

# Archived Information

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U.S. DEPARTMENT OF EDUCATION

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A NATIONAL DIALOGUE: THE SECRETARY OF EDUCATION'S  
COMMISSION ON THE FUTURE OF HIGHER EDUCATION

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MONDAY,  
OCTOBER 17, 2005

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The Commission met at 8:45 a.m. in the Atrium Ballroom of the Washington Court Hotel, 525 New Jersey Avenue, NW, Washington, D.C., Charles Miller, Chairman, presiding.

COMMISSION MEMBERS PRESENT:

MARGARET SPELLINGS, Secretary,  
U.S. Department of Education  
CHARLES MILLER, Chairman, Former Chairman of the  
Board of Regents, University of Texas System  
NICHOLAS DONOFRIO, Executive Vice President,  
Innovation and Technology, IBM Corporation  
JAMES J. DUDERSTADT, President *Emeritus*, University  
of Michigan; Director, The Millennium Project  
GERRI ELLIOTT, Corporate Vice President, Worldwide  
Public Sector, Microsoft Corporation  
JONATHAN GRAYER, Chairman and CEO, Kaplan, Inc.  
JAMES B. HUNT, JR., Chairman, Hunt Institute for  
Educational Policy and Leadership;  
Former Governor of North Carolina  
ARTURO MADRID, Murchison Distinguished Professor of  
Humanities, Trinity University  
ROBERT MENDENHALL, President,  
Western Governors University  
CHARLENE R. NUNLEY, President, Montgomery College  
ARTHUR J. ROTHKOPF, Senior Vice President and  
Counselor to the President, U.S. Chamber of  
Commerce; President *Emeritus*, Lafayette College  
RICHARD (RICK) STEPHENS, Senior Vice-President,  
Human Resources and Administration,  
The Boeing Company

## COMMISSION MEMBERS PRESENT: (cont.)

LOUIS W. SULLIVAN, President *Emeritus*, Morehouse  
School of Medicine; Former Secretary of the  
U.S. Department of Health and Human Services  
SARA MARTINEZ TUCKER, President and CEO,  
Hispanic Scholarship Fund  
RICHARD VEDDER, Adjunct Scholar, American Enterprise  
Institute; Distinguished Professor of  
Economics, Ohio University  
CHARLES M. VEST, President *Emeritus*,  
Massachusetts Institute of Technology  
DAVID WARD, President, American Council on Education  
ROBERT M. ZEMSKY, Chair and Professor, The Learning  
Alliance for Higher Education,  
University of Pennsylvania

## EX-OFFICIO MEMBERS PRESENT:

SAMUEL W. BODMAN, Secretary,  
U.S. Department of Energy  
EMILY STOVER DEROCCO, Assistant Secretary,  
Employment and Training Administration,  
U.S. Department of Labor  
JOHN M. MOLINO, Deputy Under Secretary of Defense,  
Military Community and Family Policy,  
U.S. Department of Defense  
MICHELLE O'NEILL, Acting Under Secretary for  
Technology, U.S. Department of Commerce  
RAYMOND L. ORBACH, Director Office of Science,  
U.S. Department of Energy  
SALLY L. STROUP, Assistant Secretary, Postsecondary  
Education, U.S. Department of Education

## OTHERS PRESENT:

CHERYL OLDHAM, Executive Director,  
The Secretary of Education's Commission on the  
Future of Higher Education

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## P-R-O-C-E-E-D-I-N-G-S

9:32 a.m.

CHAIRMAN MILLER: Good morning, I'm Charles Miller the designated chairman of the Commission on the Future of Higher Education. Since we're not sworn in, this is an ad hoc announcement. I'm delighted and honored to introduce the Secretary of Education of the United States, Margaret Spellings.

SECRETARY SPELLINGS: Thank you all. I'm going to make everybody official, so this - you'll be ad hoc no longer. So, everyone stand up and raise your right hand. Good deal. Everyone followed instructions so far. State your name after I say, "state your name."

I, state your name, do solemnly swear that I will support and defend the Constitution of the United States against all enemies, foreign and domestic. That I will bear true faith and allegiance to the same, that I take this obligation freely without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office of which I am about to enter. So help me God.

All right, have a seat. Well done. Good morning, thank you all for being here. It's an honor to be at your first meeting, your maiden voyage of the

1 recently appointed Commission on the Future of Higher  
2 Education and I thank all of you for agreeing to serve  
3 on this important commission.

4 In your ranks today are University  
5 Presidents, CEOs, policy makers, and researchers.  
6 You're all here because you share a common passion for  
7 improving higher education and you have the courage to  
8 reflect on what we're doing well and what we can do  
9 better.

10 I also want to thank my friend Secretary  
11 Bodman for joining us today. At the Federal level,  
12 higher education isn't just a priority for the  
13 Department of Education; it's an issue that affects  
14 every aspect of government from commerce to energy,  
15 from labor to defense. And that's why I've asked  
16 eight Federal agencies to participate on the  
17 commission. We all have a stake.

18 Let me give a special thanks to my friend  
19 Charles Miller for chairing this commission. He's the  
20 former chair of the Board of Regents of the University  
21 of Texas system as well as a successful businessman  
22 who knows what's needed to succeed in the twenty-first  
23 century. He has a great perspective on how well  
24 Universities are preparing students for the future.

25 As you all likely remember, in April 1983  
26 we awoke to the news that America was a nation at

1 risk. Thanks to a rising tide of mediocrity in our  
2 public primary and secondary schools. Overnight, the  
3 report turned education reform into a hot topic of  
4 conversation and a front page story. And while a  
5 nation at risk certainly didn't have all the right  
6 answers, it started a national debate that helped pave  
7 the way for higher standards, accountability, No Child  
8 Left Behind, and ultimately, improved student  
9 achievement for all children.

10 It's now time to launch a national  
11 dialogue on our shared vision for higher education.  
12 But, let me begin this conversation by saying that the  
13 circumstances are far different from the ones that led  
14 to a nation at risk. Rather than facing a tide of  
15 mediocrity, we are starting our discussion with the  
16 finest system of higher education in the world. And,  
17 of course, we must continue to make sure that that's  
18 the case in this ever-changing world.

19 Our decentralized system has empowered  
20 students with a wide range of options from large  
21 universities to community colleges to vocational and  
22 technical schools and from public institutions to  
23 private and religious ones. These schools compete for  
24 the best students, here and abroad, and every year  
25 hundreds of thousands of students from around the  
26 world come to our country to take advantage of these

1 opportunities.

2           The system has helped spread our  
3 democratic ideals abroad and strengthen them here, at  
4 home. It has helped America become the center of  
5 innovation and the world's leading economic and  
6 political power. More importantly, it has given  
7 millions of Americans the chance to realize their  
8 potential, live the American dream, and contribute in  
9 the public and private sectors.

10           As I said in Charlotte last month with  
11 Governor Hunt, whom I am delighted is serving on this  
12 commission, I've convened this group to ensure that  
13 America remains the world's leader in higher education  
14 and innovation. We are at a crossroads. The world is  
15 catching up. For example, according to the  
16 Organization for Economic Cooperation and Development  
17 or OECD, among young adults Canada, Japan, Korea,  
18 Finland, Norway, and Sweden all have higher college  
19 graduation rates than we do. And we're not keeping  
20 pace with the demand for skilled labor in the new  
21 high-tech economy. In 1970 America produced more than  
22 fifty percent of the world's science and engineering  
23 doctorates. But if current trends continue, by 2010,  
24 not very far away, we will produce only around fifteen  
25 percent.

26           China now graduates more engineers than

1 the United States, Japan, and Germany combined. As a  
2 result, U.S. high-tech companies are seeking employees  
3 abroad. Not just because they can be paid less, but  
4 also because they're often more skilled and more  
5 motivated. These companies are not just following the  
6 money, they are following the brains.

7 As Tom Friedman says in his bestseller,  
8 "The World is Flat," our students are facing an  
9 education and an ambition gap and we're on the wrong  
10 side of the gap. Or as President and CEO of Cisco  
11 Systems, John Chambers flatly put it, "We are not  
12 competitive." Our students need better critical  
13 thinking skills and better training to compete in a  
14 world where what you know means much more than where  
15 you live.

16 In today's global economy, about eighty  
17 percent of the fastest growing jobs require post-  
18 secondary education. And on average, college  
19 graduates earn almost twice as much as workers with  
20 just a high school diploma. Meanwhile, less than a  
21 third of Americans have Bachelor's degrees. In other  
22 words, a college education is more important than ever  
23 and too few Americans, especially too few African-  
24 American and Hispanic Americans, have one.

25 As a nation, we have always answered the  
26 call to extend the promise of higher education to more

1 Americans. It is part of our Nation's commitment to  
2 expanding the American dream. And the Federal  
3 government has helped pave the way with farsighted  
4 leadership at critical points during our history.

5 In 1862, in the midst of the Civil War,  
6 Abraham Lincoln signed the Morrill Act creating land-  
7 grant colleges to meet the needs of an increasingly  
8 industrialized nation. In 1944, Franklin Delano  
9 Roosevelt signed the G.I. Bill providing millions of  
10 returning servicemen with the chance to attend  
11 college.

12 And when the Soviet Union launched Sputnik  
13 in 1957, Dwight D. Eisenhower responded with an  
14 unprecedented national investment in math and science  
15 education and research that secured America's place as  
16 the world's leader in innovation. And during the  
17 Civil Rights movement, Lyndon Johnson helped make the  
18 dream of college more affordable for millions of  
19 students by signing the Higher Education Act of 1965,  
20 which is again before Congress for reauthorization as  
21 we speak.

22 As we prepare to celebrate the fortieth  
23 anniversary of the Higher Education Act next month, we  
24 must look to the future. Ten, twenty years down the  
25 road what legacy will we leave? Today there is no  
26 Sputnik to galvanize America into action. But the

1 need for national leadership is no less urgent.

2 As taxpayers, we all have a stake in our  
3 higher education system. Many people don't realize  
4 that Federal dollars, including funds for research,  
5 make up about one third of our nation's total annual  
6 investment in higher education. By comparison, the  
7 Federal government's investment in K-12 education  
8 represents less than ten percent of total spending.

9 But, unlike K-12 education we don't really  
10 ask many questions about what we're getting for our  
11 investment in higher education. And as a result,  
12 we're missing valuable information on how the system  
13 works today and what can be improved. For instance,  
14 at the U.S. Department of Education we can tell you  
15 almost anything you want to know about first time,  
16 full-time, degree-seeking, non-transfer students. The  
17 trouble is that over half of today's college students  
18 are non-traditional students.

19 The absence of good, sound data makes it  
20 difficult to set policy at the Federal, State, and  
21 institutional levels. We often end up having to take  
22 a wait and see approach. We spend the money and hope  
23 for the best and because we typically don't follow up,  
24 it actually becomes a wait and never sees approach.  
25 We make small fixes with programs to emphasize key  
26 areas, but we don't think strategically about the

1 bigger picture.

2 We can't afford to leave the future of our  
3 nation's higher education system to chance. It is  
4 time to examine how we can maximize our investment in  
5 higher education including our Federal dollars. We  
6 all have a responsibility to make sure our higher  
7 education system continues to spur innovation and  
8 economic growth, and gives more Americans the chance  
9 to succeed in the new knowledge economy.

10 A critical part of that depends on us  
11 doing a better job of preparing students for college.

12 A recent study from ACT found that fewer than half of  
13 high school students graduate ready for college level  
14 math and science. That's why President Bush and I are  
15 supporting high school reform that focuses on core  
16 subjects like reading, math, and science. We've  
17 already seen what a tremendous difference high  
18 standards and accountability have made for our younger  
19 students and we must extend those same principles into  
20 our high schools.

21 As we improve the quality of high school  
22 education, more and more students will graduate ready  
23 for college. Our higher education system needs to  
24 have a place for these students if they choose to  
25 continue their education. We should send students a  
26 clear message: If you work hard in school, you can go

1 to college regardless of how much money you or your  
2 family has.

3 It is time to have a discussion on how we  
4 can meet rising enrollment numbers and new economic  
5 demands. So I ask you to focus your work on four key  
6 areas: accessibility, affordability, accountability,  
7 and quality. Please address such questions as: How  
8 accessible is higher education, and who will be the  
9 college student of tomorrow? Why is the cost of  
10 college rising so rapidly and how can we make it more  
11 affordable? How well are institutions of higher  
12 education preparing our students for the work force of  
13 the twenty-first century? Will our students have the  
14 skills to be leaders in the public and private  
15 sectors? How do we know what we're getting for our  
16 investments in higher education? How can we ensure  
17 America remains the world's leader in innovation and  
18 research?

19 I have asked you to submit a final report  
20 to me by August 1<sup>st</sup> of next year with specific findings  
21 and recommendations. As you all know, in recent years  
22 there have been many good reports and studies on  
23 different aspects of higher education produced by  
24 groups such as the National Commission on  
25 Accountability in Higher Education, the National  
26 Commission on the Cost of Higher Education, and the

1 Council on Competitiveness among others. It is time  
2 to review this work and build on the results. We must  
3 take stock of where we stand and move forward.

4 I recently dropped off my oldest daughter  
5 at college to begin her freshmen year. It was the end  
6 of a long process that started with me thumbing  
7 through college guides at the bookstore for  
8 information. As a mom, I know parents and students  
9 have questions about higher education. Choosing a  
10 college isn't like buying a car or booking a vacation.  
11 It is one of the most important decisions families and  
12 young adults will ever make not to mention maybe one  
13 of the most expensive.

14 At dinner tables across the country,  
15 families are talking about how much college costs and  
16 whether it will be available for their children,  
17 whether their children will be prepared. We must  
18 address these concerns and we will expand the  
19 conversation to ask what we, as a nation, want from  
20 our very fine higher education system. What do we  
21 Americans expect from our higher education system?

22 We all have a role to play in the private  
23 and public sectors as well as at the Federal, State,  
24 and community levels. I need your honest advice and  
25 leadership on this issue. Throughout our history,  
26 we've supported and strengthened higher education as a

1 way of expanding the promise of the American dream.  
2 And together, with your help, I know we will continue  
3 to strengthen that great promise. Thank you very  
4 much.

5 Now, I'd like to turn the podium over to  
6 my friend, Sam Bodman. Secretary Bodman has a long  
7 background in higher education both as a student and  
8 as a professor and on a governing board. He earned  
9 his doctorate in science from MIT and also has worked  
10 as a professor at that University. He is the former  
11 director of MIT's School of Engineering Practice and a  
12 former member of the MIT Commission on Education. He  
13 is also a successful businessman and a distinguished  
14 public servant who has served as the Deputy Secretary  
15 at the Department of Commerce and more recently as the  
16 Deputy Secretary at the Treasury Department.

17 As Secretary of Energy, he oversees  
18 critical, cutting-edge research. He knows how crucial  
19 higher education and innovation will be to our future.

20 His department's research labs have been working with  
21 middle and high school teachers to help them inspire  
22 students to pursue careers in technology and in  
23 science. And I really appreciate his commitment to  
24 this commission and his presence here today. Thank  
25 you, Sam, for being here and please welcome him.

26 SECRETARY BODMAN: Thank you, Margaret.

1 When the Secretary asked me to join this commission,  
2 or participate in it, I was very eager to do so.  
3 Higher education, particularly higher education in  
4 mathematics and the physical sciences is something  
5 that I have always felt very strongly about. Now as  
6 your Secretary of Energy I also have a professional  
7 interest.

8 Americans, of course, are feeling the  
9 pinch of higher energy prices these days. We are  
10 doing our best to promote conservation and energy  
11 efficiency, which is going to be needed near-term as  
12 we are preparing for the winter months. But, over the  
13 longer term we know that the only solution to our  
14 energy problems really will derive from science and  
15 technology.

16 The Department of Energy is the third-  
17 largest funder of basic research in the United States  
18 after NIH and the National Science Foundation. We are  
19 the largest government sponsor of research in the  
20 physical sciences: mathematics, chemistry, and  
21 physics. We commit money, not only through our  
22 national laboratories, which are some of the finest in  
23 the world, but also we commit over a billion dollars  
24 directly with grants to Universities, a fact that is  
25 not lost on many of my academic friends in the  
26 leadership of these institutions.

1           So, we have a real stake in this. We also  
2 have programs to train and encourage future scientists  
3 and engineers. We had one that we just wrapped up  
4 this past weekend where we've had two weeks of the  
5 solar decathlon where we had eighteen universities  
6 present including Michigan that had a contest on  
7 designing homes for a two person family. They  
8 designed and built these facilities and were evaluated  
9 on ten different criteria. The University of Colorado  
10 I was pleased to report won. The others, there was  
11 uniform high enthusiasm, both the faculty who were  
12 there when I visited yesterday morning as well as the  
13 students.

14 So, it was a great thing and it was something that we  
15 work on and that we are very proud of. But it's an  
16 example of what we do to try to reach out.

17           But as proud as we are of what we have  
18 accomplished, I'm very worried about maintaining our  
19 excellence in scientific work. I am a product of  
20 government funding of University research. I went  
21 through MIT on a NSF fellowship about two thousand  
22 dollars a year, as I remember. That seemed like a  
23 great fortune at the time. I was happy to have it,  
24 lucky to have it. I taught for a while and then I  
25 went into private business about forty years ago.

26           When I started to work the American

1 economy was about a trillion dollars of gross domestic  
2 product. Last year our economy was eleven trillion  
3 dollars. That increase, I am convinced, more  
4 importantly those who are gifted in the area of  
5 economics also believe that a huge part of that ten  
6 trillion dollar growth in our economy stems from the  
7 investment the government has made and that private  
8 industry made for a long time in research,  
9 particularly research in the physical sciences.

10 Corporations are less able to do that  
11 today than they were thirty, forty years ago. More  
12 and more the responsibility rests here and we're doing  
13 our best to try to deal with it, but we do so, I do so  
14 with great concern about the situation that confronts  
15 us. The National Academy did a report, Chuck I know  
16 you were a participant on the group and the report is  
17 called, "Rising Above the Gathering Storm - Energizing  
18 and Employing America for A Brighter Economic Future."

19 And it basically speaks to the issues of our  
20 deficiencies in the science and engineering areas.

21 There were, listed in here, some  
22 indicators, I won't bother reading the whole thing to  
23 you, but there are a few that I thought I would pick  
24 out. For the cost of one chemist or one engineer in  
25 the United States a company can hire about five  
26 chemists in China or eleven engineers in India. Those

1 are profound differences and they are good. For the  
2 first time the most capable high-energy particle  
3 accelerator on Earth will, beginning in the year 2007,  
4 reside outside the United States.

5 Chemical companies have closed seventy  
6 facilities in the United States in 2004 and have  
7 tagged forty more for shutdown. Of the one hundred  
8 and twenty chemical plants being built around the  
9 world with price tags of a billion dollars or more,  
10 one is in the United States and fifty are in China.

11 In the year 2003 only three American  
12 companies ranked among the top ten recipients of  
13 patents granted by the United States Patent and  
14 Trademark office. In China, in 2004, China graduated  
15 over six hundred thousand engineers, India three  
16 hundred and fifty thousand, and America, seventy  
17 thousand. Those are some factoids.

18 We have a real problem and the first step  
19 is to try to recognize it. I would encourage the  
20 commission, maybe you passed this out already,  
21 Margaret, I am not sure, but if you have not I would  
22 encourage the commission to take note of it. They did  
23 a very good job. They made a number of  
24 recommendations including several for our department  
25 on how to improve science education, research, and  
26 investment.

1           Also is suggested that we have to focus  
2 our attention on getting students ready to go to our  
3 universities, particularly in the sciences. It is  
4 hard work and somehow our kids are not interested.  
5 They are not excited. The man who can talk about this  
6 is my colleague Ray Orbach who is a university  
7 educator himself and a great physicist in his own  
8 right. And he talks about the excitement that people  
9 feel, that young scientists feel gathering together to  
10 work with these facilities that are available and  
11 trying to convey that sense of excitement to the next  
12 generation. We're not doing that very well and we  
13 simply must get after it.

14           Because, at least based on my experience,  
15 our economic future depends on it. And I feel it very  
16 strongly. We are doing everything we can do at the  
17 Energy Department to live up to the job that we have,  
18 but I am sort of a one-issue person here on this, so I  
19 appreciate Margaret giving me the opportunity to speak  
20 to the commission right off. But this whole issue of  
21 funding and conveying a sense of excitement and  
22 enthusiasm that existed years ago, but we seem to have  
23 lost through whatever process.

24           As I have talked to my classmates, my  
25 contemporaries, who are mostly engineers, a few  
26 scientists, mostly engineers. Almost all of their

1 children are lawyers. It is a real issue and it is a  
2 societal issue. And it is something that, I hope,  
3 this commission can focus on and can add to the very  
4 good thoughts that have already been set forth by the  
5 National Academy. So, I feel passionately about this,  
6 I appreciate being here, and I we will do our best to  
7 contribute. My colleague, Ray, and I will do our best  
8 to contribute to your deliberations. Thanks very  
9 much.

10 CHAIRMAN MILLER: Thank you, Secretary  
11 Bodman. I am going to speak from slightly less lofty  
12 heights so we can create a dialogue and I can see all  
13 of us at the face level. Secretary Bodman, we are  
14 honored and energized by your personal presence here  
15 today. Your experience in academics, and in  
16 government, and in the capital markets is unique and  
17 it brings that unique perspective. We hope you will  
18 continue to be involved and we will call on you to do  
19 that. And, of course, Dr. Orbach we appreciate your  
20 being here and we appreciate your involvement the same  
21 way. Thank you very much.

22 We do have three other Secretaries who  
23 have been named as ex-officio members of the  
24 commission, we are also honored to have their  
25 involvement officially, Defense, Commerce, and Labor  
26 Secretaries.

1 Secretary Spellings, thank you very much.

2 This is an inspiring beginning for the commission. I  
3 am sure that each commission member understands the  
4 importance of higher education in the U.S. economy and  
5 its role as a gateway to the opportunities all  
6 Americans honor and cherish. Madam Secretary, thank  
7 you for your leadership and for allowing us to make  
8 this contribution to higher education in this country.

9 I would like to make a few remarks about a  
10 suggested process for the commission. Following that,  
11 I would like to ask you to introduce yourselves and  
12 make any brief comments you would like to make. And  
13 then we can begin the dialogue, the real work of the  
14 commission.

15 A round table discussion here today based  
16 on several issues and on the framework document you  
17 have received as working document, Secretary Spellings  
18 will participate and Secretary Bodman you are, of  
19 course, welcome and encouraged. We will break for  
20 lunch and then we will meet on legal and  
21 administrative issues, finishing by mid-afternoon.  
22 That period of time can be used for suggestions and  
23 inquiries about the work process and about how we are  
24 going to approach this.

25 The charge for the commission is very  
26 broad and very challenging. And we are here because

1 we have accepted the challenge to undertake a national  
2 dialogue on the future of higher education in the  
3 United States. We are being encouraged to create the  
4 elements of a national strategy with regard to U.S.  
5 higher education. This does not mean a set of  
6 mandates or directives. This is an attempt to bring  
7 focus, to set priorities, to allow and encourage  
8 policy makers, business, labor, and academia to  
9 optimally direct their efforts and resources toward  
10 education and innovation in a rapidly changing, highly  
11 competitive world.

12           The ultimate physical work product will be  
13 a report to the Secretary by August 1, 2006. This is  
14 a very fast track. I told her it felt to me as if I  
15 were taking a sip out of a hydrant, fire hydrant,  
16 metaphorically, I guess. This will require a  
17 dependence on material and data already available and  
18 on the ability of the commission to initiate sound  
19 policy ideas, synthesize a complex set of issues, and  
20 put all of that into a relatively short report  
21 containing policy and strategic recommendations.

22           Secretary Bodman alluded to a report that  
23 came out this week, The Gathering Storm, we already  
24 got that on our radar and we intend to look at that.  
25 The people that did that work are some of our  
26 important leaders. We already, the Secretary has a

1 copy of this, looked at a very significant report put  
2 out at the end of last year called Innovate America.  
3 It has a set of participants that are - a list of some  
4 of our finest leaders in business, academia, and labor  
5 and it has some wonderful ideas and a great framework  
6 to look at the issues. It has got a summary comment I  
7 thought was a very powerful one. Innovate or  
8 abdicate, I think we can find quite a bit of this kind  
9 of work that will help us be - start from a running  
10 start. But it will take a lot to analyze and  
11 synthesize that type of work.

12 I suggest that we begin by dividing our  
13 focus into four major issue areas in order to  
14 structure the dialogue and the work efforts, direct  
15 resources and organize the inputs from a wide variety  
16 of sources. The issue areas that have already been  
17 mentioned: accessibility, affordability,  
18 accountability, and quality - quality referring to  
19 quality of teaching and learning and the quality of  
20 research or the creation of new knowledge, the two  
21 major missions of higher education.

22 These are very broad issues and we will  
23 use them to break our work into specific priorities  
24 and actions. For example, in affordability, I ask us  
25 to start with that discussion today. We mean not just  
26 affordability to a set of college students or one part

1 of the community.

2           Affordability means looking at the whole  
3 cost structure, the whole economic system of financing  
4 higher education and analyzing that because different  
5 parts of that system have different benefits, pay  
6 different costs, they are different prices, and they  
7 are different values. We need to distinguish that  
8 language and the specifics of that model in order to  
9 make any serious contribution to this question. We  
10 have got to look at the whole picture of finances.

11           So we will use a word like affordability  
12 as a summary, but affordability means what is the  
13 affordability to the community for what we expect from  
14 higher education. We have got to identify that and  
15 break it down and study it in great detail and that is  
16 one of our big projects. Each of those terms has a  
17 broader meaning. We will come to those with specific  
18 ideas and results, not a broad generic statement which  
19 nobody might look at after we finish our report. We  
20 are going to try to have some more dynamism than that.

21           So we may ask individual commission  
22 members to work directly on certain of these issues  
23 and that structure could be in the form of task forces  
24 rather than committees, the process needs to be fluid  
25 and flexible, and inclusive in the sense that when we  
26 can we should try to operate as a commission of the

1 whole. One of the advantages of this outstanding  
2 group of people is it is not very big by comparison to  
3 what could be a much larger set of players. But it is  
4 highly representative, highly informed, and very  
5 engaged and I can tell from talking to you, very much  
6 want to do something that has a significant meaning in  
7 the future.

8 We will start with no fixed boundaries.  
9 Our results will be determined by how the best ideas  
10 turn up. We will start a dialogue with each other  
11 today and with the Secretaries. Going forward soon,  
12 we need to write each other memos, papers, letters,  
13 and emails, send other people's good work to be  
14 reviewed by the staff, look at consultants and members  
15 of the commission to get the thing started. We'll  
16 talk a little more today under the legal limits we  
17 have about how we would do subsets of meetings and  
18 groups going forward, which we should start fairly  
19 quickly.

20 The commission will seek to identify the  
21 best work of recent studies, commissions, and reports,  
22 which contain high-quality policy ideas and  
23 formulations. We will make a compendium and then that  
24 will be reviewed and distilled for those ideas and  
25 formulations, and then that will be used to build a  
26 foundation for the commission's recommendations.

1           If you - any of you want to focus on one  
2 or more of the issues described in this set up, then  
3 please do so and let us know. I do not think that  
4 there will be boundaries for one person, one member of  
5 the commission to be in one set or group and I expect  
6 the items we have identified overlap or overlay with  
7 each other anyway. They are tied together in one-way  
8 or the other.

9           Please recommend materials for reading and  
10 for distribution to the commission, expect that to  
11 start first thing tomorrow. I have already gotten  
12 some good advice, got two recent book authors on the  
13 commission. I have already read those books, thank  
14 you, Dr. Zemsky, Dr. Vedder. I recommend those to all  
15 of the commission members. I am sure you will get  
16 them at a discount at publisher's price and I am sure  
17 that there are others like that that we can  
18 immediately identify and find. Feel free to express  
19 yourselves publicly about the work of the commission,  
20 it would be most helpful to let public communications  
21 be coordinated with the commission Chair, myself, or  
22 the Executive Director and we will discuss disclosure  
23 issues a little later.

24           Quickly - the meetings we plan to have  
25 four additional times between now and May of 2008.  
26 The last meeting will be intended to be in retreat

1 format. We will be able to work on the ideas we have  
2 generated in order to bring the efforts to the  
3 commission prior to the final report writing. All of  
4 these meetings are open meetings, we will probably web  
5 cast them. The meetings will be regionally diverse  
6 and will consist primarily of public presentations by  
7 invitation and by individuals or panels focused on our  
8 outline of issues with a question and answer period  
9 discussion format following the presentation.

10 The staff that you have met today, and  
11 there is a larger set you will meet over time. The  
12 Executive Director of the commission will be Cheryl  
13 Oldham, sitting to my left, Assistant Secretary Sally  
14 Stroup, to my far left, second from the end. She is  
15 the ex-officio member representing the Secretary of  
16 Education and there will be other ex-officio members  
17 as I have mentioned. Townsend McNitt, where are you  
18 Townsend? Over there, is a consultant to the  
19 Department of Education, highly regarded in this field  
20 and serves as liaison with the Secretary. And you  
21 will get to know all of these people plus a few more  
22 as the core starting staff.

23 Consultants, we will need to retain  
24 consultants for policy development and other purposes.

25 We have identified a few and we will be looking for  
26 others. Suggestions will be warmly appreciated. Our

1 hope is to keep these costs at a moderate level by  
2 asking for contributions of time and expertise for the  
3 commission as much as possible. Our work product, I  
4 see the ultimate product and all of these things are  
5 still open for more discussion, I see the ultimate  
6 product as a relatively short document with actionable  
7 conclusions representing the considered opinion of  
8 this group with strategic recommendations for the  
9 public policy makers and for the academy.

10 We could probably, we should probably  
11 produce a second document which could be attached,  
12 which would include a bibliography and documents and  
13 papers submitted to the commission providing research  
14 and reference material for any future purposes and to  
15 document some of our conclusions.

16 Then, finally consensus building, I do not  
17 know how you would define that. I have a vague  
18 feeling of what consensus is, but you all will know it  
19 when we get there. We should develop a report with  
20 one view through consensus building, in my opinion,  
21 without an alternative views section. As much as  
22 possible, conclusions or recommendations should be  
23 clear and definitive rather than hedged in order to  
24 encourage action and build confidence in risk taking.

25 Those are my ideas for a consensus-building  
26 conclusion.

1           I would like to ask you to introduce  
2 yourself, make any brief comments, and I have the  
3 pleasure of starting a discussion or dialogue as soon  
4 as we go around the table. Dr. Madrid would you  
5 start?

6           ARTURO MADRID: Thank you, Dr. Miller and  
7 Secretary Spellings, Secretary Bodman, I'm delighted  
8 and honored to be here, my name is Arturo Madrid. I  
9 am currently a Professor of Humanities at Trinity  
10 University, a government official, director of The  
11 Fund for the Improvement of Post Secondary Education,  
12 as an officer and faculty member at various  
13 universities, large and small, private and public and  
14 for a number of years headed First Institute on Policy  
15 studies that addressed Latino issues in this country.

16           And perhaps one of the most interesting  
17 important things I did was to run a graduate  
18 fellowships program funded by the Ford Foundation that  
19 made it possible for us to develop the first cohort of  
20 Mexican-American, Native-American, and Puerto Rican  
21 academics in the country.

22           I would say that my principle concerns are  
23 and have been for many years to assure that people who  
24 make up this nation but who have not been part of  
25 institutions in society have access to these  
26 institutions, all of the institutions, and in this

1 case institutions of higher learning not only as  
2 students but also as staff, faculty members, officers,  
3 and directors of both of the regions. And so I come  
4 to this enterprise with that background and with those  
5 continuing concerns made more acute, of course, by the  
6 fact that higher education, from my perspective, is  
7 becoming a privileged arena and we have to make sure  
8 that it is available to all and to ensure that the  
9 quality that we pride ourselves in is available for  
10 all peoples in a diverse society that we have. So,  
11 thank you very much.

12 CHAIRMAN MILLER: Thank you, Dr. Madrid.  
13 Would you excuse me a moment and let me ask Sara  
14 Martinez Tucker, my personal vision is limited so, I  
15 didn't --

16 SARA MARTINEZ TUCKER: Oh, this is a good  
17 seat then.

18 CHAIRMAN MILLER: It is. I should have  
19 started all the way to the left. Would you mind?

20 SARA MARTINEZ TUCKER: No problem. I am  
21 Sara Martinez Tucker; I have the privilege of  
22 supporting the Hispanic Scholarship Fund. We exist to  
23 double the rate of Hispanics earning their college  
24 degrees and so we do work in two areas. Number one,  
25 we try to put more Latinos in the college education  
26 pipeline. To support that we have parental engagement

1 programs, general awareness programs, specific  
2 workshops, and programming to get kids to graduate  
3 from high school college-ready. Last year we put  
4 about thirty thousand children plus their parents  
5 through our programs as well as provided scholarships  
6 to encourage children to start college as soon as they  
7 graduate from high school.

8 Our second big pipeline is getting Latinos  
9 who start college to finish with their, at least their  
10 baccalaureate degree. We did about twenty million  
11 dollars in scholarships, seven thousand children  
12 across the United States, Puerto Rico, Guam, and the  
13 Virgin Islands as well as providing alumni mentors to  
14 our children and providing chapters on college  
15 campuses to enhance their connection with their  
16 institutions of higher education.

17 I am proud to say that ninety-seven  
18 percent of our scholarship recipients are in at least  
19 a baccalaureate, forty-three percent go on to graduate  
20 school, eighty-eight percent earn the national per  
21 capita median income, and eighty percent are active  
22 volunteers in their communities. So, we exist to  
23 break that cycle of under education in the Latino  
24 community and I am excited to be here and to work on  
25 these issues so that we can get more Americans  
26 participating in higher education.

1                   CHAIRMAN MILLER:   Thank you.   Would you  
2 mind, Dr. Orbach?

3                   RAYMOND ORBACH:   Thank you, Mr. Miller.   I  
4 am privileged to be here and work with Secretary  
5 Bodman and Secretary Spellings.   I guess I am an ex-  
6 officio member of the committee.   My own background  
7 is, as the Secretary generously referred, started with  
8 the University of California.   I was Chancellor of the  
9 University of California Riverside, the most diverse  
10 campus of the ten University campuses.

11                   Since the spring of 2002 I have had the  
12 privilege of being the Director of the Office of  
13 Science within the Department of Energy, which is the  
14 largest supporter of the physical sciences in the  
15 United States.   About a quarter of our budget is spent  
16 on University research through grants that are peer-  
17 reviewed.

18                   I am delighted that Secretary Spellings  
19 has created this commission.   Those of you who noticed  
20 that the Delphi Corporation has just declared  
21 bankruptcy has sent a shockwave through the country.  
22 We have seen that already in California, but the blue-  
23 collar jobs where people without a college education  
24 could support a family and buy a home and have a  
25 future are waning.

26                   The Delphi collapse sends a signal for the

1 entire automobile industry that college education is  
2 now a critical factor in the future of our country.  
3 And so the timing of this commission could not be more  
4 appropriate and I thank Secretary Spellings for  
5 bringing us together.

6 CHAIRMAN MILLER: Jonathan?

7 JONATHAN GRAYER: Jonathan Grayer, glad to  
8 be here. I am the CEO of Kaplan, which started as a  
9 test-preparation company helping all of us get into  
10 colleges and graduate schools that we aspired for,  
11 hopefully some of you in this room. The company has  
12 grown well beyond that mission and today owns seventy-  
13 six colleges where thirty-four thousand students  
14 attend. We have twenty-three thousand students online  
15 and eighteen hundred at our online law school called  
16 Concord Law School, the only online law school in the  
17 country. We own schools in - higher ed schools in the  
18 UK, Ireland, Singapore, soon to be Australia. We are  
19 diversifying in a global higher ed environment to  
20 provide hybrid education under the motivation of learn  
21 to earn, that our students are coming to us to upgrade  
22 their skill sets to change the trajectory of their  
23 professional career. That career training ranges from  
24 medical assistance through business, medical, and all  
25 the way up through law school. Thanks for including  
26 our voice.

1                   CHAIRMAN MILLER: Thank you. Art, would  
2 you pull that, good, oh you're reaching for it now.

3                   ARTHUR ROTHKOPF: Thank you, Mr. Chairman,  
4 Madam Secretary, Mr. Secretary; it is a privilege for  
5 me to be here. I am currently the Senior Vice  
6 President at the U.S. Chamber of Commerce. That has  
7 been true since July of this year. Before then I was  
8 President of Lafayette College for twelve years, which  
9 is a small Liberal Arts college in Pennsylvania with  
10 about twenty-five percent of our students being  
11 engineers. Before that I was, unfortunately,  
12 Secretary Bodman, a lawyer here in Washington - not a  
13 trial lawyer - and then I served as Deputy Secretary  
14 of Transportation under the first President Bush.

15                   I would say that for the U.S. Chamber the  
16 subject of work force education and preparation has  
17 become an extraordinarily high priority. We have  
18 begun to focus on that issue because our members, our  
19 chambers, are extremely concerned about the inability  
20 to hire workers who can do the job and there is so  
21 much being spent on training, and while ostensibly  
22 there are many people unemployed and underemployed,  
23 there are many jobs going begging because the  
24 technical skills are not available.

25                   We are deeply concerned because, as baby  
26 boomers begin to retire, that skills gap will become

1 far greater. We think there will be almost six and a  
2 half million positions that we will not be able to  
3 fill by the year 2010. And it just gets worse as more  
4 and more senior people retire. So the Chamber, which  
5 has been concerned with this issue in the past, has  
6 really moved it very high on our radar screen and I am  
7 delighted and, on behalf of the Chamber, to be a  
8 participant.

9 Just looking - one other thing I would  
10 identify in terms of my former experience as a college  
11 President, I think the one thing we have to keep in  
12 mind is the diversity of higher education in this  
13 country. We have almost three thousand institutions  
14 going from community colleges, and I'm not talking  
15 about the online institutions such as our colleagues  
16 here, but institutions with physical facilities. They  
17 go from small institutions, religious institutions,  
18 to, of course, major research universities. And I  
19 think that is part of the genius of our system and  
20 part of what produces such great results, but we have  
21 obviously got to reenergize it, refocus it, and really  
22 produce the kinds of results that Secretary Spellings  
23 spoke about. So, thank you very much for the  
24 opportunity to participate.

25 RICHARD STEPHENS: Good morning, Rick  
26 Stevens, I'm with the Boeing Company. I have been in

1 the aerospace industry the last twenty-five years and  
2 I am really pleased and honored to be a part of this  
3 commission.

4 For the last - for the bulk of my career I  
5 have been involved in running P&L businesses from  
6 guidance systems for intercontinental ballistic  
7 missiles to submarine combat systems having run our  
8 space shuttle business, and most recently before being  
9 asked to go run our internal infrastructure, I led our  
10 homeland security business and put together a lot of  
11 the security that is pouring forth into the airports  
12 across this nation. So, I am the culprit for some of  
13 your bag screenings that you have go through.

14 The last role I was asked to take on the  
15 HR leadership role within the Boeing Company where we  
16 have a hundred and fifty-one thousand employees. Over  
17 half those employees have degrees after high school or  
18 some form of college education and, for us, it is  
19 about the mind wear and the mind skills capabilities  
20 critical to our long-term capability. As the nation's  
21 largest exporter we recognize that having strong minds  
22 who have critical thinking capabilities is critical to  
23 our long-term success not only as a company but as a  
24 nation.

25 I think the role that, from my  
26 perspective, having been involved in education and

1 looking at the future going forward, I do not think  
2 there is an organization, an institution, or an  
3 individual in this nation who is not interested in the  
4 focus on education for the future, whether it is at  
5 the K-12 level or at the higher education level. I  
6 thing the challenge we face is: how do we get  
7 alignment and integration of all of our activities?

8 Because we know there are many resources  
9 out there, many activities, just within the Boeing  
10 Company we spend about a half a billion dollars a year  
11 on education. We spent over a hundred million dollars  
12 last year sending our employees back to college.  
13 Another four hundred million dollars associated with  
14 internal training to make sure that the employees we  
15 have are always in a position of learning, unlearning,  
16 and relearning the skills as technology and knowledge  
17 continue to change.

18 And so, while it is critical import from  
19 our standpoint, and we look at it from a Boeing  
20 standpoint, that the role in this commission is off  
21 looking at the future of education, while I come here  
22 from a Boeing perspective, I also come here as a  
23 citizen of this nation because this is critical to our  
24 long-term national defense and national economic  
25 survival. So, thanks for the opportunity.

26 SALLY STROUP: Good morning, I'm Sally

1 Stroup, I am the Assistant Secretary for the Office of  
2 Postsecondary Education and I am an ex-officio member  
3 of the committee. Our office at the department  
4 oversees the eighty billion dollars the Federal  
5 government makes available in student aid funds every  
6 year. So we are very interested, I think, as the  
7 Secretary said, in where that money goes, what we are  
8 getting for that money, how it is being used, ensuring  
9 it is going to the right students at the right  
10 institutions. And we also do international programs,  
11 outreach programs; we oversee accreditation that  
12 certainly all the college Presidents here have been  
13 involved with in their careers, and those things all  
14 fall under the bailiwick of the post-secondary office.

15 MICHELLE O'NEILL: Thank you and good  
16 morning. My name is Michelle O'Neill, I am the acting  
17 Under-Secretary for Technology at the Department of  
18 Commerce, Secretary Gutierrez asked me to send you his  
19 thanks for having the Commerce Department join this  
20 committee.

21 We are very much - one of our primary  
22 missions at the Commerce Department is in advancing  
23 policies and programs that support the competitiveness  
24 of U.S. industry and its workers. We are home to the  
25 National Oceanic and Atmospheric Administration and  
26 the National Institutes of Standards and Technology,

1 so we have a - very much a stake in R&D funding and  
2 the ability to attract and retain world-class  
3 researchers and scientists. We are also the home to  
4 three Nobel Prize winners in physics, most recently  
5 Dr. John Hall. Thank you and I look forward to  
6 serving with you.

7           NICHOLAS DONOFRIO: Madam Secretary, Mr.  
8 Secretary, Mr. Chairman, colleagues, I am Nick  
9 Donofrio with the IBM Company and it is my pleasure to  
10 be here with you and serve with you as well. I have  
11 been at this with the IBM Company for forty-one years.

12 I am part of an industry that has simply been nothing  
13 but change over those forty-one years. It is an  
14 industry that, probably in some sense, has had a lot  
15 to do with the success of the United States of America  
16 in terms of its growth.

17           But we find ourselves at incredible  
18 crossroads right now where not only is everything  
19 continuing to change but even the process that we use  
20 to change is changing at the same time. Madam  
21 Secretary I was very encouraged by your use of the  
22 word innovation, several times in your opening  
23 remarks. Innovation is the key and the question on  
24 the table is whether or not we are actually educating  
25 our young to be prepared for a world - a globalized  
26 world, I might add where innovation is likely to

1 determine who the leaders are in the twenty-first  
2 century.

3           What innovation is, is a terribly  
4 important problem. We worry about it every day. At  
5 IBM I have the fun of being responsible for nearly a  
6 hundred and ninety thousand scientists, technologists,  
7 engineers, and mathematicians all around the world,  
8 more than half of whom are here in this country. And,  
9 yes, Secretary Bodman, I think we are one of those  
10 companies that you addressed in your remarks. One of  
11 those three American companies that in the top ten for  
12 invention in this country. We have been number one  
13 for twelve years in a row. However, that by itself is  
14 not the answer to success in the twenty-first century.

15       It is critical, it is important, and Mr. Chairman, I  
16 hope as we proceed through our deliberations that we  
17 understand just as you had outlined in the beginning,  
18 it is going to take a balance, a balance of thought  
19 and a balance of energy to come through with a report  
20 that is going to do something significant for this  
21 country as we look at the future of higher education  
22 here.

23           I like all the comments I heard about  
24 diversity. We are a very diverse company. We are  
25 diverse because diversity of thought is what makes us  
26 go and along with diversity of thought comes the

1 diversity of gender, race, and ethnicity as well. In  
2 the end, innovation, globalization, our ability to be  
3 multi-disciplined thinkers, these are all likely to be  
4 the keys to the future. And it is my fondest hope  
5 that this report will help our higher education system  
6 get there faster. Thank you for your attention. One  
7 small administrative note, if you really want to send  
8 me an email. It is not "N" capital; it is "n" in  
9 lowercase, thank you.

10 CHAIRMAN MILLER: I was going to have a  
11 learning experience with this group, so I am  
12 technologically disadvantaged, I attribute that to my  
13 age, but I am a fast learner.

14 LOUIS SULLIVAN: Mr. Chairman, Secretary  
15 Spellings, Secretary Bodman, thank you very much for  
16 giving me this opportunity to serve with all of you.  
17 My background includes the following. I served as  
18 Secretary of Health and Human Services during the  
19 administration of George H.W. Bush and I am presently  
20 serving as Chairman of President George W. Bush's  
21 commission on Black Colleges and Universities.  
22 Because of the three thousand or so colleges and  
23 universities, one hundred six are predominantly  
24 African-American. They serve a very important purpose  
25 in educating a number of young people in our society.

26 The board of advisors consists of

1 individuals from around the country that support us in  
2 our efforts to give good advice to President Bush and  
3 to Secretary Spellings. I also serve as co-chair of  
4 the President's commission on HIV/AIDS. And, as you  
5 know, this is a severe issue around the world, more  
6 than forty million people infected with this virus.  
7 And in parts of the world where it has hit hard, this  
8 is causing social instability, economic disaster, and  
9 it is predicted to spread into Asia and India over the  
10 next decade if changes are not made. And that is  
11 related, in part, to the education of those  
12 communities.

13 I am committed to, as all of you, to  
14 higher education. And we, as a country are becoming  
15 rapidly more diverse. The demographers predict that  
16 by the year 2050 there will no longer be a majority  
17 population in our country. We must address this  
18 increased diversity that we have as a nation.

19 Higher education, in my view, is a road to  
20 equity for our citizens and as already mention indeed  
21 the positions of the future require a much more  
22 educated workforce. It is related to economic  
23 development, it is related to social advancement, and  
24 it is also related to the social cohesiveness that we  
25 want our country to have as we go forward, committed  
26 to the ideas that have brought our country to where we

1 are today.

2 It is also related to health status. One  
3 of my other roles is working to develop a national  
4 health museum here in Washington whose purpose will be  
5 to increase the health literacy of our citizens. We,  
6 as a nation, are not the healthiest nation on Earth in  
7 spite of the fact that we spend more dollars per  
8 capita on healthcare than any other country in the  
9 world. A lot of that deficit is related to inadequate  
10 health literacy of our citizens.

11 So here again, education is the key to  
12 improving our society. The social transformation  
13 through which we are going is very challenging and I  
14 want to thank Secretary Spellings and congratulate her  
15 on bringing us together to see what we can do, as a  
16 nation, to address the challenges that confront us so  
17 that we will continue to have the leadership that has  
18 indeed characterized our country thus far.

19 We must adapt to the changes that are  
20 underway and I am pleased to be working with all of  
21 you as we respond to the challenge given to us.

22 JAMES DUDERSTADT: Mr. Chairman, Secretary  
23 Spellings, Secretary Bodman, I am Jim Duderstadt, I am  
24 from Michigan, I believe in miracles, at least this  
25 Saturday afternoon. I also know Charles's reputation  
26 well and I am confident that this commission will

1 respond well to your charges, Secretary Spellings, on  
2 time.

3 My own background is, trained as a nuclear  
4 engineer on an atomic energy commission fellowship,  
5 has been University President, and now back in a more  
6 natural position of University Professor. I am not  
7 going to make remarks with one exception, but I will  
8 note that the framing document that Charles convinced,  
9 Chuck Vest and I put together for the commission, kind  
10 of lays out some of our own views.

11 The one comment I would like to make and  
12 commend Secretary Spellings for is that if you look  
13 back about the same time that President Roosevelt was  
14 signing the G.I. Bill in the waning days of the Second  
15 World War, he also accepted a report from Vannevar  
16 Bush, that created the structure of partnership  
17 between the Federal government, higher education, and  
18 industry that really created the intellectual capacity  
19 of the nation, R&D, trained scientists, engineers, and  
20 so forth, and I think was responsible for much of our  
21 economic growth in the last half of the twentieth  
22 century.

23 I commend you because you have kind of  
24 recreated that partnership and energized it on this  
25 commission. And I think that is the partnership that  
26 is necessary to understand better what the needs of

1 the nation are from higher education as we try to  
2 create economic prosperity, national security/social  
3 wellbeing in the face of evermore-competitive global  
4 knowledge-driven economy. It is an appropriate  
5 constellation of people, constituencies, that has to  
6 address that together.

7 RICHARD VEDDER: My name is Richard  
8 Vedder; thank you, Secretary Spelling, Secretary  
9 Bodman, and Chairman Miller. I am a lowly college  
10 professor, but I do not consider it lowly at all. I  
11 think it is the most noble job in the world and  
12 although I have written seven or eight books, one of  
13 which is somewhat notorious in the academy, which is  
14 why I am on the commission, I think, it has gotten me  
15 in a little snit with Mr. Ward over here that the  
16 press back here has speculated about.

17 CHAIRMAN MILLER: We are going to build on  
18 that.

19 RICHARD VEDDER: I would note that we are  
20 not sitting next to each other. That, in spite of all  
21 this, I think my proudest claim is the fact that I  
22 have educated over ten thousand students personally  
23 over forty years, and I love it in the classroom. And  
24 I am missing two classes today and I hope this meeting  
25 is qualitatively good enough to justify missing class,  
26 something I have only done three times in forty years.

1 I suspect I was put on the commission  
2 largely because of issues relating to the  
3 affordability question. Because I have written a book  
4 called, "Going Broke by Degree - Why College Costs Too  
5 Much." The affordability issue, in turn, ties in  
6 closely with issues of accessibility and  
7 accountability. And I was particularly delighted by  
8 these three, as well as the quality issue, forming the  
9 basis of the commission. I am delighted to be here, I  
10 have quite a few ideas, but I do not think this is the  
11 time to expound them.

12 CHARLENE NUNLEY: Good morning, Secretary  
13 Spellings, Secretary Bodman, Chairman Miller, I am  
14 Charlene Nunley, president of Montgomery College. I  
15 want to make it clear that Montgomery College is a  
16 community college and that America's community  
17 colleges educate more than half of the undergraduates  
18 in the country, so I am very glad to be here with you.

19 I also want to let you Dr. Duderstadt know  
20 that as an alumnus of Penn State a miracle truly is in  
21 the eyes of the beholder. I still have not recovered  
22 from that game. I have a couple of very, very big  
23 concerns, I think. I saw a survey recently that says  
24 that about, more than ninety percent of the third  
25 graders say that they intend to go to college, that's  
26 a wonderful thing. But, I am very troubled by the

1 fact that across the country we are seeing community  
2 colleges turn students away from higher education  
3 because of lack of space or lack of resources. And if  
4 these students cannot be admitted to community  
5 colleges, where in fact are they able to go that is  
6 affordable?

7 I am very concerned because I think No  
8 Child Left Behind is working and what I do not want to  
9 see is No Child Left Behind Until College. So, the  
10 issue of access is very important to me, it is tied up  
11 with affordability.

12 I think our nation's community colleges  
13 can play a very significant role with all of that as  
14 well as the workforce issues that we have heard about  
15 so eloquently from the Chamber of Commerce.

16 So, I am looking forward to this, I am  
17 very honored to be here, and I am very impressed with  
18 all of the wonderful people I am getting to know.

19 ROBERT ZEMSKY: Madam Secretary, Mr.  
20 Secretary, Mr. Chairman, I am Bob Zemsky and I always  
21 point out that to my embarrassment and their chagrin I  
22 am frequently mistaken for an economist. Actually, I  
23 am trained as a historian. So I really would like to  
24 second something that Jim Duderstadt said and I  
25 thought it was fascinating and really important that  
26 the two Secretaries bracketed the issue in a

1 remarkable way.

2 Secretary Spellings, you talked about the  
3 G.I. Bill. If there is any one piece of Federal  
4 Legislation that structured American higher education  
5 it was the G.I. Bill. Even more than the Morrill Act,  
6 actually, because the G.I. Bill affected all  
7 institutions not just public.

8 And the other is, as Jim said, is the  
9 Vannevar Bush's Science the Endless Frontier. If you  
10 have ever read the report it is as cogent today as it  
11 was fifty years ago. And in a way it seems to me that  
12 the commissions work structure by these two things.  
13 We are not getting the science right. It is not just  
14 that they want to become lawyers; they do not even  
15 want to read about science. And, in a way, we have  
16 forgotten all of what the G.I. Bill did in a  
17 collective kind of way. So it just looks like a  
18 financial aid program.

19 The G.I. Bill was much more than a  
20 financial aid program in the beginning. I grew up in  
21 Tucson, Arizona; I can still remember the Quonset huts  
22 that they suddenly put up on the U of A campus because  
23 the G.I. Bill was flooding that campus with students.

24 I make just two final observations as we  
25 go forward. I have two rules of thumb. One is - more  
26 of the same is not going to work. If, in come august

1 we give you more of the same we have failed you. And  
2 the second is: we are not going to be able to design  
3 the future. This is not like California in the 1960s  
4 where you were going to have a master plan and you  
5 said so many kids go here and so many kids go there  
6 and all of that.

7           However we got here no longer matters. We  
8 run a market enterprise. They are not pure markets  
9 but they work like markets. And they distribute  
10 resources like markets. So we are going to have to,  
11 as a commission, it seems to me, be one of the first  
12 to say can we explicitly use the market to achieve  
13 public purpose. And, again the two public purposes  
14 are, the investment in science and the investment in  
15 access.

16           DAVID WARD:           Madam Secretary, Mr.  
17 Secretary, and Chairman Miller, I am delighted to be  
18 on the commission. Like my colleague and combatant  
19 here, Mr. Vedder, I spent most of life as a lowly  
20 professor. But then misfortune afflicted me, I became  
21 College Chancellor at University of Wisconsin, Madison  
22 and now I represent my former colleagues in the  
23 Advocacy Organization for All of Higher Education in  
24 the American Council of Education, which has eighteen  
25 hundred members drawn from every niche in the higher  
26 education community.

1           And of course, one of my challenges is to  
2 identify the separate interests and then, distill it  
3 into a common interest. And I do think that that  
4 common interest, the interdependency of these  
5 different niche positions in higher education is one  
6 of our important tasks.

7           The genius of our system is its variety,  
8 but the limitations of the system is its inability to  
9 articulate as well as it probably could if it were  
10 more optimally defined and some of the challenges  
11 better specified. That is really my challenge as an  
12 association head, but also I think this commission  
13 recognizes that we are also in unusual times.

14           My friend, Jim Duderstadt said that he  
15 believes in miracles and I think it does take a  
16 miracle in a very serious way in that I think we are  
17 in a new era. When you try to plan and invent, if you  
18 like, a practical, actionable, national agenda in  
19 changing times it is, in some senses, much more  
20 difficult than in times that appear to be stable.

21           And I think as we look back over the last  
22 century, or look forward on the next quarter century,  
23 we are in changing times with an exponent upon them.

24           The Tom Friedman book in some ways is one  
25 example of a call to action based on changes, whether  
26 we describe them as globalization, the unfulfilled

1 promise of technology and learning, and above all, the  
2 great new social compact about how we will pay for  
3 access and affordability that we, in fact, I think,  
4 have a creative dialogue going.

5           What kind of aid is necessary or  
6 appropriate? What kind of tuition is appropriate in  
7 terms of quality? What kinds of systems of transfer  
8 will make access and affordability work? They are a  
9 set of questions, which I think are very different  
10 than those that existed with the G.I. Bill. We need  
11 something that has that vision, but designed for a  
12 completely different era.

13           And perhaps the hardest thing in addition  
14 to the fact that we have this sense of limitation  
15 about science, technology, and engineering in our  
16 human capita resource base is knowledge of history  
17 itself, particularly of contemporary history, and a  
18 recognition that we are in big change. Our young  
19 people need both a sense of technology and science,  
20 but a sense of context that comes from the deep  
21 understanding of the age in which we live in relation  
22 to those of the past and those of an imagined future.  
23 And I think that is another of our challenges. Thank  
24 you.

25           EMILY STOVER DEROCCO: Madam Secretary,  
26 Mister Chairman, I am Emily DeRocco the Assistant

1 Secretary of Labor for Employment and Training and I  
2 must join my colleague Charlene, as a Nittany Lion,  
3 and tell you Jim, not all miracles in Michigan are  
4 good for the nation. It truly was a miracle. It may  
5 be rare, to some of you, to have a representative of  
6 the Labor Department as an ex-officio member of a  
7 commission on higher education, but there are two  
8 reasons why we really do need to here.

9 First is our strong belief and  
10 understanding that the key to the nation's  
11 competitiveness is an educated and prepared workforce.

12 Some eighty percent of the fastest growing jobs in  
13 the nation require post-secondary education. And as  
14 we administer a fifteen billion dollar public  
15 investment every year in job training, it is critical  
16 that we spend those dollars wisely in the post-  
17 secondary environment to ensure the level of our  
18 educated workforce is consistent with the needs of our  
19 economy.

20 The second reason is that talent  
21 development is indeed key to regional economic  
22 development and as a university R&D spins out  
23 commercialization of product and drives innovation in  
24 regional economy, it is incumbent upon us to assure  
25 that we understand the skills and competencies that  
26 our workforce needs to follow and attract in many

1 cases, lead that innovation and regional economic  
2 growth for the good of the nation. So I am very  
3 privileged to be part of this commission and look  
4 forward, really Mr. Chairman, to working on what I  
5 believe is the accountability in higher education for  
6 an educated and prepared workforce.

7 ROBERT MENDENHALL: Madam Secretary,  
8 Secretary Bodman, Mr. Chairman, I am Bob Mendenhall; I  
9 am the President of Western Governors University. My  
10 background is in technology-based education and  
11 learning and WGU was created by nineteen Western  
12 Governors, essentially to use technology to create a  
13 new model in higher education that would expand access  
14 and lower the cost and maintain or improve quality.  
15 We are the only accredited competency-based university  
16 in the country, which means simply that we measure  
17 learning rather than time. Our students are working  
18 adults, average age of thirty nine, most of whom have  
19 competencies developed, sometimes at the University  
20 and often in their life experiences and work  
21 experiences.

22 I really have three interests in this  
23 commission that I hope we can address. The first is,  
24 to use technology to change models in higher education  
25 to improve quality and expand access and lower cost.  
26 Technology has impacted the way we do business and

1 greatly improved productivity in this country and yet,  
2 has so far impacted very slightly the academy. The  
3 second would be to expand and improve our research  
4 capability, particularly in science and engineering.  
5 And the third is to facilitate new models of higher  
6 education that would allow us to address the issues  
7 that have been raised Secretary Spellings, by  
8 yourself.

9 We have great diversity in our higher  
10 education system, but we are primarily still based  
11 around one model that was created a long time ago  
12 engrained in both law and tradition, which is that we  
13 measure time rather than learning. And I would hope  
14 that we could create the opportunity at least for new  
15 models of higher education that might fundamentally  
16 change the enterprise and improve the productivity of  
17 the enterprise.

18 GERRI ELLIOTT: Madam Secretary, Mr.  
19 Secretary, Mr. Chairman, I am Gerri Elliott, corporate  
20 Vice President for Microsoft and I lead the team of  
21 thousands of folks around the world who serve  
22 government and educational institutions.

23 I, like you Madam Secretary, sent a son  
24 off to college for the first time this year. And I  
25 have a fourteen-year-old daughter as well, and she is  
26 determined to go to one of the fine institutions in

1 the U.S. But I am very worried about what the world  
2 will look like when my son graduates and my daughter  
3 enters, and for the following reasons.

4           There are bright, determined kids that  
5 will not have the means to go to college. There are  
6 bright, determined kids that may not have the  
7 sustainability to graduate. There are bright,  
8 determined kids that may not be encouraged or incanted  
9 to enter technical fields that must spark the  
10 innovation that we need in this country to stay  
11 competitive. And those bright, determined kids,  
12 percentage-wise, might not be women in those technical  
13 fields. And there are bright, determined kids that,  
14 when they do graduate, may not have the skills  
15 necessary to compete in a global marketplace. I do  
16 believe that it is going to take a public/private  
17 partnership to fix this problem. I love the way that  
18 you have articulated and framed the work of the  
19 commission, but I do think that not only as access of  
20 problem but sustainability needs to be addressed with  
21 access as well. Certainly affordability, I love that  
22 you have quality in there, but under quality there  
23 must be relevance and like my friend, Mr. Donofrio  
24 said from IBM, it must be innovative as well and there  
25 must be a stream of diversity across all of the  
26 aspects of the work streams that we do.

1           My company's mission, stated mission, is  
2           to enable people and businesses around the world to  
3           realize their fullest potential.     And so we are  
4           thrilled to be a part of a commission that aspires to  
5           do the same.     Thanks for the opportunity.

6           JAMES HUNT:           Madam Secretary, Mr.  
7           Secretary, my friend, Mr. Chairman, my name is Jim  
8           Hunt.     I served four terms as Governor of North  
9           Carolina but I did it in an unusual way.     I was  
10          elected in 1976 and I served two terms, I was the  
11          first two-term Governor of the state.     I was term  
12          limited and went out for eight years and then came  
13          back, elected in 1992 and served two more terms.     So I  
14          have been involved with Governors and leaders around  
15          the country for about a quarter of a century.

16          As Governor, my main concern was jobs for  
17          my people, and that is the case with just about every  
18          Governor in America.     They primarily focus on jobs.  
19          As I did that, and as most Governors do that, you  
20          quickly realize that the key thing you need to do well  
21          is education.     Educating your people, developing their  
22          minds and their skills, I like to say helping them  
23          learn to think for a living.

24          One of the things I did as Governor was to  
25          establish the North Carolina School of Science and  
26          Mathematics.     Then I worked with Governors all over

1 the country to do the same thing and about seventeen  
2 of them did a statewide school.

3 I also quickly discovered that we needed  
4 to focus if we are going to improve education we need  
5 to focus on improving teaching. So working with the  
6 Carnegie Corporation of New York, I led the efforts to  
7 establish the National Board for Professional Teaching  
8 Standards. And I chaired that board then for ten  
9 years.

10 I now am Chairman of the Board of the Hunt  
11 Institute's Education Leadership and Policy. In all  
12 those years as Governor I found that Governors did not  
13 get a chance to focus on what they could do and how to  
14 improve education a lot. Came to Washington a lot and  
15 talked about Medicaid. And Medicaid is important, Mr.  
16 Secretary. But, the main thing Governors need to  
17 focus on is education and developing our people so  
18 that we can be competitive in this world.

19 And so now the Hunt Institute is focusing  
20 on that and I am very proud to chair the National  
21 Center on Public Policy in Higher Education. I  
22 believe very strongly that this country can compete  
23 and win. Now our competitiveness is slipping, and I  
24 think most of us around this table know that. But we  
25 can do it, if we know what we have to do, if we know  
26 what the challenge is.

1           And then if we have a plan, and we are  
2 going to be working on one here, and if our leadership  
3 asks us to do whatever it takes including down the  
4 road making sacrifice. And we need to be asked to  
5 make more sacrifices, in my opinion, to the good of  
6 the nation. I think that education in this country  
7 has to be our absolute top priority, for every reason  
8 that you can think of, foreign and domestic.

9           I am delighted at the progress we have  
10 made in lots of ways. When Secretary Spellings was  
11 working with Governor Bush in Texas, they made  
12 tremendous progress. And they did that because  
13 Governor Bush gave it leadership, the business  
14 community got behind it, the political leadership and  
15 the business leadership together pushed forward, and  
16 the public said we want change, we want to improve  
17 things, we will do whatever it takes. And Charles  
18 Miller was right in the thick of all of that. And  
19 that happened in Texas.

20           And we have done some very good things in  
21 America; I am one of the strongest supporters of No  
22 Child Left Behind. Yes, we can do it better.  
23 Secretary Spellings is doing a lot of the things we  
24 need to do. And we need to fund it better. I also  
25 believe we can do higher education better, folks.  
26 That little paper that was sent out to us at the end

1 of it said, "Do no harm." Well, we sure don't want to  
2 do any harm, but folks; we can do a lot better.

3 And it is going to take business  
4 leadership; I'm delighted with the Chamber's  
5 leadership with our business education network. And I  
6 am delighted to see all of you around this table  
7 including the great companies of America. But, folks  
8 we are going to have to do better, a whole lot better,  
9 not a little bit better. This is not an exercise in  
10 marginality. We have got to do a lot better if America  
11 is going to compete with the new competitors we have  
12 in the world. I believe we can do it.

13 And let me just leave it this way. We  
14 have had some references to football here. We all get  
15 excited about our teams. My team is going to take a  
16 miracle every Saturday to get very far, unfortunately.

17 But, as higher education is where we went to school,  
18 we love it; we think about it, we want our children to  
19 go there.

20 Now if higher education really pitches in  
21 and does the job that can be done to improve  
22 children's opportunity, first to prepare them to go,  
23 then the opportunity and the affordability, and then  
24 the quality of it all, if we can do that in America,  
25 those places where we like to go to those Saturday  
26 games and watch them on television when we can inspire

1 Americans to do this job of preparing and competing  
2 and winning. I believe we can do it and I am excited  
3 to be working with all of you and our leaders to make  
4 that happen.

5 JOHN MOLINO: I knew when I was sitting  
6 next to Governor Hunt that I was hoping that we would  
7 go this way and not this way. Just my luck. I am  
8 John Molino, I am a Deputy Under Secretary of Defense  
9 and I am representing Secretary Rumsfeld this morning  
10 in his ex-officio role on the committee. The DOD is  
11 interested, of course, in the work of this committee  
12 for several reasons, two that I will highlight:  
13 research development, and acquisition of technology.

14 Obviously we are a big customer and we  
15 look forward to having folks of great talent work and  
16 have careers in the Department of Defense. But we  
17 also do not forget that we have thousands of service  
18 members who are, every day, taking advantage of the  
19 Montgomery G.I. Bill and we want to make sure that we  
20 give them every opportunity while they are in the  
21 service and after their service, so we look forward to  
22 our participation.

23 CHARLES VEST: Secretary Spellings,  
24 Chairman Miller, I am Chuck Vest, mechanical engineer  
25 and the former President of MIT. I have been very  
26 deeply engaged for several years with the Council on

1 Competitiveness and also the recent work of the  
2 National Academies that several people have referred  
3 to this morning.

4 More important, I have had a -  
5 approximately a forty year unabashed love affair with  
6 American higher education. I was an undergraduate at  
7 West Virginia University where I received a fine  
8 education and a field of opportunity was opened before  
9 me. I then moved on to the University of Michigan  
10 where I stayed for twenty-seven years in that great  
11 public institution both as a graduate student and  
12 faculty member and ultimately administrator. I have  
13 been a visiting professor at Stanford University on  
14 the private side of the house and for fourteen years  
15 had the incredible honor of being MIT's President.

16 With that background, I am sure it is  
17 quite clear to you that my fundamental view of  
18 American higher education is that we are about  
19 creating opportunity. We create opportunity for young  
20 men and women; we also create opportunity for a  
21 nation, for states, and for regions.

22 I will, on this Commission, I am sure  
23 emphasize something that several of you have  
24 mentioned, which is to keep us all thinking about the  
25 huge breadth of responsibility that America's  
26 universities have. Not only in its most fundamental

1 mission of educating young men and women, creating  
2 human capital, people in knowledge, but also that  
3 following the 1945 report of Vannevar Bush, which has  
4 been mentioned several times, we are the United States  
5 basic research infrastructure and all that that  
6 implies for the creation of a vibrant economy,  
7 security, health, quality of life.

8           And as the former President of MIT I get  
9 to give you a little inside scoop here. The proper  
10 pronunciation is "Va-nee-ver" so you can be an insider  
11 if you say "Vannevar" Bush.

12           I believe there are a number of factors  
13 that contribute to the excellence of U.S. higher  
14 education. Among them, in my view, as others have  
15 said is the diversity of kinds of schools we have all  
16 over the map. That we have well-developed public and  
17 private institutions. That we thrive on a merit-based  
18 competition when our system is at its best.

19           Frankly, a personal belief that we also  
20 benefit greatly from the fact that unlike almost every  
21 other nation in the world, we really do not have a lot  
22 of central planning and Federal control, something I  
23 said to the Secretary when she called me to ask, you  
24 need to understand my perspective.

25           And also we are very dependent on  
26 openness. Openness to young kids from all different

1 kinds of social and economic strata, race, and  
2 culture. And openness to international students,  
3 faculty, and scholars, something that we must be  
4 particularly attuned to in this very difficult post-  
5 9/11 era.

6 On the commission I will, like all of you,  
7 be particularly interested in wrestling with the deep  
8 issue of access. We must have excellence but we must  
9 also have access to that excellence on the part of  
10 what will in fact be our twenty-first century  
11 population. And as Former Secretary Sullivan has so  
12 eloquently stated, if we are to have a coherent  
13 society going forward, we must have equity across the  
14 board.

15 And let me just close this bit of station  
16 identification by saying that, in this age of  
17 globalization and innovation that of all the enemies  
18 the United States faces, the one I fear most is  
19 complacency. So I think our job is not be complacent  
20 while still recognizing the excellence of our system.  
21 Thank you for allowing me to be a part of this  
22 dialogue.

23 CHAIRMAN MILLER: Thank you, Dr. Vest.  
24 Secretary, would you like to follow up with any  
25 questions? I am going to invite them to toss some  
26 your ways and start a dialogue.

1 SECRETARY SPELLINGS: After you, Charles.

2 CHAIRMAN MILLER: Okay, thank you. If it  
3 suits the commission, I would like to open the first  
4 round of discussion, I think as we learn the  
5 personality of the commission we have got some of it  
6 with this introduction. We ought to dive in and have  
7 a round table discussion on these topics.

8 I would like to make the first topic the  
9 affordability one. As a financial person, I see that  
10 as a critical element in the whole dialogue. I think  
11 we have some serious margins we are touching today  
12 that will change the way higher education is funded.

13 I have very little optimism that at the  
14 state, local, and national level with the demands from  
15 entitlement programs and other priorities like public  
16 ed or something new that comes in like homeland  
17 security that there will be marginal or incremental  
18 new money easily available for higher education.

19 And that especially without examining what  
20 we spend today, and look at what I've heard called the  
21 dubs and dabs of new programs, which almost never get  
22 analyzed or challenged. Asking for new programs or  
23 new money would be very hard, very unlikely to achieve  
24 much. And in fact would probably not be the best  
25 strategy, if you are looking from a strategic  
26 standpoint.

1           So I would like to say, let's think of  
2 affordability as looking at the whole financial  
3 structure of higher education and address all parts of  
4 that, including the things I referred to. I think we  
5 have to show we are doing the best with what we have  
6 to the public when they feel strained and it is  
7 clearly at a marginal point of pressure to the public  
8 and we had great framework that listed the cost, the  
9 price, and the value, and the return on investment.

10           Those are terms that we do not use very  
11 well, we can define those separately. They do not  
12 mean the same thing to all the parties, in fact, value  
13 could mean one thing to the student and another thing  
14 to the parents, and certainly a third thing to the  
15 community.

16           And we need to distinguish those and talk  
17 more about them in that language or we will not be  
18 able to communicate all the other things we are doing.

19           I would like to start off just challenging the idea  
20 that higher ed system is a market system.

21           I have heard that and people use the term  
22 a lot. That seems to be because there is a  
23 competition; there are a lot of vendors or a lot of  
24 offers. I don't think that makes a market system, I  
25 think there could be competition in a totally  
26 undemocratic world and it is not a market system to

1 have a lot of competitors.

2 For example, high cost of entries for  
3 higher education. Infrastructure cost, for example,  
4 particularly in the traditional building type higher  
5 education institution. Accreditation is a hurdle  
6 getting in; licensure is not usually in a free market,  
7 an important element.

8 Funding sources and the form of that  
9 funding makes it very hard to enter and staffing, what  
10 we need to staff an institution of higher education in  
11 a traditional sense is limited.

12 Pricing, I can't see it, this being a  
13 market pricing system. It is complex, it is  
14 nontransparent, and it is anti-competitive in many  
15 aspects of it. At least I think so. I would like to  
16 examine that.

17 It is highly subsidized not always by  
18 government, local, state, federal subsidized a lot of  
19 higher education, private subsidy also in the form of  
20 contributions and all kinds of tax advantages with  
21 contributions to endowments and returns of endowments,  
22 non-payment of use of infrastructure that colleges and  
23 universities get.

24 So I think the subsidization doesn't mean  
25 a market system and then there is a third party  
26 payment aspect that, like healthcare, tends to distort

1 almost any kind of value pricing decision which I  
2 think is one of the principle problems with higher  
3 education.

4 It is a highly regulated field; at least I  
5 think it is for some of you more than others. It is  
6 not as highly regulated or determined by government as  
7 in other countries like a Federal regulation, but  
8 there are forms of it throughout. There is some  
9 choice but not really in regard for every student.

10 There is a supplier that chooses more than  
11 the consumer for a lot of universities. The consumer  
12 does not choose to get into many places; it is the  
13 supplier that chooses who the students will be as much  
14 as the other way around. And it is hard to imagine  
15 somebody in rural Wyoming of being able to go to  
16 almost any place.

17 Any one of those institutions is very hard  
18 substantively to get there. And there are all kinds of  
19 cross subsidies within the institution that you may or  
20 may not find in a market. And, of course tenure does  
21 not exactly make a fluid labor market, I would say,  
22 and the use of graduate students as part of that  
23 tenured system. The staffing system is more like a  
24 medieval guild than a market system.

25 So I think all of these elements put  
26 together, even though you have some of the elements,

1 make it really not a market system and that we ought  
2 to unravel that and examine that issue. I would like  
3 to take the bottom part of the alphabet, I am sure you  
4 do not get enough opportunities if your name ends in  
5 V, W, or Z, so I would like to start with those three:  
6 Dr. Vedder and then Dr. Ward, and Dr. Zemsky. Maybe  
7 you could do us a few minutes each and get everybody  
8 else revved up if I have not already done it.

9 RICHARD VEDDER: Well, I am delighted to  
10 hear that alphabetic discrimination has been wiped  
11 out.

12 DAVID WARD: Which one of you wants to  
13 begin?

14 ROBERT ZEMSKY: I was going actually with  
15 me but you can argue that we are trying to eliminate  
16 discrimination, Z would be at the ---

17 RICHARD VEDDER: Well, Bob you should like  
18 this because you get to go last.

19 CHAIRMAN MILLER: Well, that is what I  
20 thought was an advantage. I would say V then comes Z.

21 RICHARD VEDDER: Mr. Chairman, I think  
22 your remarks are very perceptive. Jim Duderstadt and  
23 Chuck Vest in their document raised the issue of rate  
24 of return in some abstract sense. And a rate of  
25 return on social investment and higher education  
26 relates the benefits of higher education to the cost.

1 So it is appropriate, as we identify the benefits of  
2 higher education, and there are many and no one here  
3 denies those, to look at the cost and what can we do  
4 to contain those costs. Not only to win public  
5 support for higher education but to have a better use  
6 of resources in our country.

7 It seems to me that if you look back to  
8 1950 or 1960 and you look at cost in the broadest  
9 sense of the word we were spending about one percent  
10 of our Gross Domestic Product on higher education,  
11 one, one and a quarter, one and a small fraction.

12 Today, and there is an interesting  
13 question, how do you define spending it on higher  
14 education. Chuck Vest made a point to me last night,  
15 he says, "Is the Lincoln Labs part of the expenditure  
16 or higher education or not."

17 You could argue the point, I suppose, in  
18 two different ways. But if you use the most expansive  
19 definition of higher education costs, higher education  
20 now costs roughly three percent of our Gross Domestic  
21 Product. Now that is far smaller than the fifteen  
22 percent that we spent on healthcare and it is even a  
23 little less than what we spend on national security  
24 broadly defined.

25 But it is a rising share and an increasing  
26 burden on the American public. Why has this happened?

1 In part, of course, it is no matter what public  
2 policy had been there would be some increase.

3 A nation grows wealthy and has economic  
4 growth has rising aspirations for higher education,  
5 the demand for higher education rises for good and  
6 natural reasons, enrollments therefore at colleges  
7 rise, and we would expect some growth under any set of  
8 circumstances. However, public policies have worked  
9 to increase this somewhat.

10 One fact, and let me mention six factors,  
11 and I will do this rapid fire speed cause us college  
12 professors with tenure will just go on and on and on,  
13 we are almost as bad as politicians if not  
14 constrained. We probably all have these little red  
15 lights that go off after five minutes. I will do this  
16 almost in enumerative fashion.

17 First of all, there has been over the  
18 years rising third party payments that have fueled the  
19 demand for higher education including the eighty  
20 billion dollars that Secretary Spellings's  
21 organization hands out. And at the same time there  
22 has been much less done to increase the supply of  
23 education. So the demand has risen relative to the  
24 supply, which has pushed prices up. When prices rise,  
25 and quantity rises with it somewhat, we have a greater  
26 share of our resources going for this purpose.

1           A second factor is that most of higher  
2 education, and I am pleased to see that Kaplan is here  
3 for example, there is a for-profit sector of higher  
4 ed, but the not for profit sector dominates the field.

5           And that means, in my judgment and I am actually  
6 picking up on what you said Chairman Miller; there is  
7 really no true bottom line in higher education. Did  
8 Michigan have a good year in 2004? Who knows? In  
9 football, we know. We know with incredible precision.

10          But what about higher ed?

11           And there is also in public education,  
12 because of the desire to provide institutional  
13 independence, we have relatively less accountability  
14 perhaps than would normally be the case provided with  
15 public institutions. And so we do not have a bottom  
16 line so people manufacture bottom lines because  
17 Americans want bottom lines, we love bottom lines that  
18 is what our nation is about. That is why U.S. News is  
19 so popular in the higher ed field. So they created a  
20 bottom line. And what has this bottom line done? It  
21 has raised the cost and accelerated the academic arms  
22 race. Now that is not all bad, but it is not all good  
23 either and it is something we need to address.

24           A third factor is that there has been a  
25 growing amount of cross-subsidization in higher  
26 education. What I mean here is, and I am accepting in

1 this broad generalization that community colleges  
2 certainly do not fit what I am about ready to say to  
3 the same extent that the major research universities  
4 do, or nor do the liberal arts colleges, but there  
5 have been a decline in support of instruction within  
6 budgets of major universities as a share of the total  
7 budget.

8 Part of this is because of rising research  
9 but part of it is because of other factors such as  
10 rising administrative cost, some cases elaborate  
11 student facilities, you have got to have a climbing  
12 wall today or you are just not an important  
13 university, increased expenditures on intercollegiate  
14 athletics and so forth. And, frankly, some continued  
15 cross-subsidization with more and more of resources  
16 going for graduate education relative to undergraduate  
17 education. This has contributed to the rising price  
18 explosion.

19 Another factor has been price  
20 discrimination, charging different amounts to  
21 different customers. It would be interesting to see  
22 what would happen if the FAFSA form were abolished and  
23 made illegal to tuition levels in American  
24 universities. I am not proposing this; by the way,  
25 there are a few panicked faces in the audience. But I  
26 am just suggesting it would have a profound impact.

1 When you go to a Chevy dealer they do not ask you to  
2 fill out a form saying how much money did you make  
3 last year, what are your assets, oh, are you paying  
4 alimony to someone, and when they learn all this tell  
5 you what you will pay for someone to go to college.

6 And price discrimination has always  
7 existed, that is scholarship aid, that is the form in  
8 which price discrimination takes, has always existed  
9 but it has increased enormously. And increasingly has  
10 gone on the basis of merit rather than need.

11 And I commend to everyone recent, last  
12 issue of the Atlantic Monthly, there are several fine  
13 articles on higher education in the last issue, one by  
14 the President of Reed College, by the way. And I urge  
15 you to read that issue, I will commend it to the  
16 group.

17 A fifth factor is one that is highly  
18 controversial and has made me a pariah amongst some in  
19 the academy; there has been some increases of what us  
20 economists call rent seeking behavior. As money has  
21 dropped out of airplanes from Washington and state  
22 capitals or wherever on campuses, some of that money  
23 has found its way into the pockets of the staff and  
24 others. We have made life better for ourselves in the  
25 academy.

26 Now some of this is the natural

1 consequences of economic growth, we have to keep up;  
2 we have to be competitive with nonacademic fields in  
3 hiring professors and all. But, and there is a lot of  
4 talk about five hundred thousand dollar university  
5 presidents and three hundred thousand dollar  
6 professors and million dollar football coaches, even  
7 million dollar football coaches who lose.

8 But if you look at things, the life has  
9 gotten a lot better for people in the academy. Our  
10 teaching loads as professors have fallen. We need to  
11 examine what we are doing as people and how we are  
12 paying people.

13 Now the one thing I have not said that my  
14 colleagues will be apoplectic about, which I will say,  
15 and it has already driven the Secretary from the room,  
16 is that it is true that in the last few years there  
17 has been a decline in Federal, not Federal support so  
18 much as state support, particularly for public  
19 universities. It is very significant; it has been  
20 going on in some way and more of a stealth way for  
21 twenty-five or thirty years.

22 And the share of, not only of state budget  
23 going for our higher ed has fallen, but by any  
24 criteria you want to look at, the share of university  
25 budgets funded by higher education in the public  
26 sector has declined.

1           This has created not only the tuition  
2 explosion of public universities in the last four or  
3 five years, added to it some, but it has also created  
4 something of a qualitative gap between the public and  
5 private universities and that is something which may  
6 be of interest for the commission to talk about. So,  
7 I will stop there.

8           CHAIRMAN MILLER: Thank you. Dr. Ward?

9           DAVID WARD: Well, let me say that I think  
10 that this is a sketch, if you like, of the recent past  
11 in terms of pressures on higher education. Whether I  
12 agree completely with the factor analysis that goes  
13 into it, I think there is something in common that  
14 since, certainly 1960, two developments have  
15 transformed the cost structure and the functional  
16 structure of higher education.

17           One of them, of course, is the rise and  
18 the expense of international class research, and the  
19 other is the massification that is the opening of  
20 institutions to a larger percentage of our population.

21           Both of these, it seems to me, have  
22 occurred in a period when the budgets of institutions  
23 have then become divided into various categories. And  
24 I think this argument about markets is the fact that  
25 while we have talked a little bit about cross-  
26 subsidies, my experience as a college president is

1 that was actually quite difficult. The state support  
2 and tuition went for instruction and much of the  
3 Federal support went for research, it was very  
4 difficult to move them.

5 My football coach was paid from revenues;  
6 there was not a piece of academic funding in his  
7 salary. It was all paid by TV stations and various  
8 alumni insuring his salary. So the idea of a cross-  
9 subsidy of athletics is not, there is very rarely any  
10 cross-subsidy or any faculty - some institutions the  
11 subsidy is the other way. In fact, most contracts we  
12 got were subsidies to undergraduate tuition  
13 fellowships from athletics.

14 Another area would be the issue of  
15 buildings. It was relatively easy for me to raise  
16 funds for physical structures, including stadiums I  
17 might add. Again, the faculty senate attempted to  
18 embarrass me by arguing why could this not go for  
19 naming chairs or for student support. The donor had  
20 no other interest or any other purpose than the  
21 building.

22 So, one of the problems, actually, is that  
23 while cross-subsidies seem to be thought of as being  
24 easier, actually, in practice, you actually are  
25 dealing with a quintet of revenue flows most of which  
26 are not easily transferable.

1           And so I think that the idea that it is  
2 our strategic intent that we undervalue undergraduates  
3 so we overvalue buildings is a little bit ingenious in  
4 that I am not sure how easily that occurs and in fact  
5 it usually, the cross-subsidies occur because college  
6 presidents sense a public good in the university, a  
7 sense of the whole and redirect funding often to peril  
8 of their job. Because, in effect, these changes are  
9 not that easy.

10           The second issue is the issue that really  
11 is all part and parcel of building up the  
12 infrastructure of the institution, most of it is not  
13 trivial building most of it is obviously to build up  
14 the science and technology capacity of the campus.

15           The second issue is, I think, the  
16 challenge of tuition and access that we have faced.  
17 That is that state support and tuition used to be,  
18 among our public institutions, the sum of those two  
19 was the bulk of what made the university survive. And  
20 as the ratio between those two has changed, I think  
21 what has happened is that we have not really had a  
22 public policy debate about a shift from a system in  
23 which you have a universal entitlement to low tuition,  
24 irrespective of income.

25           Universities which at one time were  
26 overwhelmingly, of course, skewed in their income

1 distribution of their students to one in which we have  
2 driven to what I would describe as moderate tuition,  
3 some of it certainly discounted by financial aid, but  
4 that is very different. As the middle class of  
5 America now face the idea of significant college cost  
6 through tuition, which, of course, twenty years ago  
7 may not have been there.

8 That, too, could be thought of as a market  
9 pressure where in fact there is a mixed sense, instead  
10 of being a public investment in the student going to  
11 college it is now split between some private  
12 investment and some public investment. But we have  
13 never really had a debate about whether that is  
14 desirable; we have never had a debate about what those  
15 proportions should be. Is there a private benefit  
16 worth one half of tuition? Public benefit one half?  
17 Or, is it, in fact; in some cases a hundred percent of  
18 the benefit is public benefit.

19 So we have not really had a debate about  
20 the nature of tuition and what tuition is as an  
21 investment or whatever. I think it is not a matter of  
22 whether I would disagree with my colleague Richard  
23 here, but we have never really discussed it about what  
24 that balance should be.

25 So I would just make those two big points,  
26 one is that university budgets have become very

1 segmented, they really are not as easy to cross-  
2 subsidize, as you would imagine.

3 In fact the various pools of money are  
4 actually quite separate and it is a challenge to  
5 indulge in cross-subsidy and in fact every time I  
6 tried to do it, that is, build a music department out  
7 of the surplus of chemistry, it is a very dangerous  
8 thing for university presidents to do. And certainly  
9 the issue of the fact that students do demand, and  
10 their parents do demand, higher quality facilities as  
11 a result of a sort of upward course in our standard of  
12 living.

13 But I do think that the market pressures  
14 are in part not a reflection on the whole picture but  
15 on the segmentation of revenues where some of them are  
16 more intensely market-driven and others are not.

17 And the second issue is this issue of the  
18 cost to the consumer. Where I think we have moved  
19 from a model of essentially universal entitlement to  
20 low tuition to one in which it is moderate tuition  
21 with some discounts based on income and/or merit and  
22 we have never really had a debate about how to resolve  
23 that.

24 Overlaying this, however, I do think the  
25 third factor is this changed era. That is that I  
26 think higher education has coped well, in general,

1 perhaps coped well in the U.S. better than in some  
2 parts of Europe or Japan with both of these  
3 tendencies.

4 But the rival, obviously, of developing  
5 countries specifically India and China as players in  
6 international education and new players like Ireland  
7 for that matter is changing the scene.

8 So that while we have got these two  
9 challenges of how you create the infrastructure of a  
10 research university and of a system, how you deal with  
11 massification, how those come together, and then place  
12 them in a new, competitive environment which is  
13 global.

14 All of those three things need public  
15 debate. And maybe the challenge for us, and why this  
16 commission is so important, is that we have not  
17 overtly discussed the issues. That we take pot shots  
18 from each side but in fact these three problems,  
19 creating the capital for the infrastructure, resolving  
20 the nature of tuition as a public or private benefit,  
21 and the new competitive environment, is to try and in  
22 effect to bring a public policy debate about what the  
23 parameters of these should be. What should be the  
24 investment infrastructure, what should be tuition as a  
25 public and private good, and what, indeed are the  
26 threats to the current state of higher education

1 because of a new international context.

2 ROBERT ZEMSKY: Charles had warned me in  
3 advance the he does not agree with me, so I am sort of  
4 startled a little bit, not since I was warned in  
5 advance, obviously I'm not startled. But you set it  
6 up, Charles, that this is not a free market. And I do  
7 not think that anybody argues this is a free market  
8 any more than anybody argues that healthcare looks  
9 like a free market. You have all the same high-entry  
10 barriers, you have all the same accreditation, all of  
11 that.

12 And I do not think anybody, though I would  
13 defer to our colleague Dr. Sullivan, I do not think  
14 anybody would argue today, seriously, that market  
15 economics have not substantially, maybe even  
16 overwhelmingly changed the healthcare business. And I  
17 think that is sort of the cusp that we are on. And I  
18 sort of look at it, when I say is there really market  
19 forces here? What would be the real indicator that  
20 there were market forces?

21 I think one is, and I think David and  
22 Richard both are getting at it in different ways, is  
23 that where once upon a time cost set tuition, now the  
24 market sets tuition. We have seen and some of what  
25 Richard is talking about, as the upward trend of  
26 prices is the result of enterprises trying to see

1 where price sensitivity really occurs.

2           And that you have this long history now,  
3 and Richard is right, it is about thirty years this  
4 has been going on. And then it was accelerated  
5 because the states, in their need, decided, well,  
6 let's take a look. Prisoners do not want to pay rent,  
7 old people do not want to pay for Medicare, nobody  
8 wants more toll roads, about the only thing left was  
9 that we can charge and shift that burden from the  
10 public to the consumer.

11           And so, actually it was state policy more  
12 than Federal policy that sort of moved us in this  
13 direction. Now the other thing that you asked is, do  
14 you have a market or not? Well, let's look at the  
15 enterprises themselves and that David was starting on  
16 that, though I suspect David and I have some  
17 disagreement here.

18           But, one of the rules in a market, if you  
19 are really in a market it is sort of Lee Iacocca time;  
20 you either get out in front, get behind, or get out of  
21 the way. And the translation to that is that if you  
22 are running a market enterprise you really need more  
23 revenue, more real revenue every year. That is what  
24 makes a market enterprise work and I think all of  
25 those at the table will explain that revenue growth is  
26 really an important variable to realize.

1           In over twenty-five years institutions  
2 have learned to generate and to spend more time  
3 focusing on revenue than on operating cost. And it is  
4 only when there is a real crunch that you get back to  
5 the operating cost sum. And I think that is also an  
6 indicator of where we are in the market.

7           And then we get all confused when we say,  
8 well, what is a market for. And I used the healthcare  
9 analogy, but I do not really like the healthcare  
10 analogy. I really like the real estate market. You  
11 know, I am always sort of struck when I think about  
12 real estate. I do not see a national commission  
13 trying to figure out how to roll back the price of  
14 housing in the Bay Area or Washington D.C. The  
15 markets set the price and a lot of people played the  
16 game and a lot of people got hurt playing the game.

17           But the thing that is comparable between a  
18 purchase of a house and a purchase, and I use the word  
19 purchase quite consciously, of a college education is  
20 these are accruing investments. Most people assume  
21 they will sell their house for more than they paid for  
22 it. It is just one of the things that drive that  
23 market.

24           And most people assume correctly that they  
25 will get more direct financial return from the price  
26 they paid for their education, including the

1 opportunity cost and including the cost of money than  
2 they would get for not doing that.

3 So, the way to look at this is that this  
4 is like a real estate market. A real estate market  
5 that has got all kinds of barriers to it, called  
6 zoning, and all of that, you just cannot go build any  
7 old house. Now, in some - I have been to Houston,  
8 Charles, I realize that I am in a little bit of  
9 trouble to talk about zoning, but nevertheless.

10 That we do fence it in, it is more fenced  
11 in than the real estate market, and I understand that.

12 But, it is still worked somewhat like that. Great  
13 big giant purchases which people make seldom so they  
14 do not have a lot of experience, they are not  
15 experienced shoppers, there are very few people in the  
16 real estate market who are experienced shoppers. But  
17 that it is terribly important that they make the right  
18 decision. And the market says, and as long as the  
19 value accrues, the price will rise.

20 And I think that is where we are. One  
21 last observation, I spend a lot of my time helping  
22 institutions figure out how to do in this world. And  
23 the interesting thing, and I was sort of struck, I do  
24 not think you quite heard David so I am going to  
25 repeat what David said. I cannot take the surplus  
26 from chemistry and give it to art history or music; I

1 can't remember where you were - music. The  
2 interesting thing about that observation is, thirty  
3 years ago that sentence would not have computed.  
4 Nobody would have had any idea in the world what the  
5 surplus of chemistry was versus the surplus of music.  
6 We are putting in place all over American higher  
7 education, we are putting in place all over the world  
8 as a matter of fact, information systems that are  
9 designed to essentially calculate what is nicely  
10 called the contribution margin of various units across  
11 the universities. And those are bottom lines. But I  
12 have also, a little bit, quarreled with Richard about  
13 to say there is no bottom line. There is, it is  
14 calculable, it is being calculated, and the argument I  
15 always make, and then I will stop here, it is not that  
16 you cannot pretend you do not have the bottom line,  
17 you cannot play the game I do not want to look, you do  
18 have bottom lines. The question is, what are you  
19 spending the bottom line on. And, if Richard says, if  
20 you are spending the bottom line on your own  
21 amenities, that is not a rational policy. If you are  
22 spending your bottom line on the kind of things that  
23 Secretary Bodman was talking about, then that is a  
24 rational policy. So we need to be careful and observe  
25 Jim Duderstadt's rule, "Do no harm."

26 CHAIRMAN MILLER: Thank you, that is a

1 great start and I am more supportive of that end of  
2 the alphabet all the time. Governor Hunt, though,  
3 from the middle?

4 JAMES HUNT: Thank you, Mr. Chairman. I  
5 hope that we would begin; I do hope that we would  
6 begin this work by looking at what the nation's needs  
7 are in higher education, and then go to how we meet  
8 those needs. And obviously that is going to involve  
9 what the institutions need.

10 As we get into it, it seems to me, one of  
11 the first things - we have heard some of this already  
12 today but one of the first things we ought to do is to  
13 look at and to establish for the country, because we  
14 are sort of doing this for America, what is happening  
15 with education pipeline. And folks we have a  
16 hemorrhaging in the education pipeline. I hope  
17 everybody around this table knows it. But let me give  
18 you the figures.

19 Of a hundred students that start the ninth  
20 grade, sixty-eight of them graduate four years later,  
21 only sixty-eight, it has gone down recently, not up.  
22 Forty of those students, of those sixty-eight, forty  
23 immediately enter higher education. Only twenty-seven  
24 of them are still enrolled for the second year. And  
25 only eighteen graduate three years later for an  
26 associate degree or six years later, within six years,

1 for a bachelor's degree, now folks that will not do,  
2 in my opinion.

3 I do not think that we can compete in this  
4 new role that Friedman talks about and so many others  
5 do, with those kinds of results. I think we must do  
6 better and I think we can do better. As we look at  
7 what the nation's needs are and what is going on, the  
8 figures that I know about, that I think are  
9 trustworthy, show that college has actually become  
10 less affordable for most American families. Tuition  
11 has increased at a rate that is faster than the income  
12 of the average American family.

13 I think we need to be aware as we do this  
14 study, this work that we know too little about the  
15 outcomes of higher education. And we know we have got  
16 great universities and it is probably the greatest  
17 thing about America.

18 But, how are we doing with outcomes? We  
19 worked so hard on K-12 and we have still got a long  
20 way to go. We measured how we were doing and you  
21 cannot do it the same way in higher education. But  
22 there are some appropriate ways to do it and we have  
23 begun to develop some of those. But we need to know  
24 more about student learning and we need to increase  
25 student learning.

26 And then policy makers and students and

1 families really do not have enough data for making  
2 decisions. We have already heard some discussion  
3 about what families need to know and perhaps do not  
4 have all that they need to know. I can tell you that  
5 policy makers do not have enough information about  
6 even how many students are enrolled and what is  
7 happening with students of lower income families.

8 A lot of our Federal data collected this  
9 fall will not be published for two more years. So we  
10 have that kind of lag time, on some things you have  
11 got a lag time of ten years.

12 But there is a lot of data, and we are  
13 collecting some good data. But we need a lot more, it  
14 needs to be done in a more timely way, a lot of this  
15 is going to have to be done by the Federal Government,  
16 these are not huge cost items I might hasten to add.  
17 It is just a matter of getting this data and making it  
18 available to policy makers.

19 So, Mr. Chairman I would just want to say  
20 that as we start into this, I would really hope that  
21 our first order of business, in a sense, would be to  
22 say, "what are America's needs in higher education,  
23 what does the country need." And then move on into a  
24 lot of other things including many of the things we  
25 have just been hearing about.

26 CHAIRMAN MILLER: Thank you, Governor.

1 And we will address that, I think, some of the  
2 breakdown we have obviously answers your questions  
3 about accountability and I heard the Secretary  
4 announce in your home state of North Carolina that  
5 every student in America who worked hard or studied  
6 hard would have available higher education opportunity  
7 no matter what the income of that child was.

8 I thought that was a pretty important  
9 statement of the nation's needs. We can get more  
10 complicated and then the creation of new knowledge,  
11 which is the research side and the quality of teaching  
12 and learning, beyond that I am not sure how we can  
13 identify it, some objectives, but we will be open to  
14 look at that.

15 For me that one statement was a very  
16 important objective and that is where accessibility  
17 comes in, that is what we mean that, how do we get  
18 every child into a position to have the opportunity to  
19 have a post-secondary education regardless of the  
20 financial capacity of that child.

21 So that would be one of the statements of  
22 the national goal. I think most of us here feel and  
23 believe that, maybe we should say it more clearly. I  
24 am going to recognize one person to my left and then  
25 you are next, thank you.

26 SARA MARTINEZ TUCKER: And that is a great

1 segue way. As I listen to your conversation on free  
2 market and cost implications, the turnaround then is  
3 price to the student. And if you look at the students  
4 that I support and then how they fit with the rest of  
5 the country, I could not help but reflect as you were  
6 talking about state's prisoners not paying rent and  
7 the elderly not paying for medical care. When I was  
8 at AT&T, whether it was consumer markets or business  
9 customers that I served, I did not have a lot of price  
10 flexibility. Because if they did not like my price,  
11 they would go to the competition.

12 Our kids that are low income do not have a  
13 lot of options. A lot of our children do start at  
14 community college. Ultimately, though, they need to  
15 be able to afford a higher education to be able to  
16 thrive in this country. And so while our costs and  
17 all these little factors that you described. We do  
18 not really have that free market for our students  
19 because they have no choice.

20 Now there is a solution today. If you are  
21 low income today you can get your Pell, you can get  
22 your institutional loans, you can get your work-study,  
23 you can get scholarships, and you can get loans. And  
24 so, you have got an artificial system that is propping  
25 up the ability of our children to be able to meet the  
26 cost pressures. Unfortunately, I see three serious

1 implications from having this temporary band-aid.

2           Number one is, we are putting money  
3 management responsibilities probably into the least  
4 able to be able to do that. The families cannot  
5 support it so our students are the ones that become  
6 the money managers piecing this together, trying to  
7 make it work, semester by semester. And so a lot of  
8 the new components that we are seeing in the  
9 reauthorization, I think are important for us to focus  
10 on.

11           The second one, and this is probably a  
12 little more controversial, is that if you look at  
13 those components that I just identified, we understand  
14 that pressures on Pell, and we also understand that  
15 sometimes the thinking is that if you increase Pell it  
16 may not go to the student. But, regardless there are  
17 pressures there.

18           We have heard described the pressures on  
19 the state aid to the student. We understand what is  
20 happening with the privatization of scholarships and  
21 need versus merit based, frankly the only segment of  
22 that equation that is able to make money off of this  
23 and grow and invest to meet the students' needs are  
24 the loan segment. And I think we have got to  
25 understand what this loan business is doing to  
26 students, what it is doing to families, and making

1       sure that we do not have this temporary fix that we  
2       have got going right now, have the wrong people  
3       leading the discussion around what is happening with  
4       the price and the cost in higher education.

5                 And then the last piece of it is, if we do  
6       not solve for the cost side at some point the price  
7       becomes prohibitive to too many children in this  
8       country and we have got to be able to solve it here,  
9       with this generation. Because if we do not have more  
10      of this generation, the parents have a college  
11      education and the right income, then it only creates a  
12      higher cost for the next generation of students.

13                CHAIRMAN MILLER: Could you step up to the  
14      mic? Thank you.

15                CHARLENE NUNLEY: I think the goal that  
16      described of everybody being able to access higher  
17      education and not being prevented because of cost is a  
18      very good one. I would like to also add some, perhaps  
19      bolder goals.

20                It seems to me that when we look at our  
21      history we had this perspective that we needed to have  
22      universal access to public education. And at a point  
23      in time that probably meant grade eight. Then, I  
24      think we shifted our focus to; we want everybody to at  
25      least have the opportunity for a high school degree.

26                With what is coming to our nation in the

1 way of technology and higher needs for education,  
2 perhaps we need to have some kind of a national goal  
3 that shifts that up even higher. Not just access to  
4 higher education but setting goals of actually  
5 achieving degrees, an associate degree or a  
6 baccalaureate degree.

7 Access will not be enough for the future,  
8 given the data that Governor Hunt was describing of  
9 how the people fall out of the pipeline. I think we  
10 have to have goals for completion that will assure  
11 that we are educating people to higher levels. So, I  
12 do believe that some focus on, what are the national  
13 perspectives, national goals that we are going to  
14 achieve with this commission, helps us to wrestle  
15 better with the affordability issue.

16 And then I would also say that being a  
17 community college president where we have lower  
18 tuition, still I know that at my institution there  
19 were over twenty-five hundred students who applied for  
20 scholarships that we were not able to award and did  
21 not come to college.

22 Now those are people that we are losing  
23 from the educational pipeline. And that is a tragedy,  
24 and we have to figure out why that is happening, what  
25 we can do to change the price even in our community  
26 colleges affordable, and what we can do to make sure

1 that we have the kind of aid systems in place that can  
2 help those students to be able to go to college.

3 JONATHAN GRAYER: The affordability  
4 question, as it is presented to this commission, it  
5 seems to me should encompass the fact that, what keeps  
6 prices down in the long run in any market is not  
7 really competition but rather productivity gains. That  
8 markets that beat themselves up over price ultimately  
9 do not go to a good place. But markets that find  
10 better ways to use their resources ultimately are able  
11 to get to deliver their product more cost effectively  
12 in the long run.

13 And I would ask the group, from the for-  
14 profit sector, these metrics for productivity are much  
15 clearer. But, in higher education how do you define  
16 productivity? How can you measure the gains of an  
17 institution against a more efficient use of the  
18 resources. There is no metric that I am aware of that  
19 we can point to. And if this commission could take  
20 that up, be able to offer to all the different types  
21 of institutions that are struggling to meet the needs  
22 of their students to what the Governor raised, that  
23 would be a pretty dramatic statement, that this is how  
24 productivity and higher ed should be measured in this  
25 country. This is an idea about how productivity  
26 should be measured. Because if institutions are - and

1 what I mean by productivity is using the same amount  
2 of resources to do more, and the more part is the hard  
3 thing to define. When we talk about our higher  
4 education system is great, are we talking about its  
5 research product, are we talking about its outcome of  
6 its students, are we talking about the cost  
7 effectiveness, are we talking about the ability to  
8 meet all the needs of our disparate population.

9 If we are able to define that in a  
10 coherent way, and then look at, to the point of data,  
11 how institutions in the long run can measure against  
12 it, I think we will have achieved an economic rent  
13 that will provide more room for true gain against  
14 international competition.

15 CHAIRMAN MILLER: I am going to recognize  
16 Rick and then Nick, I will add that the accountability  
17 section is intended to do that. We wrestled with the  
18 use of the term accountability, talked about  
19 productivity, and other measures. But it is a rate to  
20 measure outcomes of the system and to follow up on  
21 that that would be one of the intents, whether it is a  
22 competitive or market or not, so Rick, you would be  
23 next.

24 RICHARD STEPHENS: Yes, thanks Mr.  
25 Chairman. I think one of the challenges I think we,  
26 as a commission face is data that we can all look at.

1       Whether it is "In God We Trust" all others bring  
2 data, or the data shall set you free, whether the  
3 information the Governor is talking about or any of  
4 the others, I think we are challenged by having a  
5 common language to discuss.

6               If we look at the number of students, and  
7 I know the university I went to I would not be  
8 accepted today based up on my SAT score when I went  
9 there some thirty years ago because the SAT scores  
10 continued to rise at one point. Of course college  
11 tuition went up nearly a hundred percent at the time I  
12 was going to school. But the same challenge we have,  
13 the number of students who are completing high school  
14 being eligible to go on to post-secondary education is  
15 going down significantly just because they are not  
16 completing.

17               So, I think we have this bifurcation of  
18 data going on, whether it is tuition, whether it is  
19 completions, whether it is graduation rates, and I  
20 think one of the things that the commission ought to  
21 take on is, what are some of the appropriate metrics  
22 and then prior to our next meeting, if we could gather  
23 some of that data, then we will be able to get this  
24 common language we are talking about.

25               And then when we look at whether it is the  
26 economics, whether we look at the accessibility, we

1 will have a common frame of reference to work for and  
2 coming from industry I would be happy to participate  
3 on some of those metrics.

4 JONATHAN GRAYER: I just wanted to note  
5 that it is not too late to raise your SAT score.

6 NICHOLAS DONOFRIO: So, Rick, it is all  
7 grade inflation anyway, you would be accepted. So,  
8 Mr. Chairman, just a simple thought as we talk about  
9 this and deliberate on it. As a global company, I do  
10 hope that we take a measure of our competitiveness or  
11 our efficiency or our productivity on a global scale.  
12 And not just a U.S. scale.

13 We have here alternatives; we do not  
14 necessarily like all the alternatives that we have.  
15 We want to see America continue to be great and lead  
16 in the twenty first century, but we are naïve to think  
17 that they are not doing something better somewhere  
18 else in the world. Often times I am reminded, many  
19 times, the underserved shall lead. That may be a  
20 lesson for us to learn here.

21 CHAIRMAN MILLER: Just define that a  
22 little more, are you thinking about competitively,  
23 competitiveness generally or in the educational side  
24 primarily or --

25 NICHOLAS DONOFRIO: Clearly in this area  
26 of education, we know what they are capable of in our

1 industry.

2 CHAIRMAN MILLER: Thank you. I wanted to  
3 be clear and I thank you. I know - I don't want to  
4 speak for the Secretary, I know that has been high on  
5 her list of questions to ask. We are the greatest, is  
6 what we hear, I am the greatest, we are the greatest,  
7 how do we really know what? And, so that is the  
8 question we are going to try to get into. I think I  
9 had --

10 CHARLES VEST: I wanted to say a quick  
11 word about data that happens to fit in directly to  
12 what Rick said. I was emailing back and forth with my  
13 friend Bill Bowen last night, who, as most of you  
14 know, is the former President of Princeton, currently  
15 President of the Mellon Foundation. They have  
16 maintained for many years one of the largest databases  
17 having to do with higher education. It is called the  
18 College and Beyond Database.

19 It looks at, admittedly, a very select  
20 subset of private and public universities. It was the  
21 base on which "The Shape of the River" was written,  
22 and more importantly, a much more recent book called  
23 "Equity and Excellence in American Higher Education."

24 Their goal, quoting from a memo that I had  
25 from Bill, is to extend their work focused on the  
26 question of whether American higher education, public

1 and private, is educating enough talented young people  
2 from modest circumstances, that is low social/economic  
3 status backgrounds as defined by both family income  
4 and parental education.

5           The reason I bring this up, we have all  
6 talked about the importance of data, and believe me,  
7 these are complicated things. They are hoping to sign  
8 on a much larger number of universities starting with  
9 the promise of productivity, namely things are  
10 available electronically now that were done by hand  
11 when they started the database a decade or so ago.  
12 And the goal is to extend this equity and excellence  
13 study. And one of the things I find most interesting  
14 in their goals are they are trying to find a more  
15 sophisticated way of defining outcomes than just  
16 simply looking at graduation rates and pure numbers.  
17 And if you have a chance to look at the book, which,  
18 by the way, he said he would be glad to make available  
19 to the commissioners, what they have tried to do is  
20 look at some somewhat subtle effects on career  
21 choices, fields of study, all these kinds of things  
22 that tend to be biased against the kids from lower  
23 socio-economic statuses in very subtle ways. So, I  
24 just want to call this to your attention. Those of  
25 you who represent universities, if you are contacted I  
26 hope you will encourage your university to

1 participate. It is a swath of higher education, but  
2 it will be a swath that educates a very large number  
3 of young men and women.

4 CHAIRMAN MILLER: Thank you. I have got  
5 two more, Dr. Mendenhall and then --

6 ROBERT MENDENHALL: I think as we talk  
7 about affordability, the general discussion tends to  
8 revolve around the institutional costs at an  
9 institution or the student cost and what the real cost  
10 is to a student, or how we pay for it in additional  
11 aid. What we do not talk about in education very  
12 often is about brand new models that could increase  
13 productivity and fundamentally change the cost  
14 equation.

15 I mentioned earlier about, I think we have  
16 had huge productivity gains in the last ten or twenty  
17 years through implementing technology throughout  
18 industry and society. But it has barely touched  
19 education and certainly has not created any  
20 productivity enhancements in education. I think we  
21 could look at creating, whether it is a market-  
22 oriented system today or not, creating a more market  
23 oriented system, exploring something as radical as  
24 states giving dollars to students rather than  
25 institutions, same amount of dollars, but let students  
26 use those to choose institutions where they will be

1 served.

2 I think we need to distinguish between  
3 research institutions and teaching institutions. They  
4 have different missions, different needs, and should  
5 have very different cost structures. But, sometimes  
6 with every teaching institution trying to be a  
7 research institution they, the costs are confused.

8 We also have very different needs between  
9 the 18-24 year old population, which needs residences  
10 and buildings and football teams and social activities  
11 and are worse than adults, where frankly, those things  
12 often get in the way and certainly add unnecessary  
13 costs and the working adults are now more than half of  
14 our student population in higher education.

15 Finally, I was really interested in an  
16 earlier comment that one of the issues with cost is  
17 simply that we have been able to increase demand for  
18 higher education without a commensurate increase in  
19 supply. And I think one of our challenges would be to  
20 reduce the barriers to entry so that supply could be  
21 increased. And earlier I think Mr. Chairman you  
22 mentioned a number of those barriers to entry, but  
23 certainly accreditation and licensing and subsidies.

24 It is interesting to me that most new  
25 institutions in the last twenty years have been for-  
26 profit institutions simply because of the cost of

1 entering that is the only way to acquire enough  
2 capital to get into the business. I think, finally,  
3 market economics have changed the healthcare industry.

4 It is not clear to me that it has really changed  
5 education and maybe that is the best evidence of  
6 whether it is subject to market economics or not, is  
7 whether it is causing fundamental changes in the way  
8 we deliver education.

9 CHAIRMAN MILLER: Thank you. I want to  
10 come back and respond to one of those comments in a  
11 moment. Dr. Orbach?

12 RAYMOND ORBACH: I would like to pick up  
13 on a comment that President Tucker made about the  
14 complexity of the cost structure to a student who is  
15 looking at the university. If you look at the  
16 opportunities that the student has for support, it is  
17 a mixture of Federal support, state support,  
18 scholarship support, family support, and loan support.

19 And I think it is quite bewildering, even to parents  
20 I suspect. And one of the things this commission  
21 might think about doing is to create a template that  
22 would enable parents and students to be able to make  
23 use of the resources that are there.

24 Right now many of them are not aware of  
25 it, but what is more important is how the student  
26 actually manages their financial future. Loans are

1 the swing factor that makes up the gap; there are  
2 limits on what students ought to get into.

3 And I think having a template for the  
4 average student or perhaps a student on the basis of  
5 family income, that would enable them to figure out  
6 what a balance of opportunities there are and what a  
7 balance that makes economic sense would be, would be a  
8 great contribution if this commission could do it.

9 CHAIRMAN MILLER: Thank you. Any other  
10 comments on that, we expanded affordability, got into  
11 access and accountability. We did not directly touch  
12 quality although we alluded to it. So we really did  
13 have those four issues. Let me ask Jim --

14 JAMES DUDERSTADT: Not to wrap up, but  
15 just to kind of insert. Let me say at the outset that  
16 I strongly agree with Governor Hunt. That I think one  
17 of the most important roles of this group is to really  
18 consider what the nation seeks, needs, wants from  
19 higher education. And that suggests that while  
20 opportunity for educating our population is important,  
21 R&D is important, we can also broaden it out to look  
22 at kind of the Jeffersonian themes of preserving and  
23 transmitting our culture of challenging our norms and  
24 beliefs, preparing citizenry for a democratic society,  
25 new things.

26 Most of our tertiary healthcare in this

1 country is provided by universities, innovation, and  
2 entrepreneurial activity, creating a new industry that  
3 will destroy the old in a Shumpter kind of way,  
4 keeping up with the exponential increase in knowledge,  
5 which is transforming on a continuous basis many of  
6 the professions.

7 I mean our engineering schools now face  
8 the dilemma that much of what students learn in the  
9 engineering curriculum will be obsolete by the time  
10 they graduate. So that demands new styles of education  
11 that are truly life-long in character. And the reason  
12 I put out those broader roles is because it could be  
13 that this strange and misunderstood relationship  
14 between cost of higher education to broader society,  
15 price that is felt by students and parents, and value  
16 that, of course accrues both to society and to  
17 students themselves.

18 That relationship may be changing so fast  
19 that in our discussions we are trying to fix something  
20 that is beyond repair. We may not have a structure  
21 right now that is capable of meeting the broader needs  
22 of the nation, financing it.

23 So as we grapple with these things I think  
24 we have to think much more innovatively of what that  
25 is - I mean, United States is unusual because we have  
26 such a large engagement of the private sectors

1 supporting higher education. Some estimate it is  
2 almost as much as two-thirds of the support compared  
3 to less than ten percent of most other countries.

4 But, we do, essentially depend on one  
5 generation in one form or another to support the next  
6 generation. And new paradigms might suggest that even  
7 that is the wrong way to do it. I mean, Peter Drucker  
8 has been proposing for years something more akin to  
9 the social security system where people kind of pay  
10 their own way through but over their lifetime because  
11 they have lifetime educational needs.

12 So I come back again and say how important  
13 it is to look at the broad range of roles of higher  
14 education. Do not slice it up and look at the  
15 productivity or efficiency in a more narrow range  
16 because you may throw out the baby with the bathwater.

17 And also do not accept the status quo as  
18 what we want to create marginal improvements on  
19 because that may be inconsistent with the kind of  
20 paradigms that we are going to face in the future.

21 CHAIRMAN MILLER: One more and then -  
22 yeah, thank you.

23 ARTHUR ROTHKOPF: I think it is quite  
24 important, and I think the conversation has  
25 demonstrated it, but I think it is very important that  
26 we perhaps differentiate among the goals here. I

1 think we have got a lot of things we have talked  
2 about. I mean, we want to have leadership in science  
3 and engineering and I think that requires the kind of  
4 research institution where the goals may be different  
5 and the costs may be different.

6           On the other hand, we are talking as well  
7 about perhaps more entry-level situations. And I  
8 really think that as we talk about affordability there  
9 are just vast differences here. And I do not think  
10 that there is a single model and I think we have to be  
11 somewhat more careful in differentiating as between  
12 the two and maybe three or four models that are out  
13 there. Because affordability, it gets complicated if  
14 you are talking about affordability to a community  
15 college which is providing critical needs for these  
16 students that is a very different thing from talking  
17 about going to one of our major research universities.

18           And I think we really have to look at different cost  
19 models there because, I think they, in many ways are  
20 very different.

21           And I think on the cost-side element,  
22 there are things we have not talked about. But the  
23 government is doing its share at driving up costs.  
24 There are some very significant Federal mandates and  
25 state mandates that institutions have to deal with.  
26 Unfortunately, at least my own experience has been,

1 that information technology whereas in the private  
2 sector you get more productivity, my experience is  
3 that you do not get more productivity in the education  
4 institutions. It just simply adds costs; one on top  
5 of the other and that has been a tremendous cost-  
6 driver.

7 And, finally, I'll throw out probably an  
8 unpopular view with the public at large.  
9 Intercollegiate athletics, except for a handful of  
10 institutions is one of the great money pits for  
11 schools and I think it would be well for many  
12 institutions to talk about deemphasizing  
13 intercollegiate athletics even though it is a very  
14 nice thing for people, for Michigan, and Penn State,  
15 and Oklahoma, and Miami, but for those of us--

16 CHAIRMAN MILLER: I am not going to  
17 recognize any more athletic discussion during this  
18 commission's meeting.

19 ARTHUR ROTHKOPF: What I'm saying is, I  
20 think it is a cost-driver that adds tremendous added  
21 costs which --

22 CHAIRMAN MILLER: Well, it does. Let's  
23 put that in the amenities department and say we are  
24 not an amenities commission, but that is a cost-driver  
25 that we will look at in a model of our education. But  
26 that is an accurate statement. But, we could not deal

1 with that here and do anything in that nine months.  
2 Then - here, one more --

3 RICHARD VEDDER: Yes, Chairman Miller,  
4 this actually maybe is directed to Secretary Spellings  
5 in a sense. And picking up on Jim Duderstadt's  
6 comment that we need to think broadly and beyond the  
7 current models and so forth, just let me read a real  
8 quick quote from the new book by Jay Greene on  
9 education myths. "The main barrier currently  
10 preventing more minorities from entering college is  
11 not money or race, but the shoddy K-12 education many  
12 of them receive. Any attempt to address the problem  
13 of minority enrollment in higher education that does  
14 not focus on improved K-12 education will be  
15 ineffective." Now I am not saying that quote is right  
16 or wrong, but when we deal with the issue of  
17 accessibility, obviously we cannot take on the world.

18 And you have a whole department dealing with K-12  
19 issues. But, that is a concern and in the documents  
20 that came out to us there was some mention of the  
21 integration of K-12 in the college and how can we  
22 integrate them better and so forth. I want to know,  
23 is this really part of the mission of the commission?

24 CHAIRMAN MILLER: I want to say it is a  
25 very limited part, although the high school  
26 preparation and especially the fact that the

1 administration has put some strong proposals into the  
2 public view and some of our major corporate leaders  
3 have identified that as a major gap in preparation for  
4 higher education, the articulation issue all the way  
5 up and down the line from high school to what kids are  
6 taught/learn, that is part of it.

7 But, I would hope, and I think it is very  
8 important to say this, that we do not gravitate to  
9 beginning to fix the K-12 system here. We are here to  
10 look at the higher ed system. And if where it goes  
11 back and we need that for the access we should do it.

12 Otherwise, I think we will be dragged into a full-  
13 scale discussion and debate. There was a tendency of  
14 that in a couple of meetings we had and I think we  
15 just want to be cautious about it. The high school  
16 part of it, I think is very pertinent, the community  
17 colleges, and the articulation issues are a very  
18 important part of accessibility. I think they need to  
19 be there.

20 JAMES HUNT: Mr. Chairman may I suggest  
21 this. I would hope that we would say something about  
22 preparation. For example, I would hope that we would  
23 see fit to endorse a twelfth-grade NAPE so that we  
24 know where students are when they start this college.

25 If we are going to measure how well they are learning  
26 in college. So, I just --

1                   CHAIRMAN MILLER: I totally agree with  
2 that. Alignment of what is taught in high school or  
3 in community college with the whole system would be a  
4 big part of it. We are not aligned in any state in  
5 the country that I know of. Although, some are  
6 beginning to do that. There is not a single place in  
7 America where we line up what is necessary to get into  
8 college or most colleges and what we are asking kids  
9 to have when they graduate from high school. So it is  
10 not there, I just want to be careful that we do not  
11 get so far into that side. We are going to look at  
12 that, we have to on accessibility and preparation.

13                   We need to look at ourselves if we are  
14 saying we are higher education. That is the point. I  
15 mean, I think if we do not do that and start looking  
16 at the other side it is going to be an excuse to not  
17 look at the hard things we need to look at. That is  
18 really what the problem would be. Because that is a  
19 big set of issues being dealt with. What we do with  
20 our colleges of education that would be appropriate,  
21 that might be the kind of thing. But, I think where  
22 the line is drawn needs to be - we need to be careful,  
23 I believe.

24                   LOUIS SULLIVAN: Yes, I would like to say  
25 that certainly for low income individuals and  
26 minorities, the whole issue of financing education is

1 very important. I certainly would agree with Mr.  
2 Vedder's comments that K-12 of the educational system  
3 has a lot of problems that minorities suffer from.

4 But, having led a medical school for some  
5 twenty-five years, a minority school, that we are  
6 concerned for having more diversity in the health  
7 professions. One of the great challenges that has  
8 existed and continues to exist is the financing of the  
9 health profession's education.

10 We have done part of this experiment as a  
11 nation. In the early 1970s, funding for health  
12 profession's education was primarily Federal dollars.  
13 The Secretary of Health Education and Welfare at that  
14 time changed that and shifted to loans as a primary  
15 funding mechanism for a health profession's education.

16 As a result of that today, our graduates  
17 of health profession schools leave their medical,  
18 dental, or other schools with debts of a hundred to  
19 two hundred thousand dollars. That indebtedness does  
20 shift the career choices of those individuals. We  
21 also have seen the shift in the family income of those  
22 who are entering health profession schools. They are  
23 much more affluent today than they were thirty years  
24 or forty years ago.

25 So, I just want to be sure that whatever  
26 we recommend are policies that do not close out higher

1 education to individuals from low income and minority  
2 backgrounds. We have a lot of problems here to  
3 address, and clearly access to education has been key.

4 We have to be sure that that continues, that must  
5 widen.

6 We have to look at this question not  
7 simply from the standpoint of the individual, this is  
8 a societal investment. We need to have a system that  
9 welcomes and supports individuals because we, as a  
10 society, will benefit from those individuals  
11 contributing much more effectively to our society.  
12 So, we have to look far beyond market forces as a  
13 primary determination for our decisions here.

14 CHAIRMAN MILLER: Thank you. I think we  
15 will cover, or we should cover that in that broad  
16 accessibility issue. Every child, or every student  
17 that does the work would be a simple way to say it, to  
18 repeat the Secretary's words, could have access to  
19 higher education, broadly defined, no matter what the  
20 ability to pay. You were going to say something?

21 SECRETARY SPELLINGS: Mr. Chairman, I just  
22 wanted to react to your comments about this  
23 articulation question. I would hope that the group  
24 would affirm the need to address issues in the  
25 pipeline, maybe stipulate that, focus on the areas of  
26 articulation between the two systems.

1           But one of the things that I am being  
2 confronted with a lot is how is this work, the body of  
3 work that God willing will come from you all,  
4 different from things that have gone on in the past?

5           And I think there are two ways that it is  
6 different. One, it is convened by me and the Federal  
7 government with broad and active participation from  
8 around the government with my friends at the  
9 Department of Energy, Commerce, Defense, and other  
10 places. And the forum makes it a little different.

11           The second thing I would hope is that many  
12 of these other external products really have talked  
13 more about the pipeline than about this need for  
14 reflection within the higher education system or  
15 system of systems as sometimes I call it. And so I  
16 would hope that the vast majority of your work would  
17 focus on that as well as the articulation piece and  
18 maybe just stipulate some of the preparedness issues  
19 that we are confronting. So, within the  
20 administration already, and I think that Governors are  
21 working hard all around the country.

22           CHAIRMAN MILLER:       Thank you, that  
23 clarifies and focuses that much better for us and I  
24 think that we got that message. It is hard to stay  
25 put and focus on that because we are also concerned  
26 about the other parts of it. I think we are close to

1 breaking for lunch. One of our major goals that would  
2 be a information session, the commission is allowed to  
3 meet and talk separately but not to have a formal  
4 legal meeting, followed by a series of more  
5 administrative and legal sessions where we are going  
6 to get briefed by counsel at the very end of our  
7 program.

8 I have to thank everybody for  
9 participating the way we did today. I think this is  
10 exactly what we wanted. We learned the sense of some  
11 of the people, it will help us organize. We heard  
12 suggestions loud and clear, we have written them down.

13 When this session is over and you have  
14 gone back to wherever you are headed back today or  
15 tomorrow, it would be urgent for you to begin to give  
16 us ideas about how to proceed.

17 Like Governor Hunt talked about some big  
18 picture ideas, specific approaches. I see us breaking  
19 down into task forces on those four items and they are  
20 very broadly overlapped.

21 I see us having small sets of meetings or  
22 meetings through telephonic or other methods and  
23 beginning to talk to each other and that is perfectly  
24 appropriate. Work product we can expand can be just  
25 used among the commission members. And I think I see  
26 us writing things fairly quickly that could be parts

1 of the report because as soon as we do that, we will  
2 begin to shed some things and add some things. It is  
3 an interactive process, I think, with this kind of  
4 group. And at the beginning it may not seem as  
5 organized as we could. I think the more organization  
6 we put in there, the more boundaries we set for  
7 ourselves, and the more limit we will have for ideas.

8 I want to personally say that I feel  
9 strongly on this financial side that we have come to a  
10 point in this country where local, state, and Federal  
11 dollars are going to be limited because of other  
12 needs, entitlements, budget pressures, tax  
13 limitations, whatever that is. And global competition  
14 is going to require what we need to do in higher  
15 education and what we need to do for the good of the  
16 county.

17 So, it is correct to say the private  
18 sector puts a large amount of capital into this area,  
19 and wouldn't it be appropriate to find a way, when we  
20 talk about things we talk about, that the private  
21 sector, if it is such a great investment for the  
22 student and the community, could be brought into this  
23 with more capital to invest. We do not have to tax  
24 people or look for donations to fund higher education.

25 What we have that is just as competitive  
26 internationally as higher education has been, what is

1 clearly the best thing in the world that we have,  
2 competitively, is the capital markets. We do that  
3 better than all the rest of the world put together.  
4 So, what about the idea of matching those two things  
5 where we find ways for the private sector to be  
6 active, positive investors and not to take away the  
7 independence or freedom of the academy, but certainly  
8 to encourage that with policies and ideas.

9 Why should we try to do that? I would  
10 like to leave that impression with you all and we will  
11 see you after lunch in the official meeting. Thank  
12 you very much. Stay on time.

13 (Whereupon, the above-referenced matter  
14 went off the record at 12:11 p.m. and resumed at 1:36  
15 p.m.)

16 CHAIRMAN MILLER: I would like to call the  
17 meeting to order. Thank you. We have two more items  
18 on the agenda. At the end of those two items I am  
19 going to adjourn and ask the commissioners and invited  
20 staff to stay for a legal briefing, which shouldn't  
21 take too long.

22 Cheryl Oldham.

23 CHERYL OLDHAM: Okay, I will try and be  
24 brief here, but I wanted to take a little bit of time  
25 to introduce myself to those of you I have not met  
26 yet. And then to introduce you to the staff of the

1 commission.

2 As Charles said, I am Cheryl Oldham. I  
3 have been with the Department now for about three  
4 years, prior to that the White House, and have known  
5 Secretary Spellings for about ten years, which is part  
6 of the reason why I am here. I told Dr.'s Duderstadt  
7 and Vest the other day - yesterday, I guess, that I  
8 took a day off with my two year old son and came back  
9 the next day and found out this is my new job. So,  
10 that's my lesson learned about taking the day off.

11 No, actually I am honored to have this  
12 opportunity to be here with all of you all. And, a  
13 little background on me, I graduated from TCU, Texas  
14 Christian in Fort Worth. Got my law degree from St.  
15 Mary's University, got involved in politics and came  
16 to D.C. about ten years ago. So, the time flies.

17 There is a couple - I should say before I  
18 start, there are a couple documents on your, at your  
19 place now. One is the Secretary's speech that she  
20 gave this morning and the other is the executive  
21 summary of the report that Secretary Bodman  
22 referenced, "The Gathering Storm," I probably do not  
23 have the title right.

24 The report is quite large, Dr. Vest has  
25 it. And so we will, I think we will get each of you  
26 one of those, but just so you have the executive

1 summary. And her speech, I thought was important for  
2 you to have written as she asked you all to look at  
3 some very specific issues. So, maybe a little plane  
4 ride information for you to read.

5 What I want to do, and be brief and  
6 introduce the higher ed commission staff to you  
7 because, hopefully, these folks you will call on all  
8 the time. Vickie Schray. Vickie is sitting over there  
9 by the wall there. Vickie has been an educator and  
10 administrator at the secondary and post-secondary  
11 level. She has led education improvement efforts at  
12 the local, state, and national level, has worked on  
13 numerous commissions involving private and public  
14 sectors, and prior to the commission before we stole  
15 her away, she was working for the Executive  
16 Secretariat of the Department of Education in the  
17 Office of the Secretary. So we are thrilled to have  
18 Vickie be a part.

19 Eleanor Schiff. Eleanor was definitely a  
20 steal that the Secretary allowed us to take her is  
21 kind of a miracle. She has been the right hand to  
22 Secretary Spellings for about four years now, so when  
23 the Secretary agreed to let her go it was only under  
24 the, sort of direction, that she be doing something  
25 important. So, this is it. She is a graduate of  
26 Carleton University pursuing her Masters in Business

1 at GW. As I said, spent four years with the Secretary  
2 prior to that with some legislative experience at HHS  
3 and with Senator Frist, she's from Tennessee, so she  
4 is excited about our next meeting in Nashville.

5           Kristen Vetri is a graduate from James  
6 Madison University in Virginia, worked for a delegate  
7 there and has some extensive campaign experience with  
8 both Governor Bush and President Bush and was formerly  
9 the Deputy Chief of Staff at the Office of Post-  
10 Secondary Education and so we thank Sally for giving  
11 her to us.

12           Our mission from a staff perspective is  
13 really just to make this as painless a process for  
14 you, if possible. So, however we can be helpful and  
15 useful to you, I hope that you will call on us. Feel  
16 free to call me at any time for any thing. And if you  
17 cannot get me, any of the staff are there to provide  
18 support and to help in this effort.

19           We are here to serve you, you are experts,  
20 we want to contribute in any way that we can to a  
21 report that has a huge impact, but we recognize that  
22 you guys are the ones that are the experts and we are  
23 just going to make this, hopefully, an easy process  
24 for you.

25           Just a couple little things about the  
26 staff, actually, on sort of their duties. Vicky is,

1 as we speak, formulating a strategic plan, sort of how  
2 do we get to August 1 from here, make sure we meet all  
3 our major milestones, fulfill the commission's goals,  
4 working with the experts and consultants, the many  
5 that we will gather to help us with this and working  
6 on some budget things for us.

7 And Eleanor is going to be the one that  
8 looks and reviews and compiles all of these great  
9 works that are already out there and what we can use  
10 and the relevant research publications that we will  
11 use to sort of make a start at our report here.

12 And then also work a lot, we have  
13 obviously numerous, numerous external organizations  
14 that are very interested in be a part of this and  
15 helping in some way or another and I think it is  
16 important to at least figure how out we can utilize  
17 all of those folks. So, Eleanor will help with that.

18 And Kristen is sort of, as you all know  
19 have received lots of communication and contact with  
20 Kristen and probably will continue to do so. And she  
21 is also going to liaison with our office of  
22 communications and outreach at the Department of  
23 Education so that when it comes to press things, if  
24 you have got inquiries, you want to do press, we  
25 certainly do not want any of you - we want everybody -  
26 I mean, you all are more than welcome to talk to the

1 press at any time. It would be helpful for us to know  
2 what is going on and we can help coordinate that. And  
3 Kristen will be the person to help do that.

4 So, that is a little bit. There are a  
5 couple of things in your briefing books that I wanted  
6 to just - sure.

7 CHAIRMAN MILLER: Excuse me; let me add to  
8 that just real quickly, is Townsend still in the room?  
9 Townsend? You met Townsend McNitt earlier; she is  
10 the liaison to the Secretary and a Senior Consultant  
11 to the Department. She and Sally Stroup who you see  
12 sitting at the table - well, she just walked in. What  
13 a grand entrance. And Townsend and Sally and Cheryl  
14 make up the Senior Staff of Advisors to the commission  
15 in a variety of different aspects and I encourage you  
16 to use any and all of them. Work with Cheryl when you  
17 can, from an organizational standpoint, but you will  
18 find that they are going to have different views and  
19 different sets of information and they are all anxious  
20 to help any way they can. And Samara works in the  
21 press office that helps us make the press contacts and  
22 if you need some help in any of those areas, contact  
23 any of the people we have talked about.

24 It will be a team effort; most everybody  
25 will be informed about what is happening. If you need  
26 advice and cannot find somebody, find the other one.

1 And we will help in any way we can. We will have to  
2 develop some good communication systems with each  
3 other and I look for some advice about how to do that.

4 ROBERT ZEMSKY: Charles, I'm wondering. I  
5 don't carry more luggage than I need to, is there a  
6 way to get these in PDF?

7 CHERYL OLDHAM: Absolutely, Yep.

8 ROBERT ZEMSKY: I don't know about others  
9 but whatever you can send me electronically. I won't  
10 carry this with me.

11 CHERYL OLDHAM: Absolutely, and you know  
12 what, you should not. Some of this information you  
13 might want to keep in hard copy. Some of it maybe you  
14 do not want and you can chunk it. Probably every  
15 meeting you are going to have a briefing book, and  
16 especially for the meetings coming up there will be  
17 presentations, there will be things that you will need  
18 to have in hard copy for you to look at and see while  
19 you are having a discussion. But, yeah, I mean, this  
20 is not something you need to carry from meeting to  
21 meeting and we will get everything in here that we  
22 think is useful to you in email form.

23 And one of the things that I encourage you  
24 - there is a commission roster and contact information  
25 in here, and we have done the best using the  
26 information that you gave us to accurately reflect all

1 of your contact information, your assistant's  
2 information. But I just encourage you to go over it  
3 with a fine-toothed comb and make sure that we have it  
4 all correct. And if not, please let us know because  
5 that is, obviously, most important that we know how to  
6 get in touch with one another.

7 Just a little kind of, just a couple more  
8 housekeeping things. We have set up a commission  
9 website at The Department of Education website and  
10 there is a little sheet in your briefing book that  
11 shows you how to get there. The other thing that we  
12 are talking about and would like to do is set up  
13 access to a password protected piece of the website  
14 just for commission and staff. Sort of pre-decisional  
15 deliberative nothing, some way that we can share  
16 information, post information, share information that  
17 way. So that is forthcoming. And any information,  
18 any suggestions that you all have as to how that can  
19 be useful to so that we set it up properly and that it  
20 is effective. Yes?

21 RICHARD STEPHENS: Where might we find  
22 that website location?

23 CHERYL OLDHAM: The private one is not set  
24 up. Oh, that is in Executive Director update, 3. Yes.  
25 It should be the web, there it is. ED.GOV, yes. And  
26 really, for the public, it is their way to comment.

1 There is access there to go in and make their public  
2 comments by email to us. What we plan to do is  
3 compile all those public comments and get them to you  
4 all so you know what folks are saying. And, then also  
5 the, we have had a court reporter here, obviously that  
6 is taking down everything that is said. We will post  
7 the transcript. So it will be nice easy folks to  
8 review and look back and see what was said.

9 GERRI ELLIOTT: I just wanted to note for  
10 any recommendations since Nick and I are the two  
11 technologists on the commission, that the two of us  
12 figure out what that part ought to be for us and just  
13 get it done for us.

14 CHERYL OLDHAM: I would love that.

15 CHAIRMAN MILLER: Just get the legal  
16 counsel to tell us how to --

17 GERRI ELLIOTT: We'll do it together, it  
18 will be fine.

19 CHERYL OLDHAM: Yes, thank you, thank you.

20 Next meetings we have got Nashville set for December  
21 8<sup>th</sup> and 9<sup>th</sup>. I apologize for the change in the location,  
22 we sort of ran into some issues in Atlanta that we did  
23 not anticipate. It being a big city we thought we  
24 could do a meeting there, and lo and behold they are  
25 booked. So we wanted to stay in the same region of  
26 the country, so therefore, we decided to go with

1 Nashville so I apologize for any problems that that  
2 may have caused for you. We do not have locations set  
3 for the rest of the meetings, but we plan to get that,  
4 we know that is important for everybody to know where  
5 they are going and what they are doing.

6 CHAIRMAN MILLER: Central U.S. or Midwest,  
7 we would say, probably Southern California, and one  
8 toward the Rockies would be what we are thinking  
9 about. Not necessarily in big cities, but reasonably  
10 accessible. We talked about not having them on  
11 college campuses because of all the people we would  
12 have to say no to, but we are open if you have any  
13 ideas about location. We always are interested in the  
14 cost, but also convenience and flexibility for the  
15 public to participate and not the other way around.

16 ARTHUR ROTHKOPF: Cheryl, a question, I  
17 noticed I have an impression that we are supposed to  
18 make our travel arrangements through the government.  
19 It is not okay to, this is logistical, just make our  
20 own travel arrangements and --

21 CHAIRMAN MILLER: Especially if you would  
22 pay for it, I mean that would be --

23 ARTHUR ROTHKOPF: Well --

24 CHAIRMAN MILLER: We could do that.

25 CHERYL OLDHAM: If you are going to pay  
26 for it yourself, you are more than happy to. The

1 problem is that the government gets government rates  
2 and all of that and so we have to make them for you in  
3 order to pay for them. I think there is the ability  
4 for you to make your arrangements but we would only  
5 reimburse you for the cost of a government rate from A  
6 to B. So if you made a reservation that cost you  
7 \$800, we could get it for \$300 that is what we pay you  
8 for.

9 JAMES HUNT: But may we send you our  
10 suggestions about when we will travel?

11 CHERYL OLDHAM: Yes. Tracy Harris, who  
12 your assistant has been working with, Tracy is  
13 actually not officially part of the commission staff,  
14 but we work very closely with her. She is in the  
15 office of communications and outreach for the  
16 Department of Education and she is handling all travel  
17 and logistical arrangements and she will deal with you  
18 directly or your assistants, however you prefer. And  
19 if you have suggested ways you like to travel, out of  
20 what airports, that kind of stuff, she will work with  
21 you.

22 ROBERT ZEMSKY: Could you go over the rule  
23 - this business of - I talked to Eleanor about it last  
24 night. It is really hard when you buy the tickets and  
25 send me a paper ticket and we worry about all the cost  
26 of Fed Ex that if I have to change. Could you set it

1 up so that we just had, we were told what we would be  
2 reimbursed and let, at least those of us who would  
3 like to, do it. Because I run a really complex one, I  
4 am changing it all the time, and to have in the middle  
5 of the trip a non-changeable ticket that I am not  
6 responsible for is very awkward for me.

7 CHERYL OLDHAM: Okay. Let me work on that  
8 for you. I will do that.

9 ROBERT ZEMSKY: I appreciate that.

10 ARTHUR ROTHKOPF: I second that; I think  
11 that anything that gives us more flexibility is great.

12 CHERYL OLDHAM: Okay.

13 SARA MARTINEZ TUCKER: Particularly most  
14 of us will do, we won't just do a round trip, and we  
15 will work it into a swing. And when the middle of a  
16 swing is not negotiable it makes it really tough. So  
17 if you could just let us know what is the  
18 reimbursable, we will make our own.

19 CHAIRMAN MILLER: We will make any of it  
20 work that you need as long as it is legal.

21 ROBERT ZEMSKY: As we say in the markets,  
22 Charles, as long as it is revenue neutral it ought to  
23 be all right.

24 CHERYL OLDHAM: Right. That is all I  
25 really have to say unless you all have additional  
26 questions for me, we can move on.



1 overview. This is a little fantastic overview that  
2 our General Services Administration puts out that  
3 actually describes exactly what Federal Advisory  
4 Committees are, what the responsibilities of each  
5 Federal Agency is. I am just going to kind of go over  
6 and highlight some of the issues that are in this  
7 little brochure. But if you have any questions at  
8 all, after I give my little briefing, just ask them  
9 now or my name and telephone number and email are  
10 included in a small two page, I think it is two or  
11 three page, brief that I have prepared for you. Which  
12 I can also email to each of you once we get the emails  
13 all set up.

14 FACA was enacted by Congress in 1972 to  
15 put in place a process for advisory committees to be  
16 established, managed, and maintained. Congress saw  
17 the way that, a way that the government could go out  
18 and seek advice from public citizens and wanted to put  
19 it in some kind of public law so that there would be  
20 some type of process and procedures that would be  
21 written down.

22 The President in 1977, I believe it was,  
23 put the responsibility of the oversight of all Federal  
24 Advisory Committees under the General Services  
25 Administration. That is why you see GSA's name is on  
26 our little overview pamphlet here.

1           GSA has a management secretariat office  
2 that maintains the accomplishments and a list of every  
3 Federal Advisory Committee that is operating currently  
4 for all the Federal Agencies in the Department. In  
5 the paperwork there is a website at GSA that you can  
6 go to if you are interested. It has information on  
7 FACA, the Federal Advisory Committee Act itself; it  
8 has a copy of the public law.

9           It has a copy of the Sunshine Act, which  
10 mandates our open and public meetings. The Sunshine  
11 Act is also there on the GSA website. And also GSA  
12 publishes a Federal Advisory Committee management  
13 rule, which actually just sets in place our process,  
14 and procedures that we have to obey under, from under  
15 the law. So, GSA has set these guidelines in place  
16 and it is all available on their website.

17           I had mentioned the three sources of  
18 reference material, the Federal Advisory Committee Act  
19 itself, is on the GSA website, the management rule is  
20 on the website, and so is the government and the  
21 Sunshine Act.

22           Briefly our committee management  
23 requirements for the Department of Education are: The  
24 Department has to appoint, under the law, a committee  
25 management officer, which is myself, who as I have  
26 said is responsible for the establishment and the

1 overseeing and the operating procedures for all of our  
2 committees. The Department of Education writes a  
3 charter, your charter was filed on October 14, which  
4 means that you may legally conduct business now.  
5 There should be a copy, I believe, of your charter in  
6 your charter in your briefing books. That is kind of  
7 your, it gives you information on your establishment,  
8 your membership, your authority, your termination,  
9 your reporting responsibilities and requirements, and  
10 things of that nature.

11 No Federal Advisory Committee can meet  
12 without a charter. Charters are, they have a lifetime  
13 of two years. GSA requires a two-year renewal of all  
14 Federal Advisory Committee charters. I believe your  
15 committee, you are considered an ad hoc committee, and  
16 you have a report that is due within that limited  
17 time. So we do not expect that this commission will  
18 be re-chartered, but if the Secretary has more work  
19 for this commission we have that availability to  
20 continue this commission by renewal of the charter.

21 The Department also appoints a Federal -  
22 it is called a Designated Federal Official, which  
23 Cheryl is acting in that capacity now. The Secretary  
24 has named her the Executive Director of this  
25 commission. She will be the liaison person between  
26 the commission and the Department. Anything that you

1 will need she will be able to take care of for you.

2           The DFO or the Designated Federal Official  
3 must be present at all your meetings. She has the  
4 authority to, over the Chair, to adjourn a meeting if  
5 something that she feels the meeting would get out of  
6 hand, she has that authority under her mandate by the  
7 Federal Advisory Committee Act, so she has the  
8 authority to adjourn meetings, she works with the  
9 chairperson on the agenda and takes care of all the  
10 logistics of the meeting and the requirements of the  
11 Federal Advisory Committee Act. She can call the  
12 meetings if the Chair cannot be at the meeting. She  
13 can also represent the Chair at the meeting.

14           The commission is required by the law to  
15 notify the public at least fifteen days in advance by  
16 publishing a Federal Register Notice in the Federal  
17 Register. Other means of notifying the public of your  
18 meetings is encouraged such as the website that we are  
19 currently preparing, your meetings will be posted on  
20 the website for the general public to know when you  
21 are meeting, when you are meeting, and probably a copy  
22 of your transcripts will be available for the public  
23 to view on this website.

24           The commission must have a quorum of eight  
25 commissioners to meet. If you do not have eight  
26 commissioners you cannot officially have what we

1 consider a Federal Advisory Committee Meeting. Less  
2 can hold hearings and administrative type work if you  
3 divide into subcommittees, those subcommittees can  
4 meet but they must report their findings and  
5 everything through the main commission at a regularly  
6 scheduled FACA meeting.

7 Commission meetings are always open to the  
8 public unless they are closed or partially closed in  
9 accordance to the exemptions in the Sunshine Act.  
10 Those basically are, if you are discussing nature's,  
11 let's say that there are three exemptions, let me see,  
12 I always - okay, those include deliberations involving  
13 considerations of personnel privacy and discussing, of  
14 course, any classified information that might not be  
15 available to the public, and if you are working on any  
16 data that is in support of a Federal Grant  
17 application.

18 So, basically I think most of your  
19 meetings probably will be held in open sessions. And  
20 if you decide or you come to a conclusion that you  
21 need to close a meeting for some reason, those  
22 requests come through our office of general counsel so  
23 that they can be, they can concur on the fact that you  
24 need to close this meeting in accordance to the  
25 exemptions in the Sunshine Act.

26 Minutes must be taken of all the meetings.

1       These minutes include a record of all the persons  
2 present, an accurate description of the matters  
3 discussed at the meeting, including positions taken by  
4 individuals. Especially with respect to controversial  
5 issues. Copies of any papers that are presented at  
6 this meeting must be in the public domain. And  
7 anything that the commission, any recommendations that  
8 you may make or that you have voted on must be written  
9 into these meetings.

10               These minutes must be signed by the Chair  
11 within ninety days of your, of that initial meeting.  
12 He needs to verify these meetings and certify them.  
13 Each year the Committee Management Officer, myself,  
14 and the DFO issue an Annual Comprehensive Review of  
15 your accomplishments here. It is done through a  
16 database that is electronically established at the  
17 General Services Administration so you will, all your  
18 names will be listed under the membership.

19               Your accomplishments will be noted, the  
20 number of meetings that you held, whether they were  
21 open, closed, information on the budget will be  
22 available to the public through this FACA database  
23 that GSA has and the GSA website, if you wanted to  
24 view any of those reports, you just go to [gsa.gov](http://gsa.gov) and  
25 hit search for Committee Management and you can pull  
26 up the FACA database and you can see an example of

1 what those accomplishments look like.

2 You will not really be involved in any of  
3 that type of reporting. That will be handled by  
4 Cheryl and myself. But, if you are interested and  
5 want to see what anything looks like you are welcome  
6 to go there.

7 The commission may be away from Washington  
8 with the advanced approval of the Secretary. The  
9 reason that is stipulated in the FACA requirements is  
10 that because all of the meetings are normally held  
11 here in Washington. Some special committees need to  
12 meet throughout the United States but we just have to  
13 justify those meetings and get the Secretary to sign  
14 off on those. That is an administrative chore which  
15 Cheryl and I will work together on so that next  
16 meeting we will be doing a memo requesting the  
17 Secretary's approval.

18 Special provisions for this commission,  
19 you members are serving as representatives that will  
20 be discussed later in your ethics briefing on what  
21 role you play as a representative. It is different  
22 than a special government employee, which a lot of my  
23 Federal Advisory Committee members are. I think some  
24 of you here, there is a couple of you I recognize the  
25 names so you probably, might be serving in a different  
26 type role here.

1           You will serve for the life of this  
2 commission. This commission has a report and written  
3 recommendations and comments due by August 1, 2006 and  
4 according to your charter you will conduct at least  
5 three meetings in different parts of the country.  
6 This commission shall terminate thirty days after  
7 submitting its report, or unless the Secretary chooses  
8 to renew the charter and add specific, if something  
9 you need to work on after your recommendations.

10           My name is on the back on that last page,  
11 like I said. My telephone number here at the  
12 department is area code (202) 401-3677 and if you have  
13 any questions regarding FACA or anything else I can  
14 help you with please don't hesitate to call me. I  
15 would be happy to answer any questions at this point,  
16 if anyone has any.

17           CHAIRMAN MILLER: Thank you. Questions?

18           ARTHUR ROTHKOPF: Maybe just one question.

19           What are the rules as to the openness or requirement  
20 for public publicity where individual's members or a  
21 smaller group than the entire commission may be  
22 meeting? Is there some cut off point where there is  
23 no requirement of public release?

24           GLORIA MOUNTS: As long as two or three  
25 people are meeting, say, to prepare for a larger  
26 meeting. Say you needed to do some background or

1 research or come together to put together a report  
2 that you want to submit to the commission. Or, say  
3 you have a meeting come up in Nashville and you need  
4 to do some preliminary work to get ready for that  
5 meeting. That is okay. They discourage any kind of  
6 business going on between two or three members  
7 discussing business. There is a fine line, and I am  
8 sure our ethics office can probably explain this a  
9 little bit better, but there is a fine line where you  
10 cannot just sit around and discuss the business of the  
11 commission. And it is a very hard line to almost try  
12 to communicate.

13 CHAIRMAN MILLER: I think we will know  
14 more about that after our ethics briefing this  
15 afternoon, but thank you for asking, that's critical  
16 to our ability to function, so we will try to refine  
17 that.

18 GLORIA MOUNT: But any time you are just  
19 exchanging information or gathering information or  
20 exchanging information with a Federal Official that  
21 can be done without invoking FACCA.

22 CHAIRMAN MILLER: Any other questions?  
23 Thank you. That brings us to the concluding part of  
24 our meeting. This is a good time if somebody has  
25 other operational or organizational questions. How we  
26 are going to operate or things to bring up now, or we

1 can do that as I ask in the next few days or over the  
2 next week. And when we finish this part of the  
3 discussion we are going to adjourn. I will adjourn  
4 the meeting and I will ask everybody in the room  
5 except the Commission and the staff to leave and we  
6 will have an ethics briefing at that time. Any  
7 comments about how to go forward, suggestions?

8 RICHARD STEPHENS: Charles I do not have a  
9 question on the operational side, nor relative to  
10 FACA, but I do have an observation and I do not know  
11 how we are going to handle it from a commission  
12 standpoint, but certainly we are going to spend a  
13 considerable time looking at the items that are  
14 outlined and we talked about earlier.

15 My sense is one of the areas, and a few  
16 people hit around a little bit, that relate to our  
17 work is in fact about what is going on from a social  
18 fabric from America that is impacting education on all  
19 levels. It is the motivation, the attitudes, and all  
20 the elements that impact people's perspectives,  
21 therefore their attitudes and therefore their  
22 behavior.

23 We have not had any discussion and I just  
24 want to plant the seed that we can create the lake  
25 that we want people to come drink the water from, but  
26 unless they are ready to go drink we may not be

1 successful in our deliberations. And I just wanted to  
2 put that on the table as, I think, an important part  
3 of the discussion of this commission.

4 ROBERT ZEMSKY: A different kind of  
5 question. To make sure that we actually have some  
6 common data, just a suggestion as Governor Hunt  
7 brought it up, so I presume he can commit to the  
8 center that he is Chair of. But there is a pretty  
9 good briefing book out of Pat's Center that I think  
10 could and should be made available to all of us and it  
11 ought to include state-by-state data, because if you  
12 know this game, there is a whole lot of difference  
13 between any two states that you want to mention.

14 And so we have to be careful that we look  
15 at the variance. It is not just the report card  
16 itself, there is actually a fact book, I think they  
17 call it. And, again, if it was made available as PDF  
18 format rather than hard copy, it would be very helpful  
19 and we could have ready access to it. But, at least  
20 provide one common place to start the number  
21 discussion.

22 CHAIRMAN MILLER: Thank you. We have  
23 identified that and Pat Callan has a very important  
24 source for the commission, about half a dozen people  
25 like that. We have a very strong National reputation  
26 who have data, who have published recent reports, and

1 we are going to try to refine those things in the  
2 sense of not overwhelming you with that, but make some  
3 judgment about passing that on to you. That is a good  
4 example of it.

5           And I expect you all to have the same  
6 ability, so we have to remember when we pass that  
7 through each other's hands that we do not want to  
8 overwhelm each other either. But, we should get  
9 common data and we will have to be discerning about  
10 which gets in which hands. One of the ways to do that  
11 is if we subdivide the group a little more, which is  
12 what I would like to start to do. But I would say  
13 uniformly everybody would get some minimum amount of  
14 data through this process.

15           And like I said I have found, depending on  
16 how you would count it, six to eight people who could  
17 be consultants to the commission a number of whom  
18 would not necessarily be paid directly but who would  
19 serve in a relative formal capacity who would expect  
20 to bring to the meetings to brief us or to meet with a  
21 smaller group in whatever legal capacity we could do  
22 on those topics.

23           JAMES HUNT: Charles, if I may say this,  
24 Arturo Madrid and I both serve on the Board of the  
25 National Center on Public Policy in Higher Education  
26 and we do have a lot of what I think is very good

1 data, much of it over ten years, on accessibility,  
2 affordability, accountability, and preparation of  
3 course. And I would think this would be one of the  
4 important things that we would work from and we want  
5 all of you to have it.

6 CHAIRMAN MILLER: I agree. It was  
7 incomplete on student learning, but they are moving  
8 forward on that. The last report that came out last  
9 week had some movement on that, too. So they have  
10 done some remarkably good state policy work. And we  
11 have found some good institutional accountability  
12 work. We have an A Team on this commission for  
13 accessibility, part of it for accountability, for  
14 affordability. So the commission itself has a lot of  
15 that knowledge. We want to identify the kind of  
16 consultants that could benefit us in our  
17 deliberations. So, more advice on that still would be  
18 helpful.

19 ROBERT ZEMSKY: But, Charles, just so that  
20 at least what I asked for was clear, I am not, I make  
21 a distinction between the report card and the fact  
22 book.

23 CHAIRMAN MILLER: Full database, I heard  
24 you.

25 ROBERT ZEMSKY: Okay, so that it is the  
26 reports are interesting, I think they always carry the

1 interpretive cast, as they should. But I have worked  
2 with Pat's data, and it is just good, he just  
3 collected it, he was very, very assiduous in  
4 collecting it and it would be really helpful to us,  
5 basic database.

6 CHAIRMAN MILLER: Got it.

7 RICHARD VEDDER: Charles, I assume if, for  
8 example, the new Digest of Educational Statistics is  
9 out 2004 and if I see something, say in Table 327 or  
10 something and it looks particularly provocative or  
11 something I can let Cheryl or someone know and then a  
12 judgment call will be made whether to pass that on to  
13 the full commission or is that something we should  
14 just pass on ourselves?

15 CHAIRMAN MILLER: I would rather you send  
16 it and editorialize it. But you could do it through  
17 Cheryl to organize it and anything you could add in an  
18 editorial comment would be helpful. I think we should  
19 --

20 RICHARD VEDDER: So we could do this on  
21 our directly with all the commissioners.

22 CHAIRMAN MILLER: It is up to you. I  
23 think that process can work and -

24 RICHARD VEDDER: Either way.

25 CHAIRMAN MILLER: If it gets to be a log  
26 jam or if it would help the information flow then we

1 will just have to adjust, but I recommend that to  
2 begin with.

3 CHERYL OLDHAM: And if you will include me  
4 on anything that you send it would be good just so we  
5 know.

6 CHAIRMAN MILLER: Oh, copy the staff,  
7 yeah. Well, thank you, I would like to ask you to  
8 stay seated for a moment so we can be briefed on the  
9 ethics side. I would like to ask everyone but the  
10 staff from the Department to clear the room  
11 immediately and the meeting, therefore, now stands  
12 adjourned.

13 (Whereupon, the above-entitled matter was  
14 concluded at 2:13 p.m.)

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