CEO OF BLUE CROSS AND BLUE SHIELD OF NC BRAD WILSON’S SPEECH ON BUSINESS & EDUCATION

You may be expecting me to spend the next 20 minutes talking about how businesses in North Carolina depend on our system of education to produce the human capital to drive our business success.

You have heard that speech before. I have given that speech before. And frankly, I’m not wild about giving it again.

So let me begin with this concession: Yes, businesses like Blue Cross and Blue Shield of North Carolina depend on Smart Start, K-12 schools, community colleges and our great university system to produce graduates that will become valued employees – and so do you.

But there’s a more important function than just churning out plug-and-play IT managers, sales professionals, accountants and even executives.

Our system of education produces citizens of our state – the next generation of great North Carolinians.

By the time they graduate, most are ready to be employees, yes. But they also are voters, volunteers and voices who have a vision for how they want their home state to be. How they want it to grow. And how to enable North Carolina to be everything it can be.

OUR STATE HAS BEEN GROWING AT AN AMAZING RATE. 
ACCORDING TO U.S. CENSUS BUREAU FIGURES:

• North Carolina recently became the nation’s 10th largest state in terms of total population.
• By 2030, projections show that North Carolina may grow by another 2.5 million people.
• We’ll be adding more new North Carolinians than the current populations of New Mexico, West Virginia or 10 other states in our nation today.

And there’s a reason we’re growing: Our educational institutions have led the way in building the quality of life we enjoy in North Carolina.

Think of all the companies that have moved to our state in the past 25 years. They didn’t come here just because of the temperate climate or the relatively short distance between the mountains and the coast.

And truth be told, the companies that have come to Research Triangle Park in recent years didn’t come here for the cheap labor. They came here for smart labor, for a creative and innovative environment created by the proximity to some of the greatest universities on the planet.

And so, today, as the General Assembly contemplates next year’s budget… as 100 counties contemplate their budgets that will supplement local school districts…we are at an inflection point.
I know – people always say that. We’re always at a critical moment. Coaches always say it’s a make-or-break year for the team. Politicians always say this year’s election is the most important election of our lifetime.

But this time – this year – it really is decision time for our schools – all of them – why? Just listen.

- Since the 2008 financial meltdown, the state university system has lost more than $1.2 billion in budget cuts and tax reversions. [Greensboro News & Record, Nov. 10, 2011]
- At a time when we need our community colleges to play a more robust role than ever, appropriations per student are down 12 percent. [N.C. Community College System]
- While there may be a difference of opinion about the effect of budget cuts on our public schools. Suffice it to say that in 2008, we were 25th in average teacher pay. Today we rank 45th. [N.C. Association of Educators]
- In 2008, we ranked 42nd in per-pupil expenditures. Today we rank 46th. [Federal Education Budget Project; NCAE]

My mom and dad always told me that after I died, whoever read my checkbook register would know the priorities in my life.

Are our priorities in order?

CEOs who are contemplating moving their companies and jobs here will look at North Carolina’s checkbook register…and they will know our priorities. What will they discover – about us?

Am I in favor of less government spending? I am in favor of smart government spending.

Am I in favor of tax increases? I am not knee-jerk opposed, but you have to make a strong case for what we get in return. Just as I do when we consider any budget increase at Blue Cross or at your company. It is about return on investment.

So, at Blue Cross, our business is changing, and if you looked at our checkbook, you’d know where our priorities lie today.

We’re investing heavily in new uses of data analytics and information technology.

We’re investing in collaborative efforts that will help provide better patient care – and better ways of paying for care that reward quality over volume.

We’re investing in these parts of our business because we believe they are a crucial part of our future.

Now, it’s hard to say what our industry will look like next year or the year after that. But we’re betting that the returns we will get from these investments will help us become the kind of company we will need to be tomorrow.
And the ongoing decisions we make about investment and accountability in our system of public education this year will determine what kind of North Carolinians we produce in the next generation. These are critically important decisions.

Let’s be honest with each other. We have not been as smart about government spending as we need to be.

The New York Times columnist, Thomas Friedman, wrote recently about the fourth straight year of budget-cutting at the state and national level.

Friedman quoted a community leader in Seattle who said that “governments basically do three things: educate, medicate and incarcerate.”

This year in North Carolina, as in nearly every other year, the governor and the legislature are scrambling to fill a hole in the state Medicaid budget of more than 100 million dollars. These costs escalate automatically each year and each year we fill the “medicate” gap and fund what is required.

We react without a great deal of legislative or executive branch scrutiny as to why the cost went up. And more important, what serious steps we need to take this year to control future cost increases.

This year, we will be wrestling again with the cost of keeping more than 40 thousand men and women locked up in North Carolina prisons. The estimated cost? One-point-one billion dollars.

Judges don’t ask if there’s a space available before sentencing a convicted criminal to prison. They just assume there will be space, food, clothing, staff and medical care for the ever increasing prison population.

Sentencing laws don’t take into consideration that for every person we incarcerate, we take money that otherwise might go to funding public schools, community colleges or our university system. Our checkbook is simply debited in whatever amount necessary to incarcerate.

Not so, when it comes time to educate.

Several years ago, we were recruiting a senior executive to Blue Cross. His home was in the Northeast. He had school-age children. He was considering accepting our offer, but he wanted to be sure North Carolina public schools would be good for his kids. You may have had a similar experience.

That’s a very real issue. A virtuous circle of good education begets good talent which, in this knowledge economy, begets growing businesses and a growing tax base.

Businesses choose North Carolina because of the quality of our workforce and the quality of our institutions, particularly our educational institutions.
Employees choose businesses for the opportunity. Opportunities for themselves, and for their families.

That is why our leadership on public education is directly linked to the success of our businesses. That’s why our commitment to education is linked directly to the future of our state.

As the husband of a former public school teacher, I’d like for all of us to carefully consider how we speak about our system of public education.

When I joined Blue Cross nearly 16 years ago, the company was making the transition from a claims processing outfit to a fully integrated health care management organization.

If we were operating our company today the way it was operated in the 1980s, we wouldn’t be in business. It was imperative that we change.

The same is true with early childhood programs, K-12, community colleges and our university system. They are not irreparably broken. They are not failing. But they need to change.

And we must lead that change. We do have good schools in North Carolina. But even the best must continue to change and improve to meet the needs of an evolving world.

As we improve, we do so not just because we need more accountants, more researchers, more medical professionals. As good as that will be for business, that is not enough.

We will need great teachers, singers, and artists. We will need graduates who will become civic club presidents, volunteer firefighters, weekend soccer coaches and Meals on Wheels drivers.

We will need visionary volunteers who make North Carolina the very best to live, work, raise a family and retire. To live out the promise of the goodliest land.

Our education system is at the fulcrum. North Carolina’s quality of life pivots up or down from that central point.

Our kids learn values everywhere they spend time – at home or church and, yes, in the classroom and on the playground. But school is where they make sense of these lessons and begin to express and apply them.

The expectations we have, the encouragement we give, the commitment we make today – this year – will shape the quality of life in North Carolina for many years to come.

Sixteen years ago, when I was preparing to leave the Hunt administration, I was fortunate enough to have several job offers. One was to join a prestigious law firm in Washington, D.C.
As some of you know, I’m interested in politics. To me, living and working in Washington, D.C., would be like a football fan going to work at the Super Bowl every day.

But I also had an offer to join Blue Cross and Blue Shield of North Carolina. And ultimately, Carol and I made the decision to stay here. We love this state. We love the opportunities we’ve been given – in large measure by our system of public education.

I love the work I do at Blue Cross…most days.

But more than anything, I love how our company plays a role in the public life of North Carolina. We believe and are persuaded that our company’s success is intertwined with the success of our state – its businesses, its government, culture, athletic teams and, yes, its system of public education.

I submit that every CEO, whether you spend most of your time traveling in an airplane visiting customers, standing in front of investors on Wall Street, or walking the factory floor – that you have a big stake in what happens in every aspect of our public education system from early childhood to the universities.

It’s time for all of us to pay more attention, to work harder and care more about what goes on in every facet of public education. If we don’t – who will?

It’s not just about the success of our businesses. It’s about the success of our state. And most importantly – it’s about producing the next generation of great North Carolina citizens.

To paraphrase Dr. Martin Luther King Jr., a time comes when silence is betrayal – when silence becomes the ally of apathy and the status quo.

Today is the day we, the business leaders of North Carolina, must break the silence and lead together as we have always done. We have no more important work. Thank you.