Jerry Sullivan 00:00
This is Jerry Sullivan for 'Making an Impact with Michelson Philanthropies.' This edition has been recorded remotely in observance of social distancing. Please excuse any inconsistencies in the audio. We're talking today with Dr. Gary Michelson, the founder and co-chair of Michelson Philanthropies. Welcome, Gary, thank you for joining us.

Gary Michelson 00:25
Good afternoon, Jerry.

Jerry Sullivan 00:27
I wanted to talk to you and I wanted to start with the concepts of equality and equity, sort of a new focus on a sense of fairness. That's been a dominant theme of public discourse in America for the last several years. It's also something that you took up well before recent developments pushed the topic to the forefront in the public square. Michelson Philanthropies has a goal of making life less unfair. And you've used a very broad example, children splitting a cookie, as you set out to address the subject of fairness. Could you just elaborate a little bit and illuminate your thinking behind that?

Gary Michelson 01:08
Well, I'm as guilty of this as anyone else. But we all do this. From time to time, you will catch yourself saying, 'Well, that's not fair.' You know what, life's not fair, you better get over that part of it. But when I say it, I have to turn around and say, 'Yeah, Gary, you got too much.' So I'm a member of the Giving Pledge, that's a group right now of about 200 billionaires who have all agreed to give away the great bulk of their wealth. It's interesting, because some of those people inherited that money, some of those people married into that money, and others basically went out and earned it. And there's a real temptation, if you're in that latter group, to go, 'Yeah, look how great I am. I did that.' The problem with that is, if you did it by being Michael Jordan, then there's no question what gifts God gave you. And if you did it by being Bill Gates, and being smart, and everything else, there's also no question what gifts God gave you. Nobody worked harder to take advantage of those gifts than Michael Jordan. And certainly, Bill Gates was no slacker. And I certainly worked hard. But at the end of the day, there's other people who've worked equally hard. And maybe God didn't give them those same gifts. And so they didn't end up where we did. And then of course, you can't rule out the role of luck. On a very personal
level, there are any number of places that my life could have taken a wrong turn. But for grace, or good
luck, or whatever you want to call it, I ended up where I did. So life is not fair. And for those of us who
recognize that we've been too lucky, we've been given too much, then you have to say, 'Well, what
would you like to do?' And my answer is just make things a little bit less unfair for everyone else.

Jerry Sullivan 03:08
The concept is certainly understandable. Getting there is a different matter altogether, I guess. Your
cookie example actually touched off the thought process for me; my father was a prisoner of war and at
one point, his captors were trying to undermine the morale. And they would count up how many people
were in the barracks, and they throw in half that number of loaves of bread. And that was all they got for
the day. So they were hoping to start fights and everything else. And what the prisoners decided was to
pair off, and one would get to break the bread in two and the other would get first choice. So everyone
had a sort of an incentive to try and split that fairly. And is there some sort of equivalent to that? You
have several organizations under this umbrella of Michelson Philanthropies all aiming toward that? Is
that really what you're looking to do here?

Gary Michelson 04:01
Yes, I would say that's half. And if there's another half to it, people have said to me, 'What is the uniting
theme that links all of your endeavors together?' So we have spent considerable time and effort in
trying to help people in prison have a different life, get out of prison and never come back, have a good
life for themselves, a good life for their families, move them out of that zip code, be productive citizens.
That's been a big effort for us. During this COVID crisis, it's been a really big effort to make sure that
underprivileged families who had no devices to connect were given devices, and then that requires they
still have high speed internet, which they did not have. That's another element. So these families, these
children were unable to function. So while other people could get remote health care, they got none.
While other people could attend school remotely, they could not. They lost a year and fell backwards.
So the second element of this is this idea, on one hand that things are not fair and on the other hand,
the groups that are involved are almost voiceless. And that's even what binds the animal part together.
We have a large animal welfare foundation. You know, when cows are inhumanely slaughtered, or pigs
are locked into steel cages, where they can't even lie down, they can't turn around, or chickens are
raised in conditions where they can't even stand up because they can't sustain their bodies. All these
cruel practices, the victims are voiceless. And believe it or not, so are students, of all people, students
are voiceless. We're living in a world where the cost of textbooks in a single year exceeds the cost of
tuition at community college, and the content's generic. That's outrageous. But who's going to speak for
the students, who speaks for the prisoners, who speaks for the animals? So I think the second part of
what ties this all together is the idea of trying to make life a little bit less unfair, a little bit less cruel. And
to do it, for those who really don't have a voice for themselves. I would say those are the two parts
together.

Jerry Sullivan 06:21
You know, I had the pleasure of speaking with your wife Alya, who's the co-chair of Michelson
Philanthropies, and she credited you with taking on the tough challenges, the less obvious challenges,
some along the lines that you just outlined for us. And I'm just wondering, it's not glamorous stuff,
textbooks or education for prisoners or opportunity for prisoners. But it's the tough stuff. Do you do that out of a sense that somebody has to? Or is that you perhaps see a greater potential return? Or is it a combination of factors? You seem to gravitate to the tough stuff. Tell us about that.

**Gary Michelson 06:55**

Well, let me give credit where credit's due. So one of the best things happened in my life and certainly the best thing to happen to me in terms of my philanthropy is Michael Milken. And 16 years ago, Michael was kind enough to meet with me as if he had nothing else to do. Now, anybody knows Michael Milken can tell you he looks like the guy who's spinning five plates on one hand, five more on his other, he's standing on one foot, there's five spinning on his foot, and five more in his head. Michael never had nothing to do. He sat there like I was the only thing that was important. And he spent probably more than an hour trying to teach me his philosophy of philanthropy. And that has been a godsend to me. And it's guided everything that I've done, and everything he told me was true. So to answer your question, one of what I call Milkens Laws of Philanthropy is never do anything that will get done anyway. The easy stuff all gets done, the glamorous stuff, you know, putting out painting in an art museum, that all gets done. What doesn't get done is the stuff that's not glamorous and hard, the heavy lifting stuff. And that's the answer to why we do it.

**Jerry Sullivan 08:04**

So you have this broad strategic approach, making life a little less unfair. Your tactics are a different matter. I get the sense you see incremental approaches as being effective: relatively small seed rounds, giving researchers and entrepreneurs a chance to make some headway, perhaps get off to a start on things. Can you tell us a little bit about your approach? Did I characterize that correctly?

**Gary Michelson 08:28**

Well, I'd like to claim both ends of that continuum, if you would allow me. So some things can be done in small steps. Where that will be the most effective, that's our entry point. But when things are at that end of the spectrum, what we try to do is bring together partners, other stakeholders. And that may sound sort of, 'Oh, yeah, of course you did.' But if you take animal welfare, for example, there's a number of national organizations, they almost never, ever work together. They don't even talk to each other. And then even if you go locally, there could be any number of animal welfare organizations and rescues. They almost never work together. They don't talk to each other. And we've really been the exception in trying to bring together partners, recruiting partners, and something that nobody else has ever done, drives people who work for me crazy, I'll say to them, if you reached out to the other side, there's always another side, and of course they're the enemy, I said, but if you reached out to them and tried to find out what's really going on here, have you tried to see if there's something we could do together? And they go, What are you talking about? You know, there's an old saying, when you go to the hardware store, and you want to buy a drill bit, remember what you really want is a hole. So sometimes the fight is not even about what the fight's about. And you have to find out what it really is about and sometimes you can work together. We had a bill just now that went through the legislature and got signed into law that was being opposed by a very powerful group of people who run the prisons. Very powerful. They oppose the idea that we would have the teachers from the community colleges come into the prisons, and face to face teach inmates, now students, college curriculum. Now,
the real reason turned out to be that if they could do it remotely, they were being paid by the provider a certain percentage of the revenue. So it was about them getting money. Now, they're never going to tell you that. So when we want to do something that really was much better for the students, they just said, No, you can't do that. They made up all kinds of other stuff. So if you want to deal with that, you have to first find out what it really is. So that's just an example. On one end, there's things that you do that are small, incremental, as you said, but on the other end, there is a book written called, 'A Course in Miracles.' It's an interesting read, one of the principles of that book is, if you're talking about miracles, there is no order of magnitude, a miracle's a miracle. So you might as well ask for a big one instead of a small one. And one of Milken's laws is, government is the great lever. So you may be well intentioned, and you might want to do some good but if you're really want to do it, and you want to do it on a big level, that's the role of government. So you need to entreat government, you need to motivate government, and you have to have them act. We have through our Center for Public Policy, and again, having as many partners, as many voices as possible, has been very, very effective, and having government do some things are really good for everybody. So that's where you're not doing that incrementally, you're talking about being disruptive in a constructive way.

Jerry Sullivan 12:00
Now, one thing that is very much what it appears to be from Michelson Philanthropies, there's a very tangible incentive and encouragement for medical research that you make through the offer of prizes. Can you tell us about the prize programs and what you hope they'll accomplish?

Gary Michelson 12:18
Yes, let me just say, historically, I had been asked to give a talk to a STEM group, Science, Technology, Engineering and Mathematics, about the relationship between invention and science. And it is a truly intimate relationship. In many ways, the best scientists are just the same as the best inventors. And the qualities that they share in common are: number one, it helps if you want to be good at either one to be bright. That helps. It helps to be knowledgeable, even if you're self taught. Many of the early patent holders in the field of electricity were self taught, but they were learned, they learned what they need to learn. You have to have imagination, you have to imagine things that didn't exist before or what might be. So you're either talking about the science of a hypothesis, you're talking about something you're going to work to produce, whatever. You need to have the courage, the daring to be willing to color outside the lines, think outside the box, do it even when everybody else says, 'Well, that's stupid.' Because they're willing to accept things the way they are. Why can't you just accept things where they are? And then you need to have perseverance. Because it's unlikely that you're going to succeed the first time around. If you stop when you don't succeed, then you have indeed failed. If you don't stop and you keep going, then those aren't failures because you eventually arrive at where you want to get to. So there's an intimate relationship between invention and science. Now, a gentleman named Bjorn did a study of all of the people who had won Nobel Prizes in any of the hard sciences. He didn't care what age they were, or whether they'd already passed away when they got the prize. What he cared about was, how old were they when they did the work for which they won the prize. And it turned out that the great bulk of them were under the age of 35. And interestingly enough, Einstein on his 35th birthday, having already done the general and special theories of relativity, quit. If you haven't done it by the age of 35, you'll probably never do it, which even turned out to be true for him, because that was the last
thing he had accomplished. And he spent the rest of his life trying to do other things. So unfortunately, the National Institutes of Health, who are the primary funders of all medical research in this country, really don't fund researchers under the age of 35. So that creates what I think is a very, very detrimental dynamic. And so we have taken it on our own to offer two different sets of prizes to try to induce young researchers, to try to support young researchers and to reward young researchers. We think this is absolutely vital. And the other part is, this goes back to what we were talking about a moment ago, there are chasms that you cannot leap in several small steps. So we fund things that NIH wouldn't fund anyway, because they're too avant garde, too risky, too daring.

Jerry Sullivan 15:21
And might it get a young researcher all the way to the lever of government? In other words, NIH might not touch him, maybe with your prize, it gets him all the way to the point where he can access that level of government.

Gary Michelson 15:36
You've already set it exactly correct. Once you have done the research, you can then apply for grants based on your research and your maturity as a researcher and get funded, you're absolutely correct.

Jerry Sullivan 15:48
Hmm, that's an interesting gap to address. Glad you're doing it. Now, let's switch to Michelson Found Animals, it is another unit of Michelson Philanthropies, sponsors a boot camp for entrepreneurs seeking funding for various pet related products. How does this figure into these other efforts? Could you just fit Michelson Found Animals into the overall picture for us? Because it seems different. And I got a feeling it's not entirely different.

Gary Michelson 16:15
You really asked about three or four different questions all at once. So I'm not sure where to start. But let me say this, I read the most interesting definition of racism. I don't know what motivated me but one day I actually looked up the definition of racism in several different dictionaries. And one of them had the most surprising answer. It said it was the mis-distribution of opportunity based on skin color. Now, that actually reminded me of something that Mike Milken told me, which is, the greatest holdback to people of color in this country from succeeding is a lack of access to capital. Now, he's just giving a special example of what that definition was. And so we run incubators and accelerators, in essentially all of our different areas in our 20 Million Minds Foundation, in our Found Animals Foundation. And not only do we fund these young, bright people that we were just talking about, we have made a deliberate effort to give special consideration to people of color and women, two groups that have historically been deprived of equal access to the opportunity that funding provides.

Jerry Sullivan 17:39
I wanted to ask you, you're a billionaire, your fortune came from your invention of a medical device, and then you won a legal challenge someone had infringed on your patent. You wind up, by virtue of all the thoughts and plans that we just discussed, you wind up taking on the issue of textbooks for college students. I guess it's one of those kind of not so glamorous challenges that Alya credits you with, and

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apparently you came to this, as I understand it, you learned about some financial strains that the high cost of publishing were putting on some students at Santa Ana College, and I guess professors tried to help them out of their own pocket. And the one thing I just want to ask is, how does a billionaire who's a surgeon turned medical device inventor up in Brentwood, how did you even come to know about this situation at Santa Ana College, and what prompted you to jump in and address that?

**Gary Michelson 18:35**
So I was on my own before I was 18 years of age, and came from a household with unbelievable amounts of strife. I could not qualify for student aid because neither one of my parents were willing to share their tax returns. And to avoid basically fraud, they would not consider applications without your parents tax return. So that left me out in the cold. So here I was, I was 18 years old, I was living on my own and trying to pay tuition and go to school. I was working two jobs. I was driving a cab at night. I was washing cars. I was cleaning out animal cages at the university just to be able to survive. I really could not afford to buy textbooks. And when the school would assign these textbooks, I think back in those days they were about $150 a book, they would have two copies in the library. So I would have to go to the library to see the book. But by the second week, somebody had stolen those. So there was no book. I can remember one case, getting together with a friend of mine, we found a used copy. And what we did is we actually tore the book, cut it with a razor blade, chapter by chapter. And so I would take home chapter one and two, and he would take three and four. And then we'd switch and that's how we made it through a semester. When I was reading the newspaper one morning and I saw this article about how the professors at Santa Ana College had come together and on their own, agreed they would each put in $500--that's a lot of money--to help buy textbooks for students who had gotten either a B or better grades in the first year, who weren't returning for the second year, because they simply couldn't afford the textbooks. You can't pass a course without a textbook. And so they were reaching into their own pockets to get the money to help these kids. So that motivated me to call the woman at Santa Ana, who was running this program. And I said, 'How's that going?' And she said, 'Well, good, except they were $50,000 short.' I said, 'I'll write you a check.' Now, if you write somebody a check for $50,000, you're entitled to feel good. I didn't feel good. The more I thought about it, the worse I felt. Because at that point in time, there were 110 community colleges in California and I had just helped one for just one semester. And something Mike Milken taught me again, you can't write all those checks. Maybe you can do one, but you can't do 110 and do it year after year. So that's not a solution. So I made a decision that night, that I would go into the textbook publishing business, but instead of selling them, I'd give them away for free. And that's what we did.

**Jerry Sullivan 21:26**
And again, now that required the lever of government.

**Gary Michelson 21:31**
No, this didn't involve government at all. What we did is we were going to start publishing them on our own, at the time, there was an effort out of Rice University called OpenStax, that had never done anything. They had a sponsor and they would talk about things. And I basically said to both of them, 'You know, at some point, an able bodied man cannot try to get up out of a chair. You either do or you don't, but there's no trying. So you want to get a shovel, you want to dig a hole, you want to really do
this, or do you want to just keep talking about it?' And they said okay. We gave them the first money, we produced the first textbooks. And now they have I think 45 separate titles. They're in use in 100 countries around the world. They're in use in I think more than half of all the universities and colleges in the United States, not completely, but at least one teacher is teaching one course using them. And they've saved students directly over a billion dollars. So we ended up doing again, with partners and help, the things that we set out to do. And that's become the model for open educational resource education. And now, you talk about government, we have succeeded in California now, in having the legislature and Governor Newsom signed into law $115 million to develop the Zero Textbook Cost courses for community college. So you'll go into community college, you'll never buy a textbook and you'll graduate.

Jerry Sullivan 23:00
Is that a start to finish success for you? At what point, how do you define philanthropy? Would that one be okay, we took that on and we did it?

Gary Michelson 23:10
You know, that's a great question. I really like that. In 2008, I hired a woman away from McKinsey, the big firm, who was not in the world of philanthropy, but she was an MBA, and she was bright and capable. And I hired her to take over the Found Animals Foundation. That was an interesting hire, because first of all, she was a woman and women weren't being hired for those kinds of things. And she wasn't from the world of philanthropy, and this was a philanthropy. And I said to her, 'Amy, if we succeed at what we're trying to do, we should put ourselves out of business.' So at that time, oh, about half the dogs that were coming into the shelters were being killed, and about 90% of the cats. Right now, if you go into the shelters in LA, you can no longer find a puppy. And it's pretty unusual for them to put down a dog anymore unless it's very old or sick or something. So we've, in essence, put ourselves out of business, that part of our business. That's a success. Another success was in 2005, when Hurricane Katrina struck, and you saw the images of the dogs and the cats up on the roofs were swimming in the water hopelessly. Most of those animals were never reunited with their owners. And the answer to that was microchipping. So a microchip is this grain size piece of electronic unit, you can put it in with a hypodermic needle under the skin. You run a scanner over the animal and it comes up with a number, you match the number and they can always find you. The problem was back in 2005 that was about a $75 or $80 proposition. So I said to myself, 'You know what, we're going to essentially start giving these chips away for free or as close to free as we can, and we'll register them for life for nothing.' At that time, getting the chip put in and everything was about $75 or $80. It was $19.95 to register it, it was $10 a year to keep the registry current. And literally this year, we had ended up driving the cost of chips down to about two and a half dollars, three dollars, and free registration. Now, you couldn't be more disruptive than that. That's a total success.

Jerry Sullivan 25:27
I wish you many more along those lines. I thank you very much for your time today and your insights. Is there anything you want to add or somewhere folks could go to get more information about what you're doing?
Gary Michelson 25:37
Well, they can go to our websites, we have 20mm.org. And we have foundanimals.org. And then you can see all the different things we do. 20 Million Minds has really more pies than you have thumbs. I mean, we're into so many different things, and all of them are interesting, and they all I think would be interesting to people because we're not exposed to those things. We don't really think about what's going on in prison. But everybody should know that if you don't educate people in prison, within three years, two-thirds of them are back in prison again. What kind of life is that? How does that work out for society? How does that work out that person or their family? On the other hand, if you educate them, and you give them just a modicum of support on the outside, they turn their lives around, they never go back to prison. They make a good living, their family's quality of life improves, they move to some other neighborhood, everything changes. So I think more people know about this, the more interested they would be in it.

Jerry Sullivan 26:36
Great. Thank you very much, Doctor, again I appreciate your time, I wish you the best going forward.

Gary Michelson 26:40
Thank you, Jerry.

Jerry Sullivan 26:43
This has been 'Making an Impact with Michelson Philanthropies.' For more information, visit michelsonphilanthropies.org. That's Michelsen spelled M I C H E L S O N.