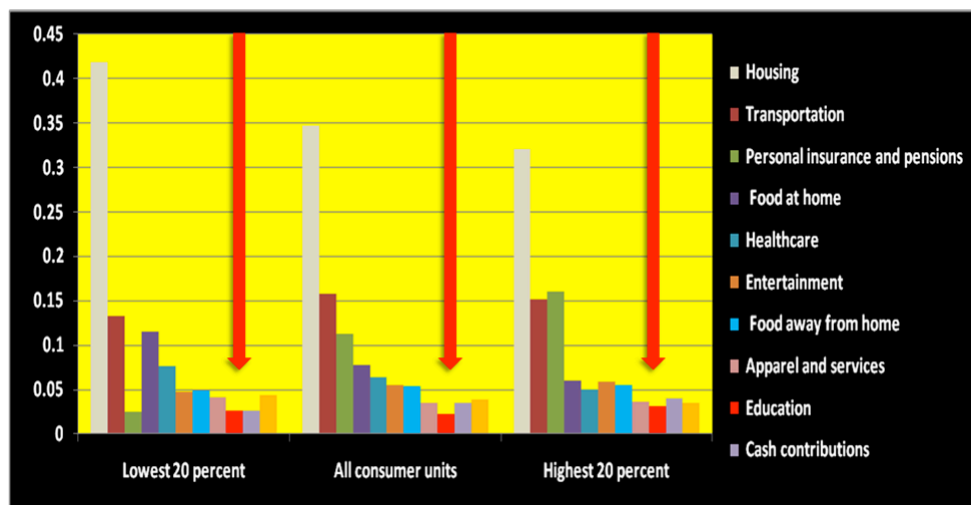
health spending, and you break down the budget a little closer, you'll see that buried in that is something that's very interesting. In the United States, we spend three times as much on people over 65 years old than we do on people under 18. Now, 18 percent of the population is 25 percent and over 65 percent, the size of this population is about 12 percent. That's a value choice. [7:48]

So social spending over the last 40 or 50 years has meant that we are transferring money, and this is not a criticism, but to the indigent and to the elderly within the same generation that belonged to them. We've de-prioritized funding, transfer of funds from the older to the young. That's a value judgment that's been built into our budget in the last 25 to 30 to 40 or 50 years, and we have to decide if that's what we want, because that's what we're doing right now. [8:18]

And healthcare funding is 33 percent higher as a percentage of GDP than you're finding in other countries and the developed world. These are all the choices that have been built into our culture, at some point in time. I don't know if you've ever reflected about them or thought about them, but that's how the dollars are laid out. [8:36]

SLIDE #8

DEFINING HAPPINESS THROUGH HOUSEHOLD SPENDING



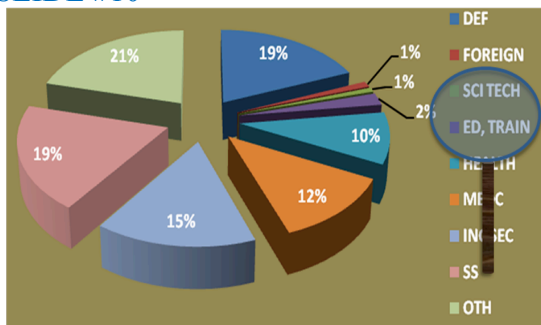
Now, let's take a look at consumer spending on the private side. And see if you can find how much we spend on education in this chart. Let me help you. [laugh] It's less than anything else. We spend more on housing, more on transportation, more on personal insurance, more on food at home, more on healthcare, more on entertainment, more on food away from home, more on apparel, and the only thing we not only you need and more on contributions than we do on education for households in the United States. It's a pretty remarkable statement. [9:12]

And that holds true across the classes, basically. We spend the most on homes and household furnishings. I'll come back to that later on. And I should ask Americans what the road to happiness is, and they might tell you it's education but I think we're on to something else. But it is basically getting in the Hummer and going out to eat. That's the road to happiness in the United States [Laughter]. Now, that's a severe value judgment in some ways, but when you look at that chart and you take a look at disposable income, you have to wonder, what's the issue at this point. Is there really no capacity on the private side to pay for more education costs in the United States than we currently do? And I wonder about that. And I also wonder why we've decided to spend 40 percent of our household income on housing in the United States. You might want to think of what the implications of the ownership society has been. And those are the things that we need to question and think about these in some ways. [10:08]

SLIDE #9 “Fed Priorities”

Now, the federal priorities are important to bear in mind because they tell us about history and the future.

SLIDE #10



1. RE-ORIENTATION SINCE '60
2. TRANSFER OF WEALTH
3. ED IS STATE/LCL
4. AT FED LEVEL ONLY STUDENT AID IN PERMANENT BUDGET; 63%....
5. OVERALL, ED SHARE STEADY BUT LOW

What I've got here is a pie chart that gives you the federal budget, not as it's laid out in the federal budget, but the federal budget as it's actually spent. And if you go into the agencies and find out what they're spending on, they're probably going to agriculture and find out that they're providing military sources of food for the troops, that military spending for me. You find out that about 19 percent of our federal budget is spent on the military, which you'd expect. And then you decide, well let's see how much we're investing in the future, and that would be education and research; but it's under the magnifying glass here because you need a magnifying glass to find it. It's about 3 percent total. [10:52]

Science, technology funding for research is 1 percent of the budget, education and training is 2 percent of the federal budget. And that's not unusual, that's the way it's been historically in the United States. And 62 percent of this budget, at the federal levels, are already fixed by law in entitlements that can't be revoked; so the chance of making a big impact on the federal budget is slim. But we can talk a little bit more about this in the next slide. But if you take a look at the spending, what it tells you is the

following: One, there's been a real reorientation of the overall budget since 1960. We've moved away from defense, and education is being our major priorities, to a more equivalent expense, social budget, that emphasizes the transfer of wealth within the generation to the elderly and indigent. I'm not saying that's a bad thing but it's got implications for education, generally. [11:50]

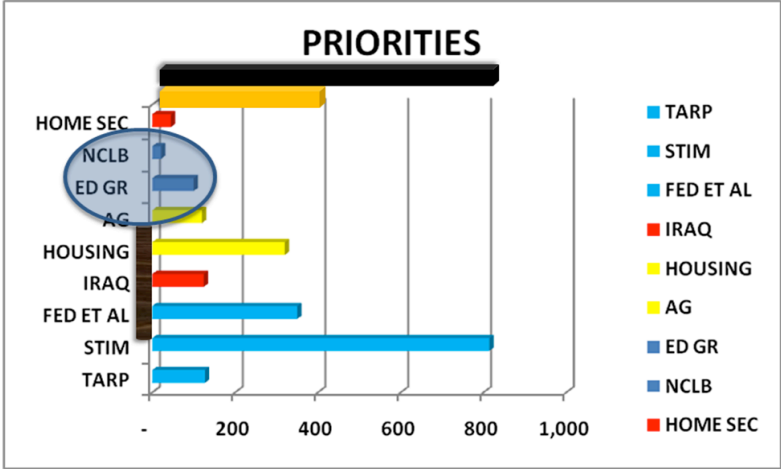
Second piece is that, well, I just talked about the transfer overall issues; so I won't repeat that. And long-standing issue in the United States has been education funding, has been largely at state oriented and locally oriented and not federally oriented. If you take a look at the budget that I've got up here for ed and training, about half of that, or maybe even closer to 60 percent of it is grant money, that goes not to states and not to schools but directly to individuals, who then use the money to go to schools to transfer funds to individuals, and not to the states. So the federal involvement in education funding at the K-12 and the higher education level has been low for a number of years, because going back 300 years, we've receded that power and their responsibility to the states and localities. [12:38]

If you go back to the Northwest Ordinance since 1786, and the feds authorized that certain districts be sold off, and the new lands, to be reserved for the states and localities to fund schools in the Morel Act of 1862; that's because we didn't want federal system schools in the United States. We wanted local control. So if you want local and state control, but you want state funding, we go against the greater American history, where you can track them and lay down your funding, and so far, it's an uphill battle to fight. [13:08]

And as I mentioned, at the federal level, it's mainly student aid that's in the permanent budget. And if you go into the federal budget and you look at the permanent versus the temporary or the discretionary, you'll find that the Pell-grants are not in the permanent budget in the United States. But if you go in and look for the NCLB funding, that's in discretionary funding in the United States. It's up for grabs each year. So the only money that's permanently in the federal budget for education is the stuff that goes to grants and individuals. And you might want to remember when you look at federal priorities, that the Department of Education is 30 years old. It was set up in 1980. That's a new priority for the federal government in some ways. Overall, the I-Chart hasn't been studied but rather loved. [13:52]

SLIDE #11

THE ELASTICITY AND SPECIFICITY OF SUBSIDY



Okay. Now, another way to get at this is looking at -- and discuss the specificity and elasticity of subsidies. What do we subsidize? And why permanently? And where do we subsidize? And why, in crises? [14:16]

The yellow gives you what you subsidize in agriculture and housing. Agriculture supports one and a half percent of the United States workforce population, but it attracts close to \$150 billion in subsidies each year. Housing attracts -- I have here \$250 billion in subsidies each year. You actually double that, because what I have left out of this is the mortgage interest discount that you all get. So we have made a decision in the United States. And it's a value decision to keep agriculture, quote, independent, and to make this an ownership society that has extended housing development of everyone and home ownership. That's not fair by right of nature. That's there by political and cultural choice that we've made. We've made it significantly a disadvantage of education in the United States, historically. [15:04]

Let me give you two examples of that. We've decided that we're going to provide \$250 billion in housing subsidy and discounts. But if you take a look at the education grants that are available, that's about one-third as much as we've decided to go to housing. And if you take a look at NCLB, that's \$21 billion, but it's permanentizing in the discretionary budget for that piece. [15:29]

So those are value judgments. Going back to the eighteenth century, you've got your property ownership and agricultural independence. You value that more than our educational dollars at the federal level. That's a long-standing cultural value. If you want to challenge and get more education funding, we have to challenge our value and get an argument for it. [15:48]

And when you take a look at what we actually spend subsidy money on and how much of crises, you see Homeland Security and the Iraq War. They've been averaging about, oh, \$180 billion a year up to about \$750 billion total, so far, and then, again, it's obviously more than we do in NCLB and education grants. If you take a look at the federal stimulus money, you can see what we spend on federal stimulus. The top monies and the other funds, to get us out of the current economic crisis, that's because the federal government sees its priority as being defense; the amendments of currency, and economic solvency. [16:25]

So education crisis is important, but it gets funded at one, one-hundredth the amount of money that you pour into these other sorts of things. You go back over 50 years, and what have we poured money into the federal level and to education? Two moments in time come to pass. [16:41]

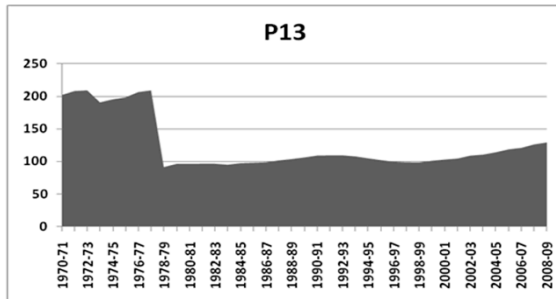
[Pause]

The GI Bill, which is, if you convert it into equivalent dollars today or the amount to the equivalent of what we spend on the federal stimulus funds right now and the National Defense Education Act in 1958 to 1959, often times, it comes down to the Sputnik Act, and when you decide to put money into higher education to be globally competitive with the Soviet Union and the Cold War world. So when funding was associated with military spending or for people coming out of the war or it's associated with keeping us militarily competitive, it became a federal priority. If it's not associated with those things, history tells us it does not become a federal priority of the United States. We can cry and we can whine and we can yell. Until we make that argument, it's not going to win federal support in any significant way. [17:37]

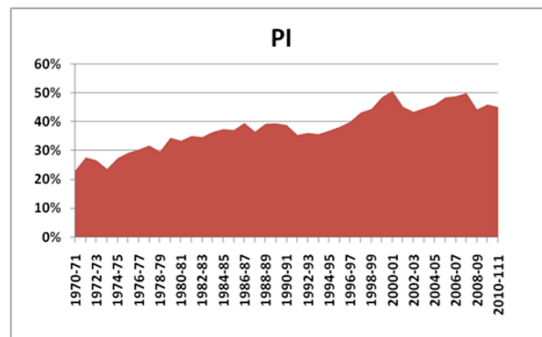
SLIDE #12 “State Capacity”

What's the sake of capacity to spend?

SLIDE #14



60-90B



People tell me that there is no measurable effect of Props 13. Props 13, when converted into constant dollars, and you look at the per-capita spending, you can see that we're falling off by about 50 percent. In 1978 to 79, if you count the dollars over time have been lost, it's \$60 to \$90 billion worth of state resources that have been lost because of Prop 13, not for lacking property tax. At least 30 to 40 of the states have followed the similar route on that front. And so all of our education at the K-12 and the higher education level remains the state and local responsibility, what we have done. We've squeezed the funding down to 50 percent of what it once was. [18:25]

At each level of government of the states, we've squeezed a lot of that money down, and they've gone to the states for more money. And obviously, the state has less money to spend on higher education, because they're not spending it on local funding. And surprising enough Prop 13 relates back to the [Inaudible] of the story, which is housing and home ownership. So until we get housing and home ownership right, fiscally, in the United States, there's no chance in hell that we're going to get education funding where you might want to see it. It's never going to happen and that's a high hill to climb. [19:00]

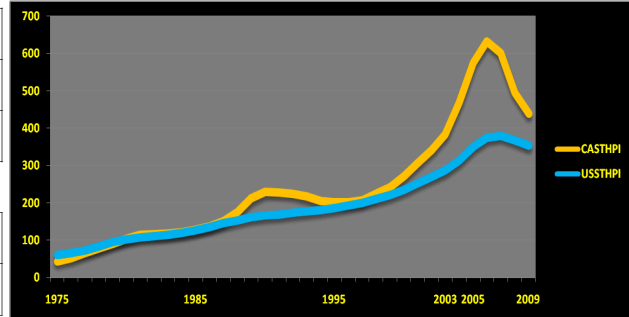
To make up for the failure of [inaudible] on property tax collection and revenue resources across the United States and in California. And particularly, we've raised personal income tax for the last number of years. So about 20 percent of the total revenue total to about 42 to 43 percent, and it's up to 40 to 50 percent a couple years ago. [19:19]

The problem with that is when you have 50 percent of your resources coming from one source, it's like having a one-crop economy. When the Beatles come, you're in deep shit. And the Beatles came a couple

of years ago, and we're in deep shit. Because when the personal income tax collection goes down, you've got a real problem. So you straggle with the property tax revenues and we've cut the -- and we rely too much on personal income tax. So the states have very much stressed at this point in time. [19:47]

SLIDE #15

TENURE	CA	NTN
Moved in 2005 or later	28.5%	27.8%
Moved in 2000 to 2004	29.6%	27.5%
OWE		
30.0 to 34.9 percent	10.2%	9.0%
35.0 percent or more	41.4%	27.90%



So then you look at people, and you say what do they likely to do? And let me give you -- just read off the stats to you on this front, and I don't even have to explain the story. In California, 57 percent of the people that own houses moved into them since 2000 plus the 30 percent of them moved in from 2005. In California, 41 percent of the people paid 35 percent or more of their household income for mortgage payments. Thirty or 34 percent pay -- or excuse me -- 30 to 34 percent of the people own -- 10 percent of the people pay 30 to 34.9 percent of their income on property payments. So if we go out there in June and we ask the people of California who you vote for more taxes, so they have the argument's why they should; but look at the rest of the United States, 9 percent and 27 percent in the same categories. They have people locked into fixed income payments but up to 40 percent of their income, and we're going to ask them for more money. It's going to be a hard fight. Now, when you look back to the consumer index chart I had before, there was reason why an argument can be made to that effect, but it's still going to be a very hard fight to make. [21:10]

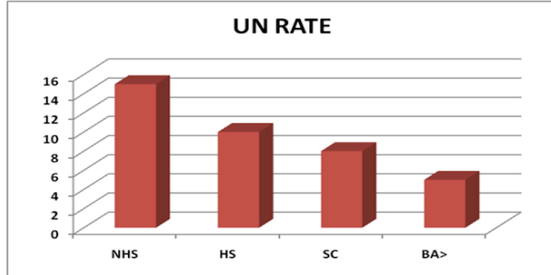
SLIDE #16 “Ed Benefits and Challenges”

Now, what are the Ed benefits and challenges? Is education capable of changing inequality, the growth, health, et cetera over advancing economic good? Now, we might think of liberal education is a great thing to have, but unless we can make a convincing argument, we will send out in the public, you're not going to win any dollars. And if we're not interested in these public goals, why seek public subsidy and from whom, unless the national security, the feds can do specific subsidy funding in a moment of crisis, but they won't historically for education. The states ought to but they can't at the moment. They, as a rule, do not deficit finance. They have to balance the budget each year. That's the dilemma we're in right now, and we are terrible merchants of our own success. [22:02]

SLIDE #17 [All related graphs.]

IS EDUCATION CAPABLE OF CHANGING INEQUALITIES IN WEALTH, HEALTH, ETC? OF ADVANCING ECONOMIC GOOD?

IF NOT OR NOT INTERESTED, WHY SEEK PUBLIC SUBSIDY? AND FROM WHOM? UNLESS FOR NTNL SECURITY, FED CAN BUT WON'T. STATES OUGHT TO BUT CAN'T. THEY AS A RULE DO NOT DEFICIT-FINANCE.



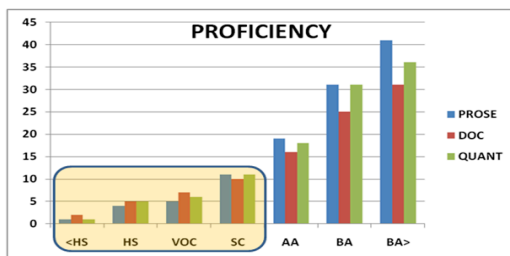
Here's a chart that shows you the unemployment rate. It's 15 percent for students who don't graduate from high school. It's 10 percent of those who graduate from high school. It's 8 percent for those of some college, and 4 percent for those with a BA. So we have arguments to make that we're not economically rewarding profession. And find the institution in the United States and track its graduates to this data specifically and make the case. And the answer is no one can. [22:28]

So we do all this research, and we did none of the research on things that were better on our own case to make the argument for ourselves also. An article, like, academically, a drift appeared the other day, and that sways the public because another counter argument to make on this stuff. We don't know the data.

SLIDE #18

IS EDUCATION CAPABLE OF CHANGING INEQUALITIES IN WEALTH, HEALTH, ETC? OF ADVANCING ECONOMIC GOOD?

IF NOT OR NOT INTERESTED, WHY SEEK PUBLIC SUBSIDY? AND FROM WHOM? UNLESS FOR NTNL SECURITY, FED CAN BUT WON'T. STATES OUGHT TO BUT CAN'T. THEY AS A RULE DO NOT DEFICIT-FINANCE.



And there's some good news and bad news in this chart on a couple fronts. This shows proficiency in reading prose, documents, and doing quantitative analysis. If you go down to the high school level, to the non high school level, I'm referring to the chart, the ability to read those documents is almost nil. If you go up the line, you can see that as you move on, and then you become a BA or better. Your ability to understand those documents for international testing standards is quite better. The bad news is when you look at international competitiveness, 40 percent of the people who graduate from graduate schools in the United States, according to our own testing, -- tests, can read and analyze at a proficient level. It's been documented and studied for a number of years at this point. So it relates back to the academic and

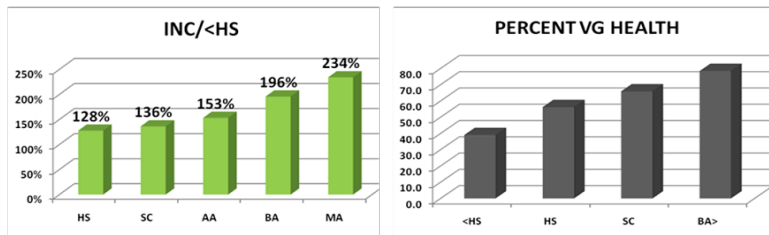
drift argument that we've made the other day. But my point here is that there's another argument to be made on the value of education, if you were to make it. And make it up specifically. But given the opportunity to work with the collegians on assessment or any incident to do that, we say no, we can't do that because education is not measurable. We should not look at those sorts of things. [23:50]

And the problem is we're telling people fund higher education because you will get a liberal well rounded education, but we're making the argument for people who didn't graduate from high school, people who graduate from high school, and the people who went to Voc.-Techs, and those who had some college experience; because they're the majority of American voters. So we're trying to convince those people of our virtue without showing them any benefits. It's going to be a hard argument to make, I think. [24:14]

SLIDE #19

IS EDUCATION CAPABLE OF CHANGING INEQUALITIES IN WEALTH, HEALTH, ETC? OF ADVANCING ECONOMIC GOOD?

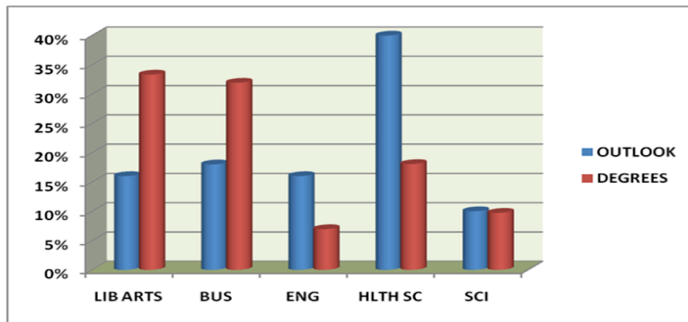
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And another good argument to make. You get a BA degree, and you make 200 percent more than somebody who doesn't have a high school degree, and you make considerably more than somebody with a high school degree; percentage of people that report very good health. It's extremely -- it's much, much higher for people to get a BA degree, and we calculated that out because the social savings, given the health costs in the United States, is tremendous. We follow out those in any sort of way to make those cases locally for ourselves, the answer's no. [24:51]

So we're leaving a lot of data on the table that could better our arguments that we could make, and we just don't make those sort of things. And so we want to return to our virtuousness and the beauty of the liberal education, and that's going to win us exactly nothing. [25:04]

SLIDE #20



IS EDUCATION CAPABLE OF BRIDGING FROM AN ECONOMY OF SERVICE SECTOR JOBS AND EXCESSIVE CONSUMPTION TO ONE OF KNOWLEDGE TRANSFER AND PRODUCTION? DOUBLE DEGREES?

GLOBALIZATION UPROOTS MANUFACTURING. HATRED OF GOVERNMENT THINS CIVIL SERVICE. THE LIFETIME JOB IS GONE.

So the question is, is education capable of bridging from the economy of service sector jobs and excessive consumption to an acknowledged transfer production? Can you double the degrees that we now produce? And the chart basically shows, that I mentioned before, which is, you see the black box on the far left, it's associated with manufacturing. It's 1960, and it's considerably higher than it is now. You go to the line -- boxes on the far right, that's government employment and that's gone down. The manufacturing government employment reflect unionized, steady wage jobs. Those are gone. So what's gone up? People who work in finance and real estate, and especially, people work in the service sector. So you can find a job flipping burgers at McDonald's, if you want to, and planning those opportunities, because that's where the manufacturing jobs and the government jobs in the United States have gone. We have the highest percentage of workers in the service sector of any developed country in the world.

[26:02]

That's putting all our eggs in one basket, and the problem is it's not only professional work. So the question is can we help professionalize that service labor so we can be on the front end of the design and innovation issues? That's the big question.

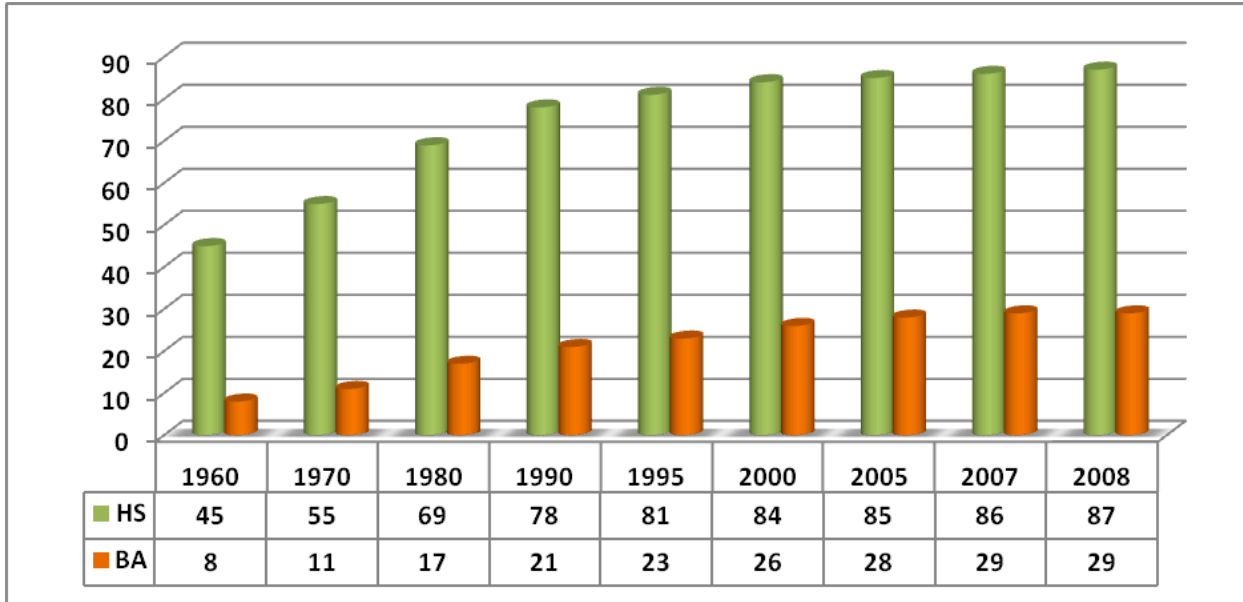
[26:16]

And here's the short answer. If you go into the BLS, the Bureau of Labor Statistics and look at their job outlets, what it would take for America to double its BA degrees? And do what I just described a couple of minutes ago, you find that we under-perform, we under-produce, in engineering and in the health sciences tremendously, government produced degrees in liberal arts and business. We've got plenty of -- no offense to people from business in the college. We've got plenty of evidence over the last 10 years. They're having a plethora of business degrees in the United States has not exactly worked to our benefit at this point. So the raw argument, that we should let people go where they might, is open to question in some ways.

[26:59]

So the issue is do we become an engine? Or do we hook ourselves to public policy or not? That's a debate that we must happen and we must really think about. It's a very, very important one. And if we're going to produce more degrees, here's the other problem.

[27:16]



If you take a look at high school degrees since 1990 and BA degree since 1990, they are fundamentally stalled. And 80 percent level for high school and the mid-20's for college. And so unless we're expecting the United States population to double between now and 2030, we're not likely to get to these goals; and transforming the economy the way many people think that we should. That's why the pressure's on us to do deliverology and to do these other sorts of things. [27:44]

SLIDE #23 “CONVERSATION”

So at the top level, there needs to be a large conversation. And it is a very, very difficult conversation to have because the value choices are hard ones to make. Do you fund more actively the elderly? Or do you fund more actively young children? Do you turn to money within the generation? Or do you turn to money without outside the generation? A hard value discussion to have. Do you invest in your house so it will make money? Or do you invest in your children so they will make money? It seems an easy choice to make, but we've made the exact opposite of which [Inaudible] implied. [28:23]

SLIDE #24





Do we educate? Or do we entertain? Do we consume? Or do we study? That's the heart of the American economy in some ways. When you look at the burden on credit card debts since the 1960's, you know what the answer is on that front. And when you're a country that's spending more on eating out and going to movies than your own education, there's a value issue that needs to be questioned and the question of capacity, we have to take a hard, hard look at. [28:50]

And we have to get straight what is state and what is federal oriented. Maybe we are at the point in time where the education has become a federal issue, because we've become a unified country. We just have to accept that fact. If we do, that means that we effect unified federal standards and a whole other way of thinking about education. It's tough, tough choices to make. And we're accustomed to thinking of ourselves as education and silos. They're elementary schools, community colleges, and universities, but we're really are an interconnected network. We're willing to go in ourselves differently, but we're willing to give tenure in universities to people who work in the K-12 and vice versa, who are willing to go to the point and duly administer the change of revenue streams and are willing to do that sort of creativity work. The answer is, it's at the wind at the moment. [29:39]

SLIDE #25 “AGENDA”

So there's an agenda for change. I'm calling it the Harry Agenda. But it's just to give you an idea of what needs to be thought of at each level, because if we're going to do this, it's going to be a tremendous work. Because \$21 billion of NCLB, that's awkwardly and reactively instituted by K-12, and then, resentfully, followed through by universities. It's not the way to turn to in a moment of change. It's going to take change at each level of the government. [30: 05]

SLIDE #26

- A. National economic and education act
 - 1. Education Corp
 - 2. Strategic capacities as in preventative health care and bio tech
 - 3. Literacy's broadened to reflect cognitive research
 - 4. Pipeline data
 - 5. 2030 plan
 - 6. Cap and weight grants, limit loans.
- B. States
 - 1. Align property taxes, income, K12 costs.
 - 2. Align exit and entry, from level to level.
 - 3. Local compacts
 - 4. Weight and aid by progress
 - 5. Functionalize transfer and grad
 - 6. Eliminate seniority and tenure; elevate peer review; open salary schedules
 - 7. Pathway councils
- C. Universities
 - 1. Self-fund 2X degrees
 - 2. De-regulate but hold accountable
 - 3. Rethink the relation of depts and disc.
 - 4. Link campus plans to regional needs

And we need another nationalized, economic, and education act. We need an education core that can work in urban districts, the young people at each K-12. And if we know that we're getting young immigrants in the state of California from southern Mexico and in Latin America, we have to send people in a Peace Corps down there to work with students there, because by the time people come to the United States, they can't read and do math by the third grade, they're history. You want to know that data piece. So if you want to explore aid and work with other nations, education should be part of our policy. [30:41]

We need to continue capacities and preventative health and biotech and these other areas. We funded the Museum of Science and a variety of other things, and we need the ability to do the same thing in areas now. [30:52]

We need to broaden our definition of literacy's to reflect cognitive research. And many of us who work in the field know that when you're just teaching people how to read and to do math, and you're relying on English and mathematics to get it done. Now, that's reflecting on brain research has told us about how people learn, and there's a whole other way of thinking about that. [31:07]

We need to mandate pipeline data. You have to fight to get employment data or data about the matriculation of students in the high school or college of the United States. We're going to make the argument to the unified system. You need unified data, because, without it, you get garbage. [31:25]

And we need to calculate grant and limit loans. And by that, I mean the following: If you look at the way we give aid to students in the United States, we fund largely. We give more aid to freshmen than to juniors and seniors. That's absurd policy. If you want people to graduate, give them more money as they

go through. We discount their payment brought back to the state of the total government of a number of years that they complete. Make it an encouragement to give money to people the longer they stay. If you're worried about the money that we give to private institutions in the United States, cap the grants and capital loans so they can't exceed what's gone through, because it goes to the highest loan and grant and public university in the state. Thereby, you're [Inaudible] Phoenix Universities to other places.

[32:09]

The red things are things that I have down here, because the red things are what I've just talked about and are important things to do but impossible to achieve, but they need to be tried.

[32:15]

At the states, until we line property taxes, income, and K-12 costs, we can't get anything done. Jerry Brown is governor again now, and it's ironic because he was governor the last time we got into this mess. It's because he refuses to strike the compromise on property taxes related to personal income. He refuses to relate that to K-12 costs. So he dumped the whole K-12 cost on the state, and that's why he's trying to unload the cost on the local districts right now. He's trying to reverse it down [Inaudible] to Prop 13. Now, that's an issue we probably can't really fight well. But unless it's fought, you can't really make any major improvement.

[32:56]

Align the exit and entry requirements in high schools and colleges - that should have been done a long time ago. So if local compacts with businesses so you can reflect you degrees produced by your local needs.

Weight aid by progress. I talked about that.

[33:08]

Functionalized transit and graduation rates. Well, right now, 17 percent of the students who go to the community colleges in the United States graduate from a four year institution. I don't think that's a successful rate. Now, considering the community colleges cost one-half as much or as one-quarter as much as the universities do and increase the number of students who transfer, you decrease the cost of the first two years of college in the state of the United States and you save the United States a ton of money on that front. And graduation rates, -- you might not like the term, deliverology, -- but odds are, if you don't produce more graduates who are going to be standing in line for the jobs flipping burgers at Burger King, because fewer of us are willing to pay for them.

[33:45]

Eliminate seniority and tenure, [Inaudible]. I put that in here because I didn't want to piss anybody off [Laughter]. And I just want to make clear that what we've got now is we're becoming transient and self-interested in our institutions and have an inability to link ourselves to each of the gender that's outside of ourselves. And until we do something that aligns with this effect, then we've got a problem. So it's not so much elimination of these things themselves that's important, it's changing the effects that they produce. As long as we remain a self-interested lobby, we get nowhere with this stuff.

[34:22]

Pathway to councils; most of the obstacles that stand in people's way are not in institutions themselves but pathways across institutions. We need the ability to work across institutions in the state and in the nation.

The level of university assistance, self-fund, secondly, two times as many degrees as we do right now. There's no reason why we can't be producing more degrees in the United States with the current funding that we have. Anyone's interested in the financial model, I can give it to them afterwards. [34:53]

Deregulate; universities would hold them accountable, meaning, let them off with whatever degree they want to but hold them accountable to meeting their budget and to aligning it with regional needs. When you set up these rules up front and done [Inaudible] effects, you're operating idiotically. What effect do you want to produce in the rule by itself? If we're producing more PhD's in a particular area than the region needs, then let the region correct us and not refund us in some ways, but by the effect and not by the rule up front. [35:23]

We think the relation of the appropriate in disciplines. You all know about this one. We talked about the value of the liberal education, but really, what we teach is the value of history, the value of English, the value of biology, the value of economics. We don't really think about those general skills that students know, and that's where we get bombasted by the press and probably help us in some way to perform. And campus plans regional need, in a meaningful way right now, WASC to provide us [Inaudible], to do so because there's no data available to us on these levels. If we're going to do this seriously, it needs serious evidence to make the case. [35:57]

SLIDE #26

D. Here

1. Find room for the debate
2. Organize data and arguments appropriately
3. Do not legislate for all time
4. Clinical induction partnerships
5. Pathway data and knowledge transfer data
6. Deliverology by another name
7. High school and Stretch for remediation
8. Double our of state; increase transfer
9. Weight and aid demonstrably
10. Match regional needs in skills
11. Integrate, publicize, and quantify preventative clinics
12. Institute healthy practices
13. Target HIS, HSCI, PIPELINE FUNDING
14. MODEL 30% STATE FUNDING
15. HONOR PRAGMATISM

And at the university level here, find room for the debate.

The single most important thing that we can do in our classes and on campus is open to debate. What do we value? How do we value the funding to go? Where do we want to spend it? And why do you want to spend it? One thing about it is that intellectual has changed but we never have the debate. We find no way to open this debate in anything that we teach. People don't understand that there's a conversation to be had. It's the single most important thing that we can do. [36:26]

Organize data and arguments appropriately. People are not going to be convinced by arguments who are in authority and who can't be virtuous, but there's an inherent value and a certain degree. They're going to want to know effects and everything. They might not like that, but that's the way the world goes.

[36:45]

Do not legislate for all times. If you calculate the solution, don't write anything in the God damn Constitution. [Inaudible] Madison, Jefferson, and Jay, and Hamilton, you know, have taught us that, for one thing, is the Constitution should be a spare limited document so that people can reinvent themselves at a time. It takes tremendous hubris to write things into a constitution or in a document that is compared to a university or state, and don't change it. Changes are what we're about, and we're concentrating our ability to do that piece.

[37:17]

Clinical induction and partnerships, that means working with people when they leave the university, and not just in education, but in all other fields so we find out how well people are doing. The problem with the academic of the gist argument is that it's looking at how people perform on tests. What we don't really know is how they perform at work. It's pretty amazing that we don't know that stuff, with all the universities you have and all the money we have on that front, we don't have a clear sense of how people work, and what they're doing at their job, 5, 10, 15 years down from the university. It's speculation but that's more or less it.

[37:54]

Pathway data and knowledge transfer. You should be able to make the case about transfer from universities and the dollars that you transfer to this fund in community in detail.

Deliverology by another name. I don't care what we call it. We can call it Fred. We have to graduate kids and get them successful careers when they leave the university, because they need to lead happy lives.

High school stretch for remediation, and that's the exact things we should be doing. We should be reducing the cost of remediation for universities, by doing it more efficiently and working with the schools.

[38:30]

Double of out-of-state students and increased transfer. Double out-of-state students...well, folks, if California is only producing BA degrees, then one thing that we can do is we can import students from other states who want to come here. And as far as our cost, we might think they are; they're still lower than they are nationally. So the argument is working against us. The argument that we make publicly, it's against our interests to bringing out-of-state students, is completely against the public interest in some ways, and we really have to work on that argument. This is a state of immigrants and we need to understand that piece.

[39:03]

Weight Aid Demonstrably...I've talked about that. [Inaudible] needs and skills, I've talked about that. Integrate, publicize, and quantify our preventive clinics. We've implied that into whatever I said. [39:17]

Institute healthy practices. The [Inaudible] of Institute did this study a little while ago, that shows that if states across the United States that institute healthy food, healthy work environments, and healthy exercise environments for the staff, they can reduce costs by \$2 billion in the state of California over the next seven years; and that's by not changing institutions but by changing culture.

[39:47]

We talked about that. And be prepared for the day when state funding will be down to 30 percent, because that's where we're headed.

And honor pragmatism and [Inaudible], the future of this is not to be ruled by values, it's not to be ruled by our own authority but be ruled by the effects and measures and be aware of that. And think clearly about the audiences that you're arguing with. There's a whole history of federal spending. There's a whole history and incapacity of state spending that we must address. And we have to think of what the arguments are that are going to win support, and not think that we are going to win support just by virtue of who we are. [40:23]

It's a tough road to follow, to get down that hill without stumbling and falling, but it can be done. But it takes surprisingly what we have, which is intelligence. It's really up to us whether we want to survive or not. The threat is not for our non-profits. So the threat is not from the lack of state funding, it's from our own lack of inventiveness. Not only the ability to argue successfully with the public and with the states and with ourselves, but it begins with values and it begins with discussions. And on that note, I'll shut up.

[Applause]

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