

A transcript for  
The Silicon Valley Leadership Group  
“Projections 2010: Leadership California”  
Panel Discussion Four of Five  
Marshall Kilduff, Moderator  
Held at Santa Clara University Louis B. Mayer Theatre  
September 16, 2009

Panel members in order introduced:

Gavin Newsom, Mayor of San Francisco  
Aart J. de Geus, CEO, Synopsys  
Ken McNeely, California President, AT&T  
Ellen Moir, Executive Director, University of California, Santa Cruz (UCSC) New Teacher  
Center

1 **Mr. Guardino:**  
2 ...Welcome. To introduce this panel, the sponsor of this panel, Bank of America’s market  
3 president here in Silicon Valley, and a member of the Leadership Group board of directors,  
4 Raquel Gonzalez. Raquel?  
5

6 **Ms. Gonzalez:**  
7 Thank you, Carl. Good morning. Our next...panel is on education and workforce preparedness.  
8 As you know, these issues have been a big part of the Leadership Group’s agenda, for many  
9 reasons, but particularly because Silicon Valley companies, employees, and community value  
10 them so much.  
11

12 But before we get to the panel, I wanted to introduce the moderator, Marshall Kilduff. Marshall  
13 is the chief editorial writer for the San Francisco Chronicle, where he has been a career  
14 journalist, spending the past ten years as an editorial writer. He is the author of *Suicide Cult*, a  
15 book on the People’s Temple and its leader, the Reverend Jim Jones. Ladies and gentlemen,  
16 Marshall Kilduff.  
17

18 **Mr. Kilduff:**  
19 I want to promise you I have something much more cheery to talk about than my book, so don’t  
20 get me wrong. And I did want to make sure that, before we left, everyone signed a statement that  
21 they will *not* go to a 49ers game in Santa Clara. (comments)  
22

23 Anyway, we have about forty-five minutes to cover a topic that could obviously take a week, two  
24 weeks, maybe months. We have numerous topics on finance and governance, pre-K, teacher  
25 training, the lot, and we’re going to try to get through this as quickly as we can with our four  
26 panelists. I believe you can see their names, and they’re in your program, so I won’t bother to re-  
27 introduce them, but I thought I’d begin with Mayor Newsom, who is, in fact, a declared  
28 Democratic candidate for governor, not like the one two panels ago.

29 **Q:** And I wanted to begin by asking you, [with] a lot of bad news in education, including  
30 even this morning's test scores, declining financial support, the lot. What would *you* do? What  
31 are...real ideas that a guy in Sacramento can carry through and achieve in improving education?  
32

33 **A: (Mayor Newsom)** Well, just cut right into it! I'll tell you what we've done in San  
34 Francisco, to give you a sense of what I would do as governor of the state of California. I believe  
35 not just in public-private partnerships. I believe in public-public partnerships, and that's  
36 something we've not focused enough on, in terms of public education.  
37

38 The City and County of San Francisco does not run its school district. It's independently-elected.  
39 It's independently governed, and the vast majority of the money comes from outside of the city's  
40 own general-fund budget.  
41

42 But nonetheless, we've taken some responsibility to addressing the needs of our public-school  
43 kids by building a partnership. We call it a partnership for achievement, a memorandum of  
44 understanding to anchor the fate and future of our kids and the future of the City and County of  
45 San Francisco. We focus on universal preschool. The only county in the United States—notably,  
46 the only county in the state of California, one of the few in the United States—with universal  
47 preschool. We put arts back into every public school. Comprehensive arts education. Every  
48 child, every classroom, K-12, the city is fully funding it. We put wellness centers back into our  
49 high schools and are now putting them in the middle schools to deal with adolescent physical  
50 health needs as well as mental health needs, and we've created a framework, a partnership, that  
51 guarantees the opportunity of a four-year college education for every single sixth-grader. Last  
52 year, we gave certificates of guarantee, in partnership with the California State University  
53 System, guaranteeing the opportunity of placement, the opportunity of support, financial aid and  
54 otherwise, for every one of our sixth-graders so that we can have a career path, a path of  
55 excellence, that moves beyond just the twelfth grade to a four-year college education. It's those  
56 partnerships that I'm arguing for. It's the ability to reconcile those differences county by county,  
57 city by city, that we need to be advancing in terms of public-education reform.  
58

59 **Mr. Kilduff:**

60 If I could just follow real fast. As governor, what can you really *do* in those kinds of respects? I  
61 mean school boards, by and large, run the school system, but there's a state superintendent of  
62 schools, not the governor.  
63

64 **A: (Mayor Newsom)** Yeah, but you know, the governor has convening functions and  
65 convening powers. I remember, a number of months back, the mayor of Fresno, Gene Autry and  
66 I, came together, and we said, "What can we do?" And we said, "We're going to focus on drop-  
67 outs as a priority." He called his friend, Governor Schwarzenegger, and said, "Let's have a  
68 conference." The first time the governor had organized mayors and superintendents from across  
69 the state.  
70

71 The most damning thing, Marshall, the most ominous thing, as God is my witness, was people  
72 were introducing themselves, not from different cities, but from within their cities, from different  
73 jurisdictions, meaning mayors and superintendents hadn't even *met* one another. The bar is that  
74 low in terms of what a governor can do, to begin to create a different framework and engagement  
75 in terms of building these partnerships, and building capacity. I can get into much more detail  
76 but, in broad strokes, let us not allow the next governor to abdicate responsibility to bring people  
77 together and begin to reconcile those jurisdictional differences.

78  
79 **Mr. Kilduff:**

80 Thanks. Let me ask you, Aart. I know you have a very dramatic view of what needs to be done to  
81 the local schools. Can you talk a little about what your feelings are?

82  
83 **A:** (Dr. de Geus) Yeah. You know, if I look at it as if I were the CEO of education of  
84 California, typically, I would look at a company [in terms of], "What are the resources? What are  
85 the results? And what is the management system?" The resources is the funding, the incoming  
86 student crop, so to speak, a raw resource. The teacher is the infrastructure. If you look at the  
87 results, you've already stated it. California, seventh from the bottom in math in eighth grade,  
88 third from the bottom in reading in eighth grade in the United States. The United States, by the  
89 way, about fortieth now in math and science of the developed countries. So results are  
90 horrendous, right?

91  
92 The input, you can say, "Well, are we spending enough? We are spending less than some of the  
93 other states. More than some others." And there are plenty of studies that say, "Resources,  
94 financially, [are] not the driving point yet. Therefore, it's the management system." So I'd say,  
95 "Well, let's look at the CEO of the educational system." Who the hell is that? There is no CEO  
96 of the educational system. I know there are commissioners, and whatever they're called, but, to  
97 be a CEO, you need to have both responsibility *and power*.

98  
99 And so the power notion is completely missing, and if you now add to that a history in which  
100 about thirty years or so ago, with prop 13, the funding mechanism fundamentally got disturbed,  
101 and then reset all in Sacramento, and so the money trickles mostly down, but the local situations  
102 are very different from school to school. And so the money is starting to trickle down with more  
103 and more regulations and more and more will-intended fixes –

104  
105 **Mr. Kilduff:**

106 If I could step in. That sounds like a very valid outsider's critique, but how...do you get this  
107 done inside a very elaborate system? What can anyone here or –

108  
109 **Dr. de Geus:**

110 You cannot.

111  
112 **Mr. Kilduff:**

113 -- (unintelligible) in Sacramento (unintelligible) rebuilding it?

114

115 **A:** (Dr. de Geus) My point is, if Gavin is going to be the CEO of the state, he cannot be the  
116 CEO of education, because he's going to have too much to do, because there are at least three or  
117 four of similar-magnitude crises. But he has to appoint a CEO of education that is empowered,  
118 not by incremental legislative this and that, incremental patch-and-fix here and there, but [by] a  
119 fundamental redesign of the architecture. Now, at some point in time, when you keep amending  
120 your house (applause), you cannot fix it.

121

122 **Mr. Kilduff:**

123 Thank you. Well, from a revolutionary architecture, we go to AT&T. By the way, if your iPhone  
124 is not working, talk to this guy after the session.

125

126 **Q:** If I could ask you, Ken, do you feel the same way as the prior speakers, that we're in for  
127 a big overhaul, and it's justified? Or are you getting the kind of product from the public schools  
128 that make you happy?

129

130 **A:** (Mr. McNeely) No. I absolutely agree with Aart. I think that the current system has  
131 created a situation where,...as a large employer in the state, we're simply not able to get the  
132 qualified applicants that we need. I think we've lost a generation. I think a system where you're  
133 graduating 60-plus percent of high-schoolers, in general, with minority populations, particularly  
134 African-American and Latino students, graduating at 50 percent or less, is a failed system. I  
135 could never run a business where...I was expected to only release 50 percent of my output out to  
136 the market. I mean that is a failed system, and I think it is [the case that] we're ready for a  
137 complete overhaul, and I think something has to happen, or businesses are going to go where  
138 they can find the talent that they need; and, unfortunately, that may not be in the state of  
139 California. It may not be in the United States.

140

141 **Mr. Kilduff:**

142 Do you have any suggestions about changes you'd like to make?

143

144 **A:** (Mr. McNeely) Well, you know, I think that..., you know, one of the things that...I've  
145 talked about before, and Mayor Newsom talked about, with respect to public-public partnerships,  
146 I do strongly support public-private partnerships, as well, and I think that we're all in this  
147 together. We've all had to create an environment that allows our students, our children, to  
148 succeed. And I would actually go a step farther. Much like the City of San Francisco has done,  
149 I'm a big proponent of early childhood education. I think we...have students entering  
150 Kindergarten ill-prepared to learn, and I think working with our three- and four-year-olds will  
151 help us deal with that challenge.

152

153 **Mr. Kilduff:**

154 Thank you. Ellen, I have a feeling you want to say something equally as sweeping and tough  
155 about the state of...education. Please do.

156

157 A: (Ms. Moir) Thank you. I can't wait. This matters so much, and most of us, our children  
158 and our grandchildren, they're going to get a good education in the current system. They're not  
159 going to get a first-rate education, because we haven't yet figured that out. But the poorest kids  
160 in the valley and across California are going to get the lowest level of education, and I think the  
161 key is actually what all three of these gentlemen are talking about. Someone has to "own" public  
162 education in this state and be aggressive about it. Our school systems, with a school board, and  
163 accountability to a board, the CEO reports to six or seven people on a board. Those boards are  
164 often lovely, smart people, but dysfunctional. They don't—the superintendent really doesn't—  
165 have the impetus and the drive and the focus and the control and the power to transform what's  
166 going on in districts. I think the kind of people we're bringing in for principals are not getting the  
167 kind of training they need to be both business leaders, to be able to really engage in building  
168 human capital in the system, and also know about instruction, and motivate teachers and help  
169 them learn.

170  
171 And finally, I think, we need to do a much better job of recruiting the best teachers, and then  
172 giving them the kind of instructional support, professional development, not at four and six  
173 o'clock in the evening, not on their weekends, but during the workday. We surely could figure  
174 out how to give people professional development while they're employed during the workday.  
175 (applause)

176  
177 **Mr. Kilduff:**

178 Do you see anyone...or any cause or campaign that's taken this critique of *yours* and really  
179 pushed it forward? Or are these thoughts that have yet to really take hold in the (unintelligible)?  
180

181 A: (Ms. Moir) I'm sorry. My hearing is a little off, and it's hard to hear.

182  
183 **Mr. Kilduff:**

184 ...What practical steps do you think need to be taken, to have these changes come about?  
185

186 A: (Ms. Moir) Right. So I think, first off, we – I'm not sure how to tackle the school-board  
187 situation. I think it definitely needs to be thought of. I think that community engagement and  
188 having the community engaged and involved and responsible for schools is important, but the  
189 way we've built out this architecture is archaic at this point.  
190

191 So the pieces that I can control and think about are that we have to do a better job in principal-  
192 preparation programs to recruit the smartest, best leaders into becoming school principals, and  
193 then give them the kind of preparation they need. The same with teachers. Every teacher that  
194 comes into Silicon Valley wants to do the best that they can. Against some adverse conditions,  
195 they thrive, and then we hammer them because, possibly, their test scores aren't high enough, or  
196 their school scores aren't good enough.

197  
198 In the end of the day, we have to look at how do you measure teacher effectiveness. It has to be  
199 beyond just test scores, because sometimes, most times, teachers inspire young people to have

200 brilliant lives, and we want to make sure we're capturing *those* qualities of what [makes] for an  
201 effective, inspiring teacher, as well.

202  
203 **A:** (Mayor Newsom) And, Marshall, if I can just sort of pick up on the three points, because  
204 I share the similar sentiment. There's a lot of push now in public-education reform to focus on  
205 mayoral control of school boards. A lot of takeovers. New York, obviously, Chicago. You've  
206 seen versions of it in Boston, other parts of the country, where that's the big focus. We decided,  
207 in our particular circumstance, San Francisco, that it was a solution in search of a problem, and  
208 that a partnership, as opposed to a takeover, was a better approach; but nonetheless, it goes to the  
209 issue of governance. I mean it reminds me –

210  
211 There was a topic earlier about water. There are two hundred and twenty (220) agencies that deal  
212 with water in the state of California. No wonder we can't get anything focused in terms of  
213 addressing that issue, and there is that substantive issue here; but again, it comes down to  
214 leadership. It comes down to organizing that leadership, and creating a different kind of  
215 framework, where we're building capacity.

216  
217 One way to start, and you've got one thousand and about fifty school districts in the state, at least  
218 we can say, within each school district, we're going to take a school, one thousand schools, every  
219 single year, and we're going to make those a school of excellence, or we're going to shut them  
220 down, and begin to be a ten-year strategy, and, to an extent, you can fast-forward it; but at least,  
221 over ten years, you'll have addressed the needs of the thousand-plus. It will become ten  
222 thousand, or ninety-eight hundred schools that we have in the state of California. At least you'll  
223 have substantively addressed those schools and those issues.

224  
225 The achievement gap, the opportunity gap, universal preschool, fundamentally, you're going to  
226 get serious about Latino and African-American, the achievement gap. You've got to start at the  
227 beginning; and again, that's why preschool, to me, is the framework of any recovery in terms of  
228 economic reform. And then the issue of higher education, and workforce training, and workforce  
229 development – We're not going to out-compete unless we're out-educating, and, to me, the  
230 biggest issue in the state of California today is the loss of human capital, and the fact that we're  
231 not investing in people as we once were, and that, again, becomes a framework that connects  
232 businesses with the public sector in terms of that performance.

233  
234 **Mr. Kilduff:**  
235 You...started to step on my next line, which was, we've been talking about K-12.

236  
237 **Q:** I wanted to just talk about higher-ed, and I'll begin with you, again, Mayor Newsom. UC,  
238 SCU, community colleges – They seem to be getting whacked every year, [with] programs cut,  
239 enrollment problems. And now, UC President Mark Yudof wants two—not one—two tuition  
240 increases in the next year or so. What would...you do to resupply whatever these higher-ed  
241 institutions need, to take them back on their feet?

242

243 A: (Mayor Newsom) Yeah. I mean let me...underscore this. The Milken Institute every  
244 single year comes out with a report in terms of human capital, the most precious resource we  
245 have. We were the envy of the world. We were number-one in the retention of human capital. I  
246 mean we had the best and the brightest. Two years ago, we were fourteenth. Last year, we were  
247 sixteenth. Just in 1989, when I was here at Santa Clara University, we were among the top ten.  
248 Every single year, it's getting worse and worse and worse. We're not only raising tuition for in-  
249 state, but we're raising tuition out of state, and so now you have less people coming from  
250 overseas to get educated here, and that was the secret sauce, wasn't it? To get folks to come from  
251 overseas and get them to stay here so that they open the Googles and the Intels and the Yahoos,  
252 and the like. So we have to address that.

253  
254 We are simply keeping people away from the opportunity. Community colleges have gone up in  
255 the last two years – eight hundred and forty million dollars (\$840 million) in cuts. The tuition?  
256 Twenty to twenty-six dollars. I meet people all the time that can't afford that tuition increase.  
257 They're capping types of classes. The class sizes are increasing, to Tom Campbell's point. This  
258 is serious. CSU: You want to get serious about their nurses, and the need to educate teachers, the  
259 backbone of our economy. CSU: Those tuition increases are through the roof as well as UC. This  
260 cannot happen. It's at our *peril* that that continues, and that needs to ?turn around?.

261  
262 **Mr. Kilduff:**  
263 So what would you...do, to get this (unintelligible)?  
264

265 A: (Mayor Newsom) You simply don't raise – you simply don't make those cuts in higher  
266 education. To wit, you were going to ask, "Well, how do you pay for that?" Which I understand,  
267 and that's a question of priorities. You know, the fact that we're doing universal preschool and  
268 afterschool, and guaranteed four-year college in San Francisco – We didn't raise taxes to do it.  
269 We used general fund because we value these things, and we re-prioritized things. It's a question  
270 of what you value, and the next governor needs to value higher education more substantively, not  
271 just rhetorically. (applause)

272  
273 **Mr. Kilduff:**  
274 I want to go down the line and ask the other three of you revolutionaries how you feel about the  
275 same topic, higher ed.  
276

277 Q: How do you pay for a system that seems to need a lot more dough to operate,...even at a  
278 modest level. Aart?

279  
280 A: (Dr. de Geus) I think you can't. There is not enough money right now, and so I think  
281 every one of the topics touched today, from education to health to water – every single one needs  
282 more investments. That doesn't add up. It's that simple. It does not add up. Therefore, efficiency  
283 is what's going to be the driver, moving forward. You cannot fix it unless you systematically go  
284 after working how it's managed, where the costs are, and where are we going to cut some of the  
285 benefits that are attached to having a great environment?

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Well, whenever you say that, that sounds negative, but you can also say, “Now, let’s first understand which ones are the most important things that we have to do right,” which is work back from the workforce that’s needed, and the workforce clearly needs a lot of math, science, plus, plus, the stem...categories, in order to create the wealth in the state in the first place. And I think it’s a good place to start with the higher education, because it’s the shortest pipeline between doing something and having a workforce that actually impacts things. I think the preschool is just as important, but it’s twenty-three years before you see the results, right? And so I think that the university system will need to do the same [thing] that pretty much every company in Silicon Valley, ?as a matter of? in the United State, as a matter of fact, in the...world is doing right now, which is a massive look at efficiency.

And that will bring back the question of how is it managed, where is it successful, where are the so many [mechanisms] where there’s no accountability. And, in the education system, specifically, there’s an enormous amount of imbalance, in my opinion, in terms of top-down regulations versus bottom-up accounting. And the best way to fix that is actually by measuring the results, and then work back to what worked and what didn’t. But you have to localize the accountability, whereas you have to globalize the feedback loop, the measurement system.

**Mr. Kilduff:**

Thank you. Ken, the same question.

Q: You’re president of the UC, or you’re the governor. What would you do to keep things healthy?

A: **(Mr. McNeely)** I agree with Aart. I mean I think you – One of the fundamental things you have to do is squeeze all of the inefficiencies out of the system. You’ve got to look at the savings. You have to look...for all the—any—excess that’s in...the system now. But first, you have to make it a priority. Education has to be a significant priority for any elected official and policy-makers. You know, it is the...number-one investment that you can make in this state that’s going to give you the highest...degree of return. You know, these are potential citizens. These are potential employees. These are potential taxpayers that we...have to cultivate, that we want to stay in our state; and we have to make an investment in...our kids.

**Mr. Kilduff:**

Thanks. Ellen, your thoughts: higher ed?

A: **(Ms. Moir)** Well, I agree with what you’ve just said, as well, but I want to take a bit of a different perspective for a second. I want to look at universal preschool. I think that is just absolutely critical, but you-all know that we pay preschool teachers peanuts. We have to build out a profession that starts from the time a young child is born, and build the kind of infrastructure we need to support preschool kids to be successful.



329 In addition to that, I want to comment on the tragedy that we see in this state right now. I'll try  
330 and come up with a solution or two, but the tragedy is, you have young people preparing for  
331 college, and they are getting there with fewer courses, fewer professors, and, you know, faculty  
332 that are discouraged because of furlough days and what-not. We have to prioritize education in  
333 this state, and,...as Aart is suggesting, we have to look at what are those inefficiencies in the  
334 system, and how do we – Who is responsible? And how do we model for young people in  
335 California and in the valley the importance of a high-quality education, so they can be workforce  
336 ready? I think that what we're seeing in this state right now. it's shame on us, as the adults in  
337 California, and in the country.

338  
339 **Mr. Kilduff:**

340 Thanks. If I could stay with you, Ellen, for a minute. You've devoted your career to training,  
341 retaining teachers, public-ed teachers.

342  
343 **Q:** What is the mood right now among the recruits you talk to? Is it, "I'm crazy to go into  
344 teaching because of the financial uncertainties"? Or is it still a noble calling that people respond  
345 to?

346  
347 **A:** (**Ms. Moir**) So I work with young teachers primarily, all across America, but let's just  
348 look in the valley, and in the county, in Santa Cruz County, where we have instructional support  
349 for new teachers. That's the work of the New Teacher Center and the Silicon Valley New  
350 Teacher Project. And what we're seeing is, it's quite discouraging, of young people who want to  
351 teach. They come in, they get their teaching credential, they...taught last year, and now, this  
352 year, they have no jobs.

353  
354 So there is some sense of young people who do see this as a calling, who want to make a  
355 difference, that, you know, there really aren't the kind of jobs. I think there's quite a bit of  
356 cynicism among professional educators in this state at this point. There's a lot of top-down things  
357 coming in; but, in the end, we need to move performance from "good" to "very good" to  
358 "excellent." We need that kind of rich feedback loop of continuous improvement. That's what  
359 teachers are hungry for, and that's the kind of modeling we should be doing for teachers in the  
360 field.

361  
362 We can still keep – Look at Teach for America in this country. They've never had so many  
363 applicants apply to their programs. *We* can get young people to be teachers today, but we have to  
364 figure out how to build the right kind of governance and infrastructure that supports their growth  
365 and development.

366  
367 **Mr. Kilduff:**

368 Thank you. If I could come back to you, Mayor Newsom. The issue of school governance. You  
369 mentioned the multitude of water agencies, how many – Let's just use that as an example.

370

371 **Q:** But is there something a governor can do to speed up this bureaucracy, to override it, to  
372 get his or her ideas put into place? Or is this a pretty tough challenge to...sit in Sacramento and  
373 try to effect change?  
374

375 **A: (Mayor Newsom)** I mean I think you could do it constitutionally. I mean you certainly  
376 can reorganize through a constitutional frame work. Or you can just, again, create the conditions  
377 where you build that capacity, build that partnership, and, just through the force of will and  
378 leadership, convening function and the like, get people on the same page, and get the people of  
379 the state of California demanding that they're on the same page, and set those conditions, and set  
380 them forward. That's what we did in our city, and I think you know this.  
381

382 We are now the top-performing urban school district in the state of California – eight years in a  
383 row of improved test scores. We're starting to finally see some improvement in terms of the  
384 achievement gap. We're doing real investments with the city general fund in professional  
385 development. We gave our teachers a raise last year through a parcel tax, and the raise went like  
386 this. Five thousand dollars (\$5,000) across-the-board raise, but then an additional bonus if you  
387 teach in hard-to-teach subjects, math and science, and under-performing schools. And if you get  
388 more professional-development work, up to another five thousand dollars (\$5,000) in bonuses.  
389

390 We initiated something as simple as this. A teacher-recognition program and award. A principal-  
391 recognition program and award. And we're investing in professional development for principals,  
392 as well. We didn't have to put up much money to do those things, but they're paying great  
393 dividends. I'm making the argument, Marshall, that the bar is extraordinarily low, in terms of  
394 where we are. And so I don't want to overstate leadership, but I do believe that, in the absence of  
395 it, we got what we have today, and I think things will dramatically improve by a more-robust  
396 focus and commitment on education reform in the state.  
397

398 **Mr. Kilduff:**

399 Thanks.  
400

401 **Q:** Ken, if I could ask you a little more about pre-K. We talked about improving programs –  
402 higher-ed, K-12, but there's, in a way, this wilderness of pre-K. What...in your mind does it  
403 involve? Will it be very expensive? Will it trouble parents who worry about, you know, in a way,  
404 losing control of their kids to some faceless ?and put? all the health-care kind of stuff in a funny  
405 way, backing into this, but...talk a little about pre-K, the work you've done, and how you see  
406 it...coming out.  
407

408 **A: (Mr. McNeely)** Sure, Marshall. And...I'm absolutely passionate about...preschool, and  
409 our focus on three- and four-year-olds, and I'm really trying to get the business community  
410 excited about that, because I *do* think I look for a great investment. I mean this is a great  
411 investment opportunity. I think the...upfront costs are relatively low, but the...output, the return  
412 on that investment, is huge. I mean we're looking at situations, particularly in communities of  
413 color, where we have three- and four-year-olds entering Kindergarten unprepared to be able to

414 read, to be able to socialize in their environment, and so I believe it's absolutely critical for us to  
415 get to these kids at an early age, and work on these deficiencies. I think universal preschool, like  
416 the city of San Francisco has done, is an option. I think...programs that allow, particularly  
417 focused—focusing—on underserved communities, communities of color, are absolutely critical  
418 to get these kids socialized, to get them engaged, and to get them learning-ready for  
419 Kindergarten.

420  
421 **Mr. Kilduff:**

422 Thank you. Aart, I know your company, along with a lot of other tech companies, is invested in  
423 science, math, engineering, the like.

424  
425 **Q:** Can you talk a little about your experience with those programs? Have they made a  
426 genuine difference, in your mind? Or are they just tinkering on the edges of what needs to be  
427 done? How successful is it? What's your experience or feeling?

428  
429 **A:** (**Dr. de Geus**) Well, on the one hand, I'm incredibly proud. On the other hand, I'm  
430 completely distressed about it, because proud – You know, ten years ago or so, we realized,  
431 "Hey, math and science in Silicon Valley, the center of gravity of high tech, is going down. What  
432 can we do?"

433  
434 And so we took over the science fairs and moved them from a few thousand kids participating to,  
435 I think, a hundred and forty thousand a year now. But I learned a couple of things. The first is  
436 that it's not all about finding little Einsteins. It is making sure that every kid—and that could start  
437 as preschool, by the way—understands this can be fun. It can be me.

438  
439 But most interesting is when you give out the awards or whatever the recognition is, you watch  
440 the eyes of the parents, and they're like, "My kid? You know, I didn't even finish high school  
441 How could *my kid* be a genius?" Well, they're not all geniuses, but they are geniuses in the eyes  
442 of their families only. That opens doors.

443  
444 The second observation was it was even more important to work with the teachers and empower  
445 them, and, in that context, I'd like to pick up on something that Gavin just said, which is this  
446 notion of having improved the salaries of the teachers; but, most importantly, I think, improve it  
447 in those situations that are difficult. And therein lies one of the biggest issues of the system. It's  
448 not just rewarding the best teachers more; it is also understanding that the circumstances are  
449 *very, very* varying, from some schools that are great to teach at, because it's easy—well-off kids  
450 and parents that are educated—to schools where, if they didn't have food in the morning, it's  
451 really hard to teach them something. And that is much tougher.

452  
453 I wish, instead of five thousand and one thousand, it had been the other way around – a thousand  
454 to everybody, and five thousand to the difficult ones. But those are arguments, right? The key is  
455 that the teacher feedback loop and competence is absolutely central to that.

456

457 **Mr. Kilduff:**  
458 I wondered if San Francisco's Mayor Newsom has had a similar experience with these kinds of  
459 programs, where companies, corporations, have come in and tried to, in a way, upend, in a small  
460 way, the system....

461  
462 **Q:** What's been your experience?

463  
464 **A:** (**Mayor Newsom**) Not to the degree they need to, and, again, I think we've – You know,  
465 and Marshall, you've written a lot about this. I mean a few years ago, we were in a state of  
466 complete chaos, and our school board and our superintendents were coming and going. There  
467 was no relationship between the city and the school district. The public had just all but given up.  
468 We had a huge flight of the middle leaving our city, and family flight, and the like, and we're  
469 just starting to starting to see that turn around. And, as we're seeing it turn around, there is more  
470 and more interest, and more and more support coming from the private sector, and businesses  
471 that are saying, "You know what? I think you guys are onto something, and we want to start  
472 making investments again." We're even seeing that with foundations like the Gates Foundation.  
473 They pulled out of San Francisco a number of years ago. They had just given up. Now they're  
474 getting back in, and they're starting to see these pockets of excellence. It's all about now scaling  
475 those things, sharing best practices.

476  
477 I happen to be *very* optimistic. I've been traveling all over the state of California, and, without  
478 exception, in every school district I visited, there [are] extraordinary things happening. There's  
479 just not enough of it. And [there are] horrible things happening, no doubt. But the one thing I'm  
480 starting to reconcile, the biggest issue we have right now, from my humble perspective, is the  
481 number of dropouts in our public-school system, and what that's doing to our economy, and the  
482 ability to get our arms around it. A hundred and twenty to a hundred and forty thousand (120,000  
483 to 140,000) people, depending on how you analyze it, are dropping out. This should be among  
484 our top priorities, to focus on truancy rates, to start building partnerships.

485  
486 You can't deal with dropouts and truancy as a school-district issue exclusively. It's about what's  
487 going on, to your point, in those families. It's about economically-disadvantage students, folks  
488 without health care, parents that are incarcerated, the challenges of welfare and living in public  
489 housing, and the like. But again, it goes to the issue of building capacity and partnerships and  
490 starting to take pieces of this problem and start...aggressively addressing those problems. Then  
491 you...start building that system that ultimately is transformational, as everyone up here is  
492 arguing for.

493  
494 **Mr. Kilduff:**  
495 I see you nodding along, Ellen. Did you want to add something to the –

496  
497 **A:** (**Ms. Moir**) Yeah. Well, I would just agree with what Gavin is saying, and I think one of  
498 the issues that we need to really think about and...*say* is that we have a lot of middle-school and  
499 high-school students who can't read, so second-language learners, and kids of poverty. So you

500 can't just put them into a high-school biology class with a biology text and expect that the kids  
501 are going to be successful. We have to be teaching our teachers how you help young people  
502 access texts, and *all* of our teachers need to be much more prepared in teaching literacy and  
503 numeracy. These have to be at the *heart* of what teachers are doing, and we have to at least say  
504 *know* our students. *Who are* our students? Teachers have to be able to differentiate instruction  
505 for their...students, so it's really important that we tackle both. I think that preschool is sort of  
506 the jump-start, the getting kids *into* school, and then making sure we can help them get *out* of  
507 school and into college. We have to *know* those students, and we have to look at where those  
508 beacons of hope and opportunity are happening across the area, and try and scale those good  
509 ideas.

510  
511 **Mr. Kilduff:**

512 Thank you. I know we wanted to leave a little bit of time for questions. Is there anyone out there  
513 who has a question for our panel?...A question for the mayor.

514  
515 **Q:** Everyone from the legislature to the governor and our two senators rallied around  
516 protecting NUMMI through proposed tax incentives. Rather than a one-off plan for one  
517 company, what is your plan relative to taxes for keeping California...employers competitive with  
518 other states and nations?

519  
520 **Mayor Newsom:**  
521 Well, that's a broader question!

522  
523 **Mr. Kilduff:**  
524 A K-12 question if ever I saw one!

525  
526 **A (Mayor Newsom)** K-12. Very specific. Well, actually, as you know, just in our own  
527 city—again, it gives you a sense of what I'm about—we actually are calling for a payroll-tax  
528 waiver over the next two years that basically says no payroll taxes in our city, so jump-start our  
529 local economy. We've actually used tax incentives to get biotech and life science back to its  
530 place of birth, San Francisco. Green-tech tax incentives. Film-rebate incentives. So, actually, as a  
531 guy who came from the private sector, that's created roughly a thousand jobs in California, got  
532 into public office with a private-sector perspective, recognized the need to jump-start our  
533 economy by creating incentives, streamlining regulations, and getting folks moving again.

534  
535 But again, at the end of the day, we're not going to be able to compete unless we have the talent,  
536 and that's been the differentiator in the state of California – workforce. Human capital. Forty-one  
537 percent of our workforce needs to have a bachelor degree or greater by 2025. We're a million  
538 short based on current projections. This is serious business, and that's what's so destructive  
539 about the rhetoric in Sacramento. They talk the good game on tax relief and regulatory relief at  
540 the same time they're arguing to cut education, particularly higher education. There's a complete  
541 disconnect and we need to address that.

542

543 **Mr. Kilduff:**  
544 Thank you. A question for Ellen. The union question, which we haven't heard up here yet.

545  
546 **Q:** And that is, how do you deal with union resistance to changing -- reform preventing  
547 tenure, the seniority systems, mobility, offering higher pay to science and math teachers. In other  
548 words, the bureaucracy and, in some cases, the union part of that. Isn't that a big obstacle to the  
549 sort of changes you want?

550  
551 **A:** (Ms. Moir) ... Well, let me just say that I don't really -- I do not see the unions as the  
552 obstacle. I think that the... biggest obstacle is that we haven't imagined together how to  
553 transform our systems, and oftentimes, in school districts, what we see is, work starts to happen,  
554 and then, three months later, we ask the union to come in. We have to be all at the table, all the  
555 stakeholders together, to build out the kind of new structures that we want.

556  
557 I personally think that education needs to dramatically overhaul its performance-management  
558 plan. We need to build solid methods for evaluating teachers and principals and superintendents  
559 simultaneously. We need to look carefully at what does it mean to get tenure? Not anyone that  
560 breathes should get tenure. We should be building out good, thoughtful systems if we're going to  
561 keep tenure, which I advocate keeping at this point. I think any reform that we need to do needs  
562 to be group done -- the dynamics of talking together about the solutions, rather than imposing the  
563 solutions, or pitting us against each other.

564  
565 **Mr. Kilduff:**  
566 Thanks. A question for Aart.

567  
568 **Q:** As a global company, when it comes to hiring an educated workforce, why would you  
569 hire here as opposed to any other location that might have a better-trained workforce? What  
570 makes you committed to this area?

571  
572 **A:** (Dr. de Geus) This is a question that is life (live?) every day for all the high-tech  
573 companies, and the answer right now is typically 50 [percent] here and 50 percent at other  
574 places. It used to be higher here, but there are some very good reasons to be here, because  
575 the... top of the workforce is extraordinary. Secondly, the... entrepreneurial capability and  
576 energy, specifically in this region, is unmatched anywhere in the world, by far, and I hate it  
577 whenever I see this, "Oh, Silicon Valley is *still* the center of gravity." Forget the "still" word. We  
578 *are* the center of gravity. We need to behave as such, and what we are talking about is so  
579 essential, because this is actually -- leave taxes and all those... other things, and even the roads,  
580 and the housing [being] too expensive. It's *always* been like that. The one thing that's really  
581 changing is the workforce quality compared to the rest of the world.

582  
583 The rest of the world is putting a *premium* on education; and , to help Ellen in her answer  
584 on... unions, we are the shareholders of the educational system. If the system is not providing  
585 what we [need], we need to put pressure on unions, on the managers, on the top managers of the

586 state; but we need to, first and foremost, put education on a pedestal. Our teachers are brain  
587 surgeons without incursion in the brain of our kids. You want those to be really competent.  
588 (applause)  
589

590 **Mr. Kilduff:**

591 A final question for Ken.  
592

593 **Q:** And that is, you're involved with AT&T, one of the state's largest employers. What...do  
594 you want to see? What qualities do you want to see in a graduating student who's coming to your  
595 office?  
596

597 **A:** (**Mr. McNeely**) You know, one of the...things that we've talked about with respect to the  
598 [overhauling] of education is one of the things that I think...we've not really talked about today,  
599 and that is, we...still train our kids like we're in the 1950s, the 1960s, and we live in...an era  
600 now of Facebook and [Twitter] and texting and the kids are being bombarded with information  
601 technology from all sides. Yet we haven't evolved—the educational system hasn't evolved—  
602 really, from a technological standpoint, to really challenge those kids, and harness that energy,  
603 that “today,” that “now” thinking, into the classroom, and that is exactly the kind of energy and  
604 the kind of creativity that I think, as large businesses, we're going to need for the future. The  
605 jobs that our students today will be applying for don't even exist. I mean, we – You know, the  
606 kids...today are studying for jobs that don't even exist now, and so being able to create a student  
607 that's going to be able to excel in that environment really means imbuing a sense of creativity, of  
608 energy, and a perspective that doesn't exist, I think, in today's classroom.  
609

610 **Mr. Kilduff:**

611 Thank you very much. Thank you all very much, on the panel, and I appreciate the audience, too.  
612 (applause)  
613

614 **Mr. Guardino:**

615 What an outstanding panel and a great moderator. Marshall Kilduff of the San Francisco  
616 Chronicle, thank you for joining us. (presents Mayor Newsom with a carton of diapers)  
617

618 **Mayor Newsom:**

619 And I will report this gift....  
620

621 # # #

622 /WPP

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