Dean’s State of the School Address

May 18, 2011

School of Policy, Planning, and Development
University of Southern California

Introduction

Good morning everyone! Thank you for joining us for what is becoming an important annual tradition within SPPD. I really appreciate the opportunity to speak to the Athenian Society and other special SPPD friends and donors about the accomplishments of this year, and to highlight a few areas we would like to invest in for the future.

Former USC President Steve Sample had the habit of starting his talks with a little story. And while that is not typically my approach, I thought that a little story might help wake us up a bit and get us going this morning. And, since I’m planning on giving a quiz on the points I cover in my talk, it helps if you stay awake — just kidding.
One of the policy issues I will talk about today is the struggling American economy, including here in Southern California. I’m also going to touch on governance challenges, especially the problem of public finance in the United States with large public debt and deficits.

An article published recently in the St. Petersburg (Fla.) Times, in the business section, caught my attention. The newspaper had asked readers for ideas on: "How Would You Fix the Economy?" One response came from this 80-year-old fellow, who wrote:

Dear Mr. President,

Please find below my suggestion for fixing America’s economy. Instead of giving billions of dollars to companies that will squander the money on lavish parties and unearned bonuses, use the following plan. You can call it the "Patriotic Retirement Plan":

There are about 40 million people over 50 in the work force. Pay them $1 million apiece severance for early retirement with the following stipulations:

1) They MUST retire, creating forty million job openings, fixing unemployment.
2) They MUST buy a new AMERICAN Car. Forty million cars are purchased, fixing the auto Industry.
3) They MUST either buy a house or pay off their mortgage, fixing the housing crisis.

It can't get any easier than that!!
Cute little story, I think, that’s reflective of the times. I only wish policy was that easy.

Indeed the regional, state, and national economy – and the policy and governance decisions which drive it – are that “stuff” that we research and that we teach, preparing our students to shape a better world. We are about the policies that affect financing of social programs, housing, entitlements, taxation, transportation, governance systems, and economic development.

With commencement last Friday, we graduated our newest alumni, who join our school’s 16,000 alumni worldwide. In addition to the USC university-wide commencement ceremony, SPPD held undergraduate and graduate ceremonies for our students attended by almost 4,000 parents, family and friends. Each ceremony was a wonderful event.

We gained national news coverage on ABC Evening News and Good Morning America with the graduation of Carmen Gomez, an SPPD employee, whose son, Allen, graduated from SPPD on the same day! It was a most touching moment for mother and son and for all of us.

Our graduates included 200 students with Bachelor of Science degrees; almost 400 students from our core master’s degrees; and another almost 100 from our executive master’s programs. We also graduated 12 Ph.D. students and another five students with our professional doctorate in policy, planning,
and development. Our graduates represented 15 countries around the world and about 30 states in the United States.

I know most of you have heard about the coming USC Development Campaign. Our new President Max Nikias has brought great energy to our fundraising, as witnessed by the recent major gifts to medicine, the USC College, student scholarships, and the new student health center, among other gifts. This fall, President Nikias will announce a decade-long $6 billion campaign effort to fund his vision for USC.

To use a football analogy, under President Sample, we pushed on offense from mid-field to the 10 yard line. But to get into the end zone, to achieve truly undisputed, elite status – on a par with Stanford and Harvard, and the other top universities – will require greater effort. In particular, it will require much larger endowments for students, faculty, academic programs, and schools to compete with these institutions.

Indeed, SPPD will be a major part of this campaign. But first, let me talk more generally of the accomplishments of the past year — and give you some thoughts on where we are headed next year.

Accomplishments of this year

This year saw a major undertaking to improve, revise, and create new academic programs, from the undergraduate to graduate level. These revisions give us more attractive tracks and a more state-of-the-art curriculum. With the advance of knowledge, techniques, and skills, we want to stay ahead of the curve in preparing our students with the best education in the world.
Let me begin with our new undergraduate degree program, the new Bachelor of Science in Policy, Planning, and Development.

We’ve revised and added new major tracks. We’ve added a nonprofit and philanthropy management track and a public policy and law track. And, we’ve revised the sustainable planning, health policy and management, and real estate development tracks. In addition, we have created a joint track with the Marshall School of Business in Social Entrepreneurship.

Our new undergraduate program combines rigorous core courses in a specific field combined with interdisciplinary subjects across professional fields, giving students a strong foundation and in-depth understanding of their chosen area but also a broad perspective in related fields. Students also gain the quantitative skills, as well as writing and specialty skills, needed to succeed in today’s professions.

We’ve also launched two new Ph.D. programs that replace the Ph.D. in Policy, Planning, and Development.

The goal is to offer the students in-depth methods and rigorous core courses in two fields: Public Policy and Management; and Urban Planning and Development. With more advanced course work, students can also take electives in other schools and across programs within our school. We want these programs to graduate students who obtain positions at the top research universities and think tanks in the country. We want them to be leaders in shaping their respective fields, giving SPPD and USC the reputation for advancing knowledge in these disciplines.
Third, we substantially revised the Master of Health Administration program.

This field in particular has become more technical, with requirements in information technology, financial management, and evaluation of health outcomes as well as medical practices. In addition, the accreditation body is requiring us to demonstrate fifteen competencies — to show that students have actually learned the skills and knowledge needed for leadership in this field. We built the curriculum around key areas which will be health system priorities for the foreseeable future: management operations, health policy analysis, health finance, quality of care, and health information technology.

Fourth, continuing our legacy of innovation, SPPD is the first among the top-ranked Master of Public Administration degree programs in the nation to offer its signature degree on-line. Other top-ranked programs are quickly following.

We have contracted with a private company to assist us in this major new development for the school. The on-line MPA students will have access to the same quality faculty and curriculum as our on-the-ground students. Based on a market analysis, we are anticipating about 80 new MPA students over the course of this coming year.

Our next major on-line initiative will be to launch our Executive Master of Health Administration as an on-line program in the fall 2012. These on-line degrees follow the initiative begun by Max Nikias as provost, and continued as president, to make USC degrees more accessible to talented people throughout the world.
This also has been a year in which we have recruited some amazing new faculty:

- **Dan McFadden**, Nobel Prize-winning economist from UC Berkeley, has joined USC with SPPD as his primary academic home. He will work with the USC Schaeffer Center for Health Policy and Economics.

- **Dana Gioia**, former director of the National Endowment for the Arts, has joined USC, with appointments in the Thornton School of Music and SPPD. He will focus on helping us develop a new joint master's degree with the Thornton School in arts management and leadership.

- **Marlon Boarnet**, from the University of California, Irvine, a major scholar in Urban Planning, will join us next January to direct our Graduate Urban Planning Programs.

- **Mark Phillips**, from the University of Chicago, a young rising star in the field of public finance.

We have continued to expand our international presence. Our goal is to work with strategic partners in collaborative research projects, education exchanges, and internships for students and faculty, as well as student recruitment.

This year, we signed an MOU with the State of Gujarat in India to establish a long-term institutional partnership in education and research focused on transportation, infrastructure, and urban planning. We also signed an agreement with the new Hertie School of Governance in Berlin, Germany,
to exchange faculty and students each year.

These agreements further our global reach by adding to our existing international collaborations with the World Bank, Beijing University School of Government, Chinese Academy for Urban Planning and Design, Korean Institute of Public Administration, and the Brazilian School of Public Administration and Management in Rio de Janeiro.

I would also like to mention a few specific milestones and awards achieved this year of which I am particularly proud.

- The urban planning program at SPPD was ranked by the national guide *Planetizen* as No. 7 in the country — up from No. 9 previously and ahead of that other school on the west side!

- SPPD reached a $1 million fundraising milestone to establish the Chester A. Newland Professorship at our State Capital Center in Sacramento, thanks to Sterling Franklin and others in this room.

- Professor Terry Cooper was inducted as a fellow into the National Academy of Public Administration (NAPA), the third year in a row we have had a new academy member.

- Professor Juliet Musso was elected to serve on the Policy Council of the Association for Public Policy and Management (APPAM), and Professor Gary Painter was elected the vice president of the American Real Estate and Urban Economics Association, becoming president next year.
• Our centers also hosted great speakers and national conferences, among them: SPPD and the Bedrosian Center formed a successful partnership with the Ronald Reagan Presidential Foundation to co-host a two-day symposium examining the life and legacy of President Reagan. This superb academic event was capped off by a panel featuring former NBC News anchor Tom Brokaw at the Reagan Library — covered by NBC, C-SPAN and several newspapers. Many of you attended.

• The Schaeffer Center also sponsored its inaugural annual national conference on health care attended by prominent national leaders from academia, government, and industry. And, the Center on Philanthropy and Public Policy recently featured distinguished speakers Michelle Rhee, president of StudentsFirst, and Jeff Skoll, first president of eBay and founder of the Skoll Foundation.

This was also a year of exceptional student work. The master’s students’ projects from this past year included climate change in Vietnam for the World Bank, attracting high-quality teachers to low-income neighborhoods for RAND, and low-income home ownership for U.S. Dept. of Housing and Urban Development. Professor Bob Myrtle and his students worked with a school district to produce the district’s strategic plan. The district liked the product so much, it has hired the student team as consultants. In addition, one student’s doctoral dissertation has been turned into a PBS documentary. DPPD student Imran Farooq used a “green” approach to solving the foreclosure crisis in San Bernardino.

Investments in the Future
Now, let me focus on the future and where we are headed. In meeting with the faculty, Board of Councilors, alumni, and students, we have had discussion about what I will call “sustainable futures”—strategies for improving governance; assuring social equity and justice; protecting the environment; and getting our economy and society growing again, able to compete in the global world in which we now live.

Universities are particularly suitable for this kind of long-term thinking because we are removed from the direct pressures of economic and political activity, where next quarter’s profits drive the stock market and the next election drives political decision making. This also allows us to challenge conventional wisdom to produce more innovative solutions.

With this overarching theme in mind, I would like to highlight three areas where we want to make strategic investments to build our school’s reputation and respond to major long-term policy areas facing the country. The first area for investment – health policy and management – serves as an excellent model of how a strategic investment can transform the school. We would like to make similar investments in the other areas.

Two years ago, health policy and management at SPPD was good, but we wanted to make it great. You only have to read the headlines to know how critical this field is — the dramatic growth in health care costs and their unsustainable impact on future budget deficits, the millions of uninsured citizens, and the size of the health sector in our economy; not to mention, this is a major growth area for jobs. We intend to be a major player.

Through two gifts from generous donors, we were able to transform this part of the school. The endowment gift from John Bedrosian and Dick Eamer
created the Norman Topping Chair in Medicine and Health Policy, which allowed us to recruit Professor Dana Goldman, the former head of the health policy division at the RAND Corporation. A partnership with the School of Pharmacy then allowed us to recruit three more top health economists to our two schools, including Darius Lakdawalla to SPPD.

An initial operating gift from Leonard Schaeffer then allowed us to establish the Schaeffer Center on Health Policy and Economics. This center has taken off in dramatic fashion and given us huge national visibility in just two years. It has also helped us as a school to surpass $35 million in externally funded grants this past year.

We also hired Professor Mike Nichol to head our Master of Health Administration program, which has seen a 30 percent increase in applications. In addition, we established a joint master’s degree program with the Viterbi School of Engineering in health systems and operations. And, as mentioned, the new undergraduate degree has a sequence in health.

We will continue to invest in this area. As part of our SPPD campaign, I am looking for support for an endowed chair in health management to recruit a star in this field, endowed fellowships to engage the best students, and endowed funds to undertake important research.

The second area for investment is in two aspects of our governance system.

- First is a major transformational investment in public finance and economic policy.
We face unsustainable budget deficits, ballooning national debt, unsustainable pension policies, which place continued pressure on state and local budgets. These crises are expected to be exacerbated by the demographic changes facing the country, and the looming entitlement and pension obligations. In addition to these issues, we look for increasing long-term public-private investment in education, transportation, and infrastructure to keep the U.S. moving forward. This all leads to the need for innovative thinking in public finance, with USC taking the lead.

We have just appointed Mark Phillips from the University of Chicago as a junior, tenure-track member of our faculty, who will join us this fall. Now, we need to recruit a star faculty member to come lead our effort, possibly with the Keston Institute or to create a new center which will make an impact on the region, state, and nation the same way we have done with the Schaeffer Center on Health Policy and Economics.

The second aspect of governance is quality public service.

We are not going to have a vibrant, growing economy without public and non-profit officials who are of the highest quality; individuals with leadership skills who know public finance, public-private partnerships, service delivery networks, private contracting, and the other tools of modern public service. We also need officials who are honest, not corrupt, and hold professional ethics in high regard.
The federal government faces huge domestic and foreign issues, which require talented, highly trained managers and policy analysts. Unfortunately, the current federal system for hiring graduate students, who have the necessary skills to meet these challenges, is broken. Consequently, I have worked hard the past two years with the National Association of Schools of Public Affairs (NASPAA) to reform the way the federal government hires graduate students. Hopefully, the recently issued Presidential Executive Order, called the Student Pathways Program, which is based on our ideas and efforts, will make a difference in the near future as it is implemented.

We want to expand substantially our executive education for state and local government and non-profit managers and policy makers. We want to compete with the UC Berkeley Executive Seminar in the summer and be the place for training of officials in Southern California and, eventually, across the country and from other countries.

We intend to recruit the best and brightest – as we have done for more than 80 years – to public service, and that will take scholarships and fellowships. We want to provide these young people with an education that will equip them to confront the issues of the mid-21st Century; that will take endowments to retain our best young faculty and to encourage faculty stars to come here.

The third area for investment is urban economic development. Los Angeles and many other cities in the country have been hemorrhaging jobs. They
also have faced significant hurdles in building the necessary housing, infrastructure, business facilities, and transportation to keep our economy moving. One of the major problems is the myriad regulations and business-development-unfriendly policies that add delays, reviews, and reports, making investment unprofitable. The motivations for these regulations are often admirable, but the implementation leads to oppositional tactics and abusive lawsuits detrimental to neighborhoods and communities.

Let me give you an example. A few weeks ago, we had an Athenian Society event at the new Santa Monica Place shopping plaza. Some of you were there. It was very revealing how Macerich Development Corporation and the Santa Monica city manager agreed on the importance of collaboration between the city, company, and community for the success of this project. In advance, the city had gotten environmental and other entitlement approvals for not only this specific site but for a master plan for the surrounding area. In addition, recognizing the criticality of this project to the future of the downtown, the city set up an interagency task force to expedite approvals and regulations in order to meet a deadline of opening on time and within budget in September 2010. Both the CEO of Macerich and the city manager spoke of the criticality of policy makers, planners, and developers working together for the good of the community.

A second example comes from the recent Sunday article in the *L.A. Times* on “Making things in the U.S.” Or, why we can’t seem to do it anymore. The article focused on the difficulty of manufacturing anything in the U.S., in part because of the cost of labor and materials, but also due to the many bureaucratic regulations on land use and equipment that prevent a timely investment. One major exception is in Albany, upstate New York, where the city is working with the innovative College of Nano-Scale Science and
Engineering at the University of Albany. According to participants, the effort involves a government and private enterprise partnership that worked because:

“The state cleared the path for permits and other red tape that often slow down and raises the cost of new industrial buildings and equipment. This can save millions of dollars in depreciation costs and enable companies to seize moments of rising demand.”

We want to develop a new curriculum and research agenda that is focused on economic development, pulling together our strengths in public management, public policy, real estate development, and urban planning. We want to teach our policy and planning students the dynamics of the market, and teach our real estate students public purposes and how to make the two sides work together better.

Two specific research and outreach investments focus on infrastructure and transportation where public-private partnerships are the keys to a sustainable future. We are doing much already within our Keston Institute and METRANS Center. Second is our new Center for Sustainable Cities, which addresses not just green development, but workable green development that supports the needs of the private market as well.

To achieve prominence in this field, however, requires an investment in an endowed chair to retain our school’s top faculty who bridge the policy, urban economics, and real estate fields, and the creation of a new chair in real estate finance for a star faculty member, which would establish us as the No. 1 real estate program in the country.
I list these three areas for investment, and quickly note that our campaign will touch on other areas we seek to grow and improve. These include our undergraduate program, our international initiative, social policy, and our desire to build out the research centers I did not mention, making them stronger and allowing them to have an even greater impact.

In conclusion, I want to thank you for your many contributions to our school that bring about these kinds of accomplishments. None of this would have happened without the amazing efforts of many people in this room — faculty, staff, donors, parents, and alumni. A special thanks to each and every one of you.

You are also critical partners in the investment in the future that will make SPPD great in key areas of importance to both our students and the country.

So let me finish by coming back to the idea of sustainable futures. USC Provost Elizabeth Garrett, in a recent speech, quoted Bernard Baruch, financier and statesman who served as senior advisor to presidents Wilson, Roosevelt, and Truman during difficult times of war and recession. He said about the future:

“I believe above all else in reason — in the power of the human mind to cope with the problems of life... To nothing so much as the abandonment of reason does humanity owe its sorrows... I still believe that with courage and intelligence we can make the future bright with fulfillment.”

Indeed, I have an optimistic belief in the future when I see our students with their energy, intelligence, and hope. Through our education, reason, and
intellect, we strive make a positive impact on our fields of study and help shape the world for the better.

And I’m sure you will agree that now, more than ever before, it is vital to find lasting solutions to society’s biggest challenges and to develop exciting, new opportunities for the future. At SPPD, through our intellect and through our education, this is fundamentally what we strive to achieve.

Thank you for being here this morning. Thank you for being a part of the policy school that is becoming the best in the country!

_Fight On!_