

UNIVERSITY CULTURE MUST CHANGE— And That Change Must Start at the Top



Remarks by **Wallace Hall** on accepting the
Jerry L. Martin Prize for Excellence in College Trusteeship



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The American Council of Trustees and Alumni (ACTA) is an independent nonprofit educational organization committed to academic freedom, academic excellence, and accountability. Launched in 1995, ACTA has a network of alumni and trustees from nearly 1,300 colleges and universities, including more than 23,000 current board members. The quarterly newsletter, *Inside Academe*, reaches over 13,000 readers. ACTA receives no government funding and is supported through the generosity of individuals and foundations.

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Remarks accepting

The American Council of Trustees and Alumni's

**Jerry L. Martin Prize for Excellence
in College Trusteeship**

Tribute by

Michael B. Poliakoff

October 17, 2019
Washington, DC

Presentation of
THE JERRY L. MARTIN PRIZE
for Excellence in College Trusteeship

Tribute

Michael Poliakoff

President, American Council of Trustees and Alumni

In honoring Wallace Hall tonight, we celebrate the power of integrity, steadfastness, and courage. We celebrate the force that a solitary but unwavering voice can have to take the mask away from even the most powerful person-ages in a powerful university and reveal the corrupt practices that betray the public trust and disgrace the reputation of the national treasure that our colleges and universities represent. Truth, transparency, sunshine, data: these are the potent tools of good governance. Wallace gave a clarion call to other trustees to want such tools. His is a story not only for Texas, rather it is guidance for the nation.

Many here will recall the beginning of this story, but perhaps will not know of its remarkable ending. In 2011, appointed by Governor Rick Perry, Regent Hall began to investigate massive, forgivable loans made to persons at the University of Texas Law School, violation of donor intent, and shocking practices of preferential admission for applicants recommended by legislators or other influential people. The bipartisan howls of rage signaled that Regent Hall's open records requests were hitting home, as a phalanx of opposition confronted him, and by 2013, an effort to impeach him was underway in the Texas Legislature.

Wallace was not, of course, impeached, even though the legislative subcommittee showed its pique by censuring him. Thanks to Wallace, UT's charade was stumbling to its fall. The Chancellor called for the resignation of the president who had signed off on the corrupt practices Regent Hall

revealed, and by 2015, an investigative committee concluded that UT leadership, “failed to speak with candor and forthrightness expected of people in their positions of trust and leadership.”

None of this was easy or quick. Wallace Hall gave of his time, money, and lifeblood to set right the university he loves. And here is the wonderful postscript to this saga. On April 23 of this year, the University of Texas Student Government passed a resolution, in the wake of the Hollywood Varsity Blues scandal, to apologize to Wallace Hall.

In what is now San Antonio, Texas, on February 24, 1836, Colonel William Travis wrote the famous victory or death letter from the Alamo, and according to legend, a few days later drew his sword and etched a line in the sand asking those who fight for Texas’s freedom to cross that line. The letter is magnificently engraved on the wall of the Texas Public Policy Foundation, of which Wallace has been a stalwart supporter, and we are joined tonight by its executive director, Kevin Roberts.

It is our honor now to present to Wallace Hall this 1905 engraving of the Alamo. He drew a line in the sand for integrity and honesty. Sadly, all too many took the safe and easy way out and refused to stand with him. But I say with pride that my mentor and predecessor as the president of ACTA, Anne Neal, here with us tonight, was, not surprisingly, one of the ones who stood firmly with Wallace. It was ACTA’s privilege to support Wallace Hall’s work as a member of the University of Texas Board of Regents, and it is our privilege tonight to celebrate all he has done to model informed and engaged fiduciary responsibility in the governance of our colleges and universities.

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It is an honor to be here and to accept this award tonight. Thanks, first of all, to Michael for his kind words.

There were moments when I thought my efforts to earn this award came at too high of a cost. So to stand here tonight is quite surreal. To be recognized by an organization where “doing the right thing” is a cornerstone of the mission reinvigorates my spirit. In the words of my late friend and high school geology teacher Steve Seay,

“My spirit soars!”

The honor also causes introspection. I have reflected upon the darkest moments of the campaign to denounce my service by a majority of my colleagues on the University of Texas System’s Board of Regents. In my reflections, I flash to the faces of those who stood by me, guided me, and lent me strength.

First and foremost is my wife, Kristi. I cannot adequately describe her fortitude. I appreciate her unwavering love and support. Her sacrifice so we could make a difference has been astounding.

I would also like to thank Tim Perkins, my friend and attorney for many years. His tireless, unfaltering work during this lengthy saga proves the value of having an attorney who cares about you. He also cared about my family, which made a big difference. Thank you, Tim, for your friendship.

I would also like to acknowledge and thank Brenda Pejovich, Alex Cranberg, and my first Chairman, Gene Powell. These regents stood in the minority and fought for transparency, integrity, and each board member’s right—No, obligation—to probe and challenge our institutions. Chairman Powell encouraged us to rely on our experiences, expertise, and plain-old common sense. He pushed us to study our university’s intricacies and

history, and to be vocal when we saw room for improvement. As the heat rose after my concerns went public, Gene Powell was in the best position to try to silence me. But he didn't. He paid a price for his integrity, and I appreciate all of his sacrifices.

Kevin Roberts and Tom Lindsey and the influential Texas Public Policy Foundation were front and center for the entirety of this struggle. Whether through press releases, amicus briefs, or opinion editorials, they fought for all of us.

And finally, I would like to thank this organization, the American Council of Trustees and Alumni. Specifically, Anne Neal and Michael Poliakoff brought national attention to our struggle. They brought gravitas and expertise from decades in the trenches, fighting for sound governance and the sanctity of our American universities. I've watched the organization grow and adapt under the leadership of Anne and now Michael, and can comfortably say there is not an organization in America better suited to promote, defend, and educate trustees on our mission than ACTA.

You might expect me to stand here with an overwhelming feeling of vindication. You would not be wholly incorrect. During nearly five years of coordinated demonization of me and my family, I did look forward to the day when the record would be corrected. But it is now clear that the problems I found at my university system are commonplace at universities nationwide. Recent media coverage of the Varsity Blues scandal is another form of vindication—at least the public now knows what many of us in this room have known all along. So while the honor means so much, it also troubles me.

I wish I were standing at this podium with other trustees who also resisted the pressure to conform, to be silent, to just go along because it is “the way things have always been done.” You see, my actions should not be considered exceptional. They were fundamental to my role. Madison said, “the advancement and diffusion of knowledge is the only guardian of true liberty.” The push for institutional transparency is the backbone of that guardianship, and responsibility for it falls at the feet of every university trustee. So after tonight, I hope you will not remember me, standing up here. Instead, remember the campaign to silence me.

Remember the sheer number of man hours and the financial resources that were dedicated to obstructing me.

Remember the leaders—including a number of my own board members—who slandered and libeled me and my family.

Remember the fury with which those in power—corrupt politicians, board members, wealthy donors, and one retired Navy admiral whom I once admired—rose to block my inquiry, to protect each other's backs, and to weaponize the legislature and the media against me instead of investigating the abuses I uncovered.

Remember that one of the nation's largest public universities went to such lengths simply to prevent transparency and accountability in its admissions practices and other operations.

Here is our challenge together: We know that these abuses of power persist widely throughout our universities. No one in this room believes otherwise. The problem exists in plain sight, at institutions big and small. Everywhere. Was anyone truly surprised in March when the Varsity Blues scandal held the nation's attention? The only jaw-dropping aspect was the recklessness by those involved, or for me, how few participants have actually been charged.

Consider the celebrities involved, the amounts of money that changed hands. Consider the absurdity of the daughter of one of those celebrities who, while sunning on a yacht owned by the board chairman of her university, heard the news that her mom bought her admission into the school. Does anyone believe the chairman did not know this student had matriculated through an end-run of his school's supposedly rigorous admissions practices? Has anyone thought to ask him about his role? I would sure like to talk to him about it.

The dark reality of the admissions abuses taking place at our universities is that the public—and the FBI for that matter—only knows a fraction of the full story. It is important to remember that these abuses are not victimless crimes. Unqualified and undeserving candidates not only fill spots that less-privileged applicants have worked hard to earn, but their admissions impart a harmful lesson that money is the solution to everything.

Rick Singer knew the financial incentives guiding our university culture. He built a cartel exploiting the shady power structures and blind eye-oversight at institutions nationwide. But he went too far, made himself an outlier, and got caught. He is gone, but the problem certainly persists.

For those who may read my words later and disagree with my analysis, I ask, does your board have the ability to confirm beyond a shadow of a doubt that your institution is not hiding a similar scandal? In my view, there are no elite educational institutions in America that adhere to the wise counsel of President Ronald Reagan, “Trust but verify.”

The responsibility for the ongoing admissions abuses lies at the feet of the boards. There is no other legally responsible party. We can hire accountants, development experts, architects, money managers, coaches, and university presidents, but the integrity we are expected to bring to the organization is non-transferrable. It cannot be outsourced. The old proverb that says “a fish rots from the head down” applies here perfectly.

People often ask me why I dug in and spoke up so quickly about problems after Governor Rick Perry appointed me to the University of Texas Board. But I don’t recall believing I had a choice. What I saw when I arrived offended my own moral code. It was never a secret in Texas that I fight to protect business and moral integrity. Every time I asked a question, it was either not passed down the chain of command, or the answers were intentionally misleading or deemed too confidential to share even with me. This was my first test. The message from my institution was clear: Would I be compliant, or would they need to make an example of me?

Well, we know what happened.

Throughout the ordeal, I was strengthened by the motto of my high school alma mater, the St. Mark’s School of Texas, which reads: *Courage and Honor*. Those simple words have provided a clear rubric for the important decisions in my life. In business, the motto has guided my evaluation of individuals and companies alike. My career successes have been marked by making smart “people bets,” because I believe that the difference between good and bad business starts and ends with the character of its people.

Unfortunately, what I saw when I arrived at the UT system was a bad business. Successful businesses in America pursue efficiency. They strive to serve more customers, to optimize their products and services, and to drive costs down to compete. The University of Texas System was not doing this.

And on a wider scale, modern college boards do not make these goals a priority. Our boards have created a model divorced from optimization for the students we are supposed to serve, measuring success not by the number of students they teach, but by the number of applicants they reject. Entry standards rise while side doors swing open for children of the connected and wealthy. Our universities pursue this agenda vigorously, passing it off on donors, alumni, students, and taxpayers with PR campaigns couched in the lofty language of university missions. This is the culture that has placed a 1.6 trillion dollar debt at the feet of our students. It has corrupted our higher education system to make entry into universities a “privilege” and graduates from these institutions “elite.”

Our purpose as trustees should be to upend this culture. Higher education in America should not be for the elite. And it certainly should not be a system to perpetuate the nonsense that a university’s value is measured by how many students it turns away. Jefferson wrote that “wherever the people are well informed, they can be trusted with their own government,” and I agree. I believe the statement’s inverse to be true as well. Any fiduciary or governing body that fails to live up to the responsibility of preparing young people to be as informed, intelligent, and productive as possible, needs to be disrupted, for the good of the country.

My experience is evidence that this responsibility falls to individuals—each one of us here tonight—who constitute the only pressure that will make our governing bodies correct themselves. So, from board to board, the disruption falls to each of us as individuals. Boards are too protective and political to self-correct. I speak generally because the problem is—and I say this unequivocally—ubiquitous across American universities. But ubiquity does not equal permanence. The problem of weak boards can change, and it can change quickly.

If you currently sit on a Board of Trustees, or aspire to such a position, I hope that you will look inward now. Do you trust yourself to assess your university's problems honestly? Do you trust yourself to assess improper practices and bad actors based on your Board's mission, regardless of relationships, reputations, or positions? Do you believe you are capable of standing in front of a room of bad actors and listing their offenses for the public record? And when they assail you for this—and they will go to unfathomable lengths to do so—do you know that you are strong enough to take it?

Maybe this is unfair to ask of you in this setting. Had I been asked these questions prior to my appointment in 2011, I don't know what answers I would have given. But I can say this: Having your morality tested by colleagues, who are backed in their attacks by the media, politicians, and government officials, has a way of showing how much fight you have in you. In my case, I'm clearly still standing!

When I saw the state of things on the UT Board, it became clear that I was up against some individuals who had made the easy choice, which was to condone and ignore wrongdoing. At first, I wondered how this could possibly be the case with such impressive leaders. These were people with reputations, who led some of the companies that have made our nation great. I was frustrated and disenchanted. Too many members of the board up to that point had made the decision to enjoy the benefits of their service while the cancer of mismanagement grew without their action to intervene.

I was blessed to have a father who made clear, early in my life, that there is a difference between those with something to lose and those who *believe* they have something to lose. I've been most disappointed by those who, despite having the best foundations, the most security, and the greatest opportunities to effect real change, determine that exposing wrongdoing presents their greatest risk. Too often, we mistake what I will call "cocktail conversation risk"—the risk of being socially ostracized—for real risk.

I can assure you that I did not "ruin" anyone in my efforts to clean up bad practices—and that was never a part of my mission. Yes, certain people lost their positions, and I scuffed a few previously good reputations. But

if you look at these people after the dust settled, none of them are in the gutter. They simply are not able to continue abusing the power invested in them by the UT system and the taxpayers who fund it. There will always be a social cost for those who pursue real change. But the costs are rarely as grave as they seem, and they are never worth the sacrifice of our principles. Fear can make simple decisions seem difficult. But to avoid them is to clear a path for systemic rot.

In response, our first step together is for the members of this audience, as future, current, and emeritus trustees, to bring attention to the full scope of the problem. Board ethics must be a top priority for all of us who serve or will serve as university trustees. And our mission should be to elevate this issue until Congress and the President are forced to alter the accreditation rules that protect our schools from competition and restrict the flow of innovation. As fiduciaries, as leaders, as patriots, we should ensure that our boards rise to this important challenge.

This fight represents a new push for greater transparency in the operation of our boards. I am proof that an individual can sustain the fight, endure the consequences, and come out on top. And here is the thing: As you get deeper into the battle, it will become clear very quickly that you have chosen the right fight.

When the Texas media became more poisonous and the institutional tools used against me became more focused, something special started to happen. People—complete strangers—began coming up to me, patting me on the shoulder and introducing themselves, telling me they appreciated what I was doing. They told me to keep going, not to give in to the pressure. These were everyday people, who'd been reading the negative news stories and op-eds but saw what I was doing objectively. Our nation's natural instinct against inequity should not be under-estimated.

One call sticks out. The day after my story was picked up by the *Wall Street Journal*, I received a voicemail from a man named Steven Chase of Midland, Texas. Steven was a complete stranger who thought to pick up the phone and give me a ring. I've cherished the message since. "I just want to let you know how proud I was of you," he said. "Nobody wanted to listen to

you, and you stood up, and you stood in there. . . . I've always wanted to say that to you and think this is a good time to do it. Thanks again, Mr. Hall, and God bless you."

Interactions like this show the level to which citizens count on the leadership of their institutions to do the right thing. And they show the depth of disappointment in the failure of some of our leaders. People like Steven Chase may lack a platform to instigate change, but to underestimate their disgust at the crony, quid pro quo scaffolding of our country's power structures is a mistake. Steven Chase and many others supported me at a time when people I had known for decades were turning away from me, some of whom also criticized me publicly. This is natural. If you take on institutional icons, your first experience will be loneliness. You will also be demonized. I expected this, but that didn't make it any easier. To hear words of support during this time was invaluable.

And it is with the Steven Chases and every other citizen we are supposed to serve in mind that I turn to each and every one of you. Americans who lack the status and connections we enjoy are looking to you. They are mostly silent, but they are desperate for those of us in power to champion the creeds of our institutions. These are the people for whom our system of higher education was created, and the ones who are being cheated the worst.

When you buck the system of incentives and privilege to raise your voice, they will let you know that you have their support. They will pat you on the back, they will shake your hand, they will give you a call. It will not only revive your spirit, it will clarify your purpose, and it will strengthen your resolve. They will come to you in support, the forces against you will seem less formidable, and the torch in your hand will be a bit lighter.

These interactions are the first sparks Samuel Adams spoke of when he said, "It does not take a majority to prevail, but rather an irate, tireless minority, keen on setting brushfires of freedom in the minds of men." Without the support of those less fortunate than me, I would not be here tonight. I hope you believe in their power to propel you when you take up their fight. Thank you.

* * *

WALLACE HALL



Wallace L. Hall, Jr., was appointed to a six-year term on the University of Texas System Board of Regents by Governor Rick Perry in February 2011 and served until 2017.

Following his appointment, Mr. Hall began examining political favoritism and forgivable loans programs at the University of Texas. He filed a large number of FOIA requests in the course of his examination, which ultimately turned up several major findings of impropriety and scandal.

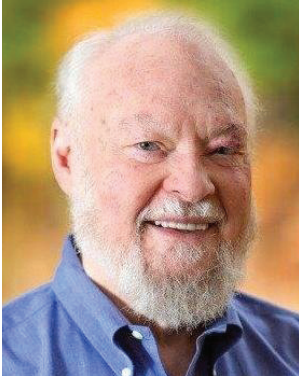
Mr. Hall was the first regent publicly to raise concerns about legislative influence on the admissions process. A Texas House committee subsequently initiated controversial impeachment proceedings against him. The proceedings were eventually dropped, but led to a censure by the committee for “misconduct, incompetency in the performance of official duties, or behavior unbecoming a nominee for and holder of a state office.” The impeachment process was criticized by, among others, Governor Rick Perry, with some calling the process an effort to criminalize policy differences.

In February 2015, an independent report by Kroll Associates, commissioned by the Board of Regents, found a “pattern of special treatment for well-connected applicants to UT” and While the report did not show evidence of any quid pro quo, it did find that “extra acceptances were extended every year to accommodate special cases.” The *Wall Street Journal* opined that the report “should put an end” to the investigation against Mr. Hall

Regent Hall is founder and president of Wetland Partners, LP, which established and operates the Trinity River Mitigation Bank, a wetlands bank created for the purpose of mitigating USACE approved environmental impacts to the aquatic system per the Clean Water Act. Previous business endeavors include oil and gas investments and a 15-year career in the financial services industry acting in various capacities. Additionally, Regent Hall currently serves on the board of trustees at St. Mark’s School of Texas, is former president of St. Mark’s School of Texas Alumni Association, and is a recipient of the St. Mark’s Alumni Service Medal.

He graduated from the University of Texas–Austin in 1984 with a Bachelor of Arts in economics.

THE JERRY L. MARTIN PRIZE for Excellence in College Trusteeship



Jerry L. Martin is chairman emeritus of the American Council of Trustees and Alumni, having served as president of ACTA from its founding in 1995 as the National Alumni Forum until 2003. He is the author of *God: An Autobiography, As Told to a Philosopher*, and coordinator of the Theology Without Walls project at the American Academy of Religion.

From 1977 to 1979, Dr. Martin served as president of the Colorado Conference of the American Association of University Professors. In 1982, he was selected as an Andrew W. Mellon Congressional Fellow and worked on education, regulatory issues, and international trade on the staff of then-Congressman Hank Brown of Colorado. He has also held faculty positions at Georgetown University, The Catholic University of America, and the American Enterprise Institute.

From 1967 until 1982, Dr. Martin was a tenured professor and chair of the philosophy department at the University of Colorado–Boulder, where he also served as the director of the University’s Center for the Study of Values and Social Policy.

From 1988 to 1995, Dr. Martin held senior positions at the National Endowment for the Humanities, including acting chairman. He has testified before Congress on education policy and appeared on “World News Tonight” and other television news programs.

He earned a B.A. in political science at the University of California–Riverside, an M.A. in philosophy and political science at the University of Chicago, a Ph.D. in philosophy at Northwestern University, and a Doctor of Humane Letters from the Thomas More College of Liberal Arts.



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