



UNIVERSITY
of ALASKA
Many Traditions One Alaska

UA President Mark Hamilton
Keynote Address to the Alaska 20/20 Conference
February 6, 2004

I am so pleased to rejoin you to evaluate our progress in the wonderful quest called Alaska 20/20. And hopefully to rekindle the spirit of hope that permeated our first gathering.

All great movements have blended the ingredients of reasoned measurements and focused passion.

Let me begin by sharing with you a measurement that marks an historical day for Alaska. This fall, for the first time in the history of the state or territory of Alaska, more than half of our college-bound students stayed home.

We got 55%! But it's better than that! Five years ago, only 40% of our students chose to go on to college, and your university captured 44% of those to stay in the state.

Today, 50% of our Alaska students go on to college. That is $\frac{1}{4}$ more in five years and we capture $\frac{1}{4}$ more of that. The difference between 44% of 40% five years ago and this fall's 55% of 50% is 3,900 students.

Historically, somewhere between 79% and 81% of those who graduate will stay in Alaska.

Believe it or not, this news is met with cynicism by some. They say: "No wonder, you're paying them to stay here" with the Alaska Scholars Program. Well, let's think for a minute (for those who would offer this cynical view)—it is sometimes necessary to announce an impending discourse of reason. If all our Alaska scholarship winners came simply because we paid for most of their tuition – they would only account for about 25% of that total.

It's actually an insult to our scholars – virtually all of who have earned other scholarship opportunities. To think they came primarily for the dollars – overwhelmingly they came by choice! So did the other 3,000!

The graduates who come from this student body increase will constitute a huge dividend to the state of Alaska – replacements for currently imported skill sets, citizens in place of visitors – people who contribute to society socially and economically.

The benefits of receiving a liberal arts based education are incontrovertible – they are more likely to vote and more likely to contribute to charities, less likely to go to jail, less likely to be wards of the court, and so forth.

I've actually been challenged that the whole problem was "liberal arts" – why don't you teach "conservative arts."

Again, you will need to warn of impending reason.

Let's just think for a minute – "liberal" does not refer to political spectrum. It describes "subjects to be studied to best enjoy and contribute to liberty."

These came from our founding Fathers as necessary subjects for free men (at the time there were no free women).

English – both in literature and in writing composition, speech, ethics, philosophy, history, and humanities -- liberal arts are the most conservative of ideals.

Collectively, they are the skills which allow the seeking and sharing of knowledge and wisdom.

Preparation for and skill in participation in public discourse.

Let us think for a minute -

So, we are growing the citizens of Alaska – but it's better than that. We have students from every corner of Alaska, every economic venue, every ethnicity, and, unlike other universities, a wonderfully representative mixture of ages.

Ten percent of my students are over age 50, another 10% of my students are over 40. This is unusual at a university, and wonderful.

Alaska 20/20 has done well in involving a diverse group of Alaskans to meet and discuss at events such as this.

At your university, the same diversity meets and discusses issues every day.

I will offer again – Bring your forums to the university – that's where the leaders of the year 2020 are forming their friendships and their understandings.

For those of you who know me, I think you would say I am an optimistic person. But, I hope you will not be too surprised to hear me say – this wonderful dividend of trained and skilled Alaskans cannot long continue.

As William James has cautioned, "Faith is only justified in the absence of evidence."

So, let the facts be submitted to a candid world. All we see as movement in the university – more students – more courses – more graduates – than any time in our history - come in response to investments made five years ago, four years ago, and three years ago.

When the legislature made the initial investment, oil was \$9 a barrel – it was courageous, it was far sighted. This fall's milestone of 55% belongs to those lawmakers.

It had been almost ten years since the university had been significantly supported – and as a watered plant, it has blossomed.

For the past two years, funding has not covered the combination of inflation and contractual pay increases for my staff and faculty.

We don't have to guess – faith is not justified because we have the evidence. We have rehearsed this -- 12 times out of the last 17 years – only five times in nearly two decades has the university gotten the bare minimum to flourish. Despite the fact that full support of the Board of Regents' request has been supported in the Governor's budget now for six consecutive years.

You want economic development without a university – you can't!

Businesses won't start in such a state. Businesses won't move to such a state. Bright people won't stay in such a state.

The students see it first – you raise tuition – impacting those who have the least resources. Bright faculty will see no future and leave with their federal grants and graduate students. Staff eventually will balk at consolidations, which create inefficiencies for the sake of short time financial gain – which gives them responsibilities without budget. Good people want to produce – when they can't, they leave.

This is not only true in the university – I just use that because I know the evidence. But, if you were willing to throw away the university – give up the economic development plans – at least you could claim that my students had options. They can vote with their feet – and we are just now recovering from their latest vote in the decade of the 90's – where Alaska lost by a landslide.

What about K – 12? They are stuck. We know that story line as well – cut jobs – cut programs – contest pay and benefits – drive good people (who are already giving more than they are compensated for) to despair.

When the architects of our future despair, "The Handwriting is on the Wall".

Let me be sure you understand what I am saying. "The Handwriting is on the Wall" is not an omen, not a portent, not a prediction.

The words in Hebrew:

Main y

Main y

Pekel

Par Sen

spell a judgment – it means "your kingdom has been judged and found wanting."

I have given examples of education because that is where I work and where my heart is, but believe me, I know there are stories from social workers and municipal leaders, from employers wanting to find the right people without going out of state. When you can't take care of your university; when you can't take care of K – 12 education; when you can't take care of your elderly, your needy; when you can't supply the structural and intellectual workplace and workforce for your business, "Your kingdom has been judged and found wanting".

Let the facts be submitted to a candid world. We have \$27.5 billion dollars in the bank. There are currently more dollars in the Permanent Fund for inflation-proofing than have been put there by the oil companies.

Did you hear that we have about \$9.2 billion in oil revenue and about \$9.4 billion in inflation proofing? The other \$8+ billion is in “voluntary contributions”.

How ironic it is that common myth portrays a legislature that will “raid the permanent fund,” if we ever let them get their hands on it.

But 25 years of evidence says the long-term and greater threat to Alaska’s economy is very different. They have always had their hands on portions of the Permanent Fund and they don’t spend any of it.

The legislators themselves – believing that one good myth deserves another – have told us that you cannot use the Permanent Fund because Alaskans won’t re-elect you. They claim we want the Permanent Fund over everything – over university and K-12, social programs, longevity bonus, and so forth.

Gosh – I don’t feel that way, and I’ve said so. Maybe the candid world needs more facts. How’s this – and these are only university facts because I know them – there are many other stories like this.

Two years ago, I was given \$1.5 million less than the minimum amount (inflation + contracts). Last year, I got about \$6 million short. So, while I am begging for \$7.5 million more to run a university that has grown in those two years by 2,000 students, I am told “you’ll have to eat it.”

While K – 12 is looking for only a few million more ...

While longevity bonus is sacrificed ...

The legislature over these last two years has been careful to inflation proof the Permanent Fund by \$980 million dollars. I say “inflation proof” only to correspond to the stated purpose. It is clearly double inflation proofing.

This is a statute that made sense when we were invested in bonds. Now the Fund is invested 65% in equity – stocks – just as the endowments of 85% of all universities in the country. The investments are typically tapped for 5% of the five-year rolling average with everything else going to the principal.

\$980 million over the last two years – but wait – by 2010, by conservative estimates – we will owe \$828 million a year – that’s more than we spend from the state on K – 12 education. Since the legislature adjourned last year, the Permanent Fund has increased by nearly two billion dollars.

Cause for celebration? Maybe not. That means we owe \$90 million more inflation proofing dollars (well, double inflation proofing dollars). \$90 million would solve the PERS/TRS [deficit] issue for the entire state for this year at least.

Instead, that \$90 million, like the \$980 million, over the previous two years, like the \$9.4 billion over the life of the Fund, will go into the principal. So that What??

So that it can get really, really big while our services wither, while our education system sinks?
We are creating a self-licking ice cream cone and they pay us \$1,500 a year to watch!

Don't tell me you want it for your grandchildren. If you have the grandchildren I wish for you, they are not staying here for \$1,500 a year. We tried this one in the '90's where 30,000 young people between the ages of 18-30 left Alaska. They were someone's grandchildren – and they already had the Permanent Fund. They gave it up for a chance for a future.

DON'T INFLATION PROOF THE FUND ...

INFLATION PROOF EDUCATION

So use the earnings of the Permanent Fund – For me absolutely!

POMV can work – some modification can work

“GAMBLING – FOR EDUCATION” News Line – Palmer, Alaska

Steve Miller – holding his daughter's “straight A” Wasilla High School report card said – “I know the school board's hands are somewhat tied, and it's time for people like me to get involved. I have come to the point where I'm ready to pay an income tax for education.”

Me, too, Steve.

As a matter of fact, I'll go for both. In ten years, we will have a broad-based income tax – a redistribution of the Permanent Fund earnings and a state sale's tax. It's a matter of which goes first.

As soon as we get one, it will have to be very watered down in order to get approved. It will quickly not cover all state needs, so we will have to go for another means – no more fund until tax, or no more tax until fund, or something like that.

How long will we go – release your legislature to do what is needed.

This is an ugly game of chicken:

It hurts kids –

And the needy –

And municipalities –

And businesses.

Tell your legislature that it is okay to do what is needed. They have believed their own myth – that voters only want what is in it for them. Well, Steve Miller says he isn't one of them. I'm not – that's two! There are only 600,000 of us in the state – two is not a bad start.

I love this state – I wasn't born here, but I'll die here.

I love to drive in Alaska (certain parts). Actually Tudor gets a little rough for me, with six years in Fairbanks where you can't even organize a traffic jam.

Anyway, next time you stop at a red light, I want you to take a minute to recognize how important this state is to you and to all of us. The license plate in front of you will say “The Last Frontier”.

First, thank the Lord you are not in Idaho where it would say “famous potatoes.”

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Judy Kleinfeld wrote a book called “Going for It” that highlights a wonderful fact. In every other indo-European language, the word for “Frontier” means “barrier” or “obstacle” – “farthest extent”.

Only in English does it have the connotation of “endless opportunity”, “countless restarts.” I’ve told people – “that is all you need to know about Americans.” Frontiers are the Fields of Dreams. By 2020, we will learn that and someday that is all you’ll need to know about Alaskans.