

Keynote Speaker
Southeastern Conference on Public Administration
Louisville Marriott Hotel
October 1, 2009, 1:15-2:00

It is a great honor for me to be part of your conference here in Louisville.

My academic training was in Economics – specifically in econometrics. I had a great education, and understood econometric modeling and theories, but back in those days, could never figure out how to turn on the mainframe computer or to get my jcl (for those like me, over 60 years old, that is job card language) correct to run my statistical programs.

Over time, I became more intrigued by public finance, and its implications on public policies, so I redirected my teaching and research to these areas. And where I worked for 25 years.

Back in those good old days when I was doing things I was trained to do and I was having fun, teaching/research/outreach, I often attended the Southeastern Conference on Public Administration meetings in numerous communities throughout the South.

I miss those days. I miss the dialogue, the discussion, the interaction, and am hopeful that before long, I might have the opportunity to return to teaching. Unfortunately, my dean here at the University of Louisville is the biggest problem I have; he has accurately recognized that my skills in these areas have

greatly eroded, and I am no longer qualified to serve on his faculty.

But, who knows – maybe someday I can become a regular attendee at your meeting. In any case, this is an honor for me.

I am glad you are meeting in Louisville, and on behalf of the University of Louisville and our community, welcome. I'll try to be brief on the Chamber of Commerce welcome, but let me spend a minute on telling you about our community.

Yes, it's a wonderful community – I was born and raised here and then left in 1966, returning in 1999.

Historically, Louisville has been a manufacturing city in a manufacturing state. We've been a good place to locate for

manufacturers because of our location (within 500 miles of about 70% of the nation's population); our low energy costs; our low cost of living; and our moderately-waged work force.

But, we all know that the jobs of today are very different than the jobs of yesterday and the jobs of tomorrow are yet to be defined. The challenges we face as a community and as a state is that many of the manufacturing jobs that have been so important to our communities are gone, having moved off shore, and even with a pending economic recovery, many/mot of these jobs will never come back; manufacturing will always be important – we as consumers will always want to consume goods, but manufacturing jobs will not be as large a percentage of our work force in the future as they have been in the past.

Our community recognized this a decade ago and we came together – government leaders, business leaders and education leaders – to understand that we had to develop new “economic clusters” if we were going to provide economic opportunities and a good quality of life for the people of our community.

The two economic clusters that our community identified over a decade ago as offering the greatest opportunity for economic growth in our community were healthcare/life sciences – a strong tradition and roots within our community – and the logistics & distribution industry – again our location and the presence of the Ohio River.

Interestingly, 25 years ago General Electric was the largest employer, not only in our community and state (25,000 people) and currently it employs about 4,500 people, today our largest

employer is UPS with 25,000 employees. A significant amount of this growth has occurred in the last ten years as we have continued to develop as the overnight delivery hub for UPS.

I might also mention that as a result of UPS's overnight delivery system, a number of cottage industries have sprung up.

Computers and human tissues are flown in overnight, repaired, analyzed and shipped back out or results communicated the following morning. We've come a long way but we, as a community, still have a long way to go.

But, we do have a plan, and remain focused on working together as a community to develop the talent, the technology and the tolerance that Richard Florida has identified as critical in this new knowledge-based economy in which we live. In fact, as you are aware, Florida and others believe that a significant

paradigm shift has taken place in economic development.

Instead of people following jobs, jobs follow people.

We as a community have now recognized this, and while we are still behind many of the communities to which we compare ourselves (Indianapolis, Nashville, Columbus, Charlotte) we do recognize the importance of education as the driver of economic development.

The University of Louisville has an interesting history and tradition that goes back over 200 years. Shortly after our community was founded, the founding fathers indicated that for Louisville to be a “community of consequence,” it needed an institution of higher education. A college was created in Louisville which, over time, combined with other colleges in the community to become the University of Louisville.

We were a private institution until 1970, a small commuter school. Our primary strength was our professional schools – medicine, dentistry, law and engineering.

We came into the state system in 1970 for a very simple reason – the institution was broke. It needed financial support from the state. From 1970 to 1997, the University of Louisville, while a part of the state system, was another “mouth to feed.” All the professional schools that we prided ourselves in having were located 70 miles east of here at the University of Kentucky.

The University of Kentucky’s history and tradition as a public institution was almost five times that of the University of Louisville. It has been the flagship land grant institution and so, while the University of Louisville did offer doctoral programs and professional programs, it wasn’t UK, but it also

was not a comprehensive or regional university with roots as a teachers' college.

All this changed in the University's history a little over a decade ago – in 1997 – when the Kentucky General Assembly passed its most sweeping and meaningful legislation addressing issues of higher education – the Postsecondary Education Reform Act of 1997. At that time, all of higher education was given a public agenda – it is our responsibility to increase economic opportunity and quality of life for our community and state.

The University of Louisville was given a specific mandate – to be a “premier nationally-recognized metropolitan research university.”

Each of us here today, regardless of where we are from, face unprecedented challenges – the worst economic downturn since World War II. We understand the business cycle, and the ups and downs of employment and economic output, and that eventually our national economy and our state and local economies will come back. But we need to, in each of our communities and states, scratch below the surface and look at not only the cyclical challenges we face, but pending structural challenges that may be there.

For example, a decade ago we had 1,775,000 people employed in Kentucky. Today, as of August, we have 1,772,000 people employed in our state. Yes, part of this is, without question, a function of the national economic downturn. But, we have lost over 100,000 manufacturing jobs in our state over the last

decade, and we know that many of those jobs are not coming back.

So, structurally, we as a state must understand that which we as a community understand – that it is up to us to develop the public policies that allow us to address this structural issue we face.

I have been fortunate to serve three tours of duty with Kentucky. I was fortunate to work most recently for a Governor who understood that, based on detailed policy analysis, a significant commitment to education is the key to not only Kentucky's economic future, but to dealing with many of the healthcare, economic development and social service challenges we as a state face.

Governor Paul Patton was the one who created the line that I continue to use in all of my remarks as college president today – “To be successful long term, we need only four public policy goals: education, education, education, education – early childhood education, K-12 education, postsecondary education, adult life-long learning.”

As Gary Becker and other human capital economists have pointed out, while education is a consumption good, but also an investment good, I am concerned they often are not willing to make the systemic investments required for sustained growth.

Now each of us understand the political decision-making process, but what I respected most about my tenure with Governor Paul Patton was his approach to policy analysis.

Governor Patton used to talk about two teams that he had within the Governor's office. The first was his "good Government team" – I was fortunate to be the team captain, serving as the Governor's Senior Policy Advisor. We were the individuals who focused on data collection, data analysis, and policy formulation.

The Governor then had a second team called the "pretty good Government team" – that was his political team that focused on doing the things needed to obtain the broad-based support the Governor needed to achieve his aggressive policy; an agenda that included not only higher education reform, but workers comp reform, sustainability issues, reengineering of government, etc.

Governor Patton, in many ways, was probably no different than other elected leaders in this regard, but I do believe that maybe Governor Patton was unique in some respects, in that his marching orders to his “good government team” was to always start the policy analysis from the end of the spectrum of – “what is the optimal public policy solution to a problem?”

I have seen with many elected leaders that start the policy discussion at the point along the spectrum of, “What can we achieve politically?” Reality is somewhere in the continuum of options and I believe that elected leadership, realizing political challenges, start the public policy debate dialogue somewhere in the middle of this decision continuum. In so doing, the resulting policy decision is often closer to the purely political solution than to a more optimal policy solution.

For example, when we were working on higher ed reform in Kentucky, Governor Patton was strongly advised to not attempt to restructure the community college system in the Commonwealth. Over a decade ago, the community colleges were part of the University of Kentucky – our major research university or our major flagship institution. This, in all candor, put the University of Kentucky in a dilemma of trying to be all things to all people and not being able to have the singular focus on being the top 20 public research institution or a singular focus on having the strongest community-based education system in the country.

Governor Patton was even warned that the power of the President of the University of Kentucky was greater than the power of the Governor, and that a loss by the Governor would

be a set-back for the Executive Branch of Kentucky for years to come.

But Governor Patton was committed to developing a higher ed reform program that would bring real change to our State.

That's what was proposed. It was bitter, it was bloody and it was close, but the Governor prevailed and we have a higher education system today that is not where we want to be, but a system that is far advanced from where we were just one decade ago.

So, what does all this mean?

1. Given the difficult challenges we face today, as public administrators, practitioners, educators and researchers, our jobs are more important than ever. For our job is to promote fact-based policy analysis that addresses the issues important to our community and states. We must

help policy makers focus on real-world solutions to real-world problems.

2. We, particularly those of us in the academy, can promote dialogue, discussion and debate on topics of public-policy importance that is difficult or impossible for elected officials to address for political reasons. It is our responsibility within the academy to be bold, hosting conferences, debates, symposiums that bring together different viewpoints, different public interest groups and lead policy formulation that otherwise often only take place within the silos of a particular ideology.

For example, several years ago – actually before the spike in oil prices and the gasoline prices, Centre College, Berea College, the University of Kentucky and the University of Louisville came together to focus on

energy issues that are important in our Commonwealth, but which have been difficult for us as a state to fully discuss and debate because of the historical importance of coal and fossil fuels in our state. We were able to facilitate conferences, policy papers and dialogue on issues of renewable energy, carbon sequestration, sustainability issues, and yes, even nuclear energy that otherwise would not have occurred.

3. And, finally and most importantly, we must continue to educate the cadre of professionals that is critical to the administration and management of our federal, state, local and quasi governmental agencies. More than ever, the recruitment of quality students into our courses and into our curriculum is critical.

The retraining of those who are part of the professional

core of government is increasingly important in a rapidly changing environment. Professional development and training programs need to be part of our mandate at our institutions, and need to be recognized by education leaders for its value in the promotion and the tenure-decision processes.

Thank you for what you do – and again, thank you for being in our city.

Have a wonderful conference and, by the way, spend a lot of money while in Kentucky.