

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Signature Event

Eric Gertler
U.S. News & World Report

Speaker

Eric Gertler
Executive Chairman and CEO
U.S. News & World Report

Moderator

David M. Rubenstein
Chairman
The Economic Club of Washington, D.C.

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DAVID M. RUBENSTEIN: All right. Eric Gertler – [cheers, applause] – wow, OK.

So, Eric is the CEO and executive chairman of U.S. News & World Report. He's a native of Montreal, came here to go to college at Brown, and then went to graduate school at the Sorbonne and another school in Paris, and then came here to go to law school at American University, where he was editor in chief of the law review.

ERIC GERTLER: I was, yes.

MR. RUBENSTEIN: And then has been involved in the city of New York development efforts, worked for Mayor Bloomberg and Mayor De Blasio; later worked for governor of New York and ran the Empire State Development Corporation for Governor Cuomo; and now for a number of years he's been the CEO and executive chairman of U.S. News & World Report.

So do people like from Brown call you and say that they should be more highly ranked because you went there? Does that – does that have any influence on you? [Laughter.]

MR. GERTLER: Well, first of all, David, thank you for having me here. Thank you to the – can you hear me OK? It seems – good. Thank you to The Economic Club and thank you to my team at U.S. News for helping to organize this.

Yeah, no, I have – I have no clout. It would make it much easier when people from Brown would call me. Brown was ranked 13 last year. Obviously, I'm biased. I think it's a great school. But we have a very strict church-and-state policy, so no one on our business team knows what the rankings are before it goes to embargo. So there's nothing I can do.

MR. RUBENSTEIN: Really?

MR. GERTLER: And I remind Brown of it very often. [Laughter.]

MR. RUBENSTEIN: OK. So maybe a little bit of – you can't have a little sneak peek of what's going to go on in there?

MR. GERTLER: We're very careful about, you know, keeping that separate.

MR. RUBENSTEIN: OK. So next week you're coming out with your next best colleges, right?

MR. GERTLER: Yes.

MR. RUBENSTEIN: And you do this annually.

MR. GERTLER: We do it annually, best colleges every year.

MR. RUBENSTEIN: And do people ever criticize your rankings? [Laughter.]

MR. GERTLER: Have you been reading any newspapers this last year?

MR. RUBENSTEIN: Yes. [Laughter.] What is – the basic criticism, I guess, is that people don't like the fact they're not as highly ranked as they want to be, or they don't like your criteria?

MR. GERTLER: Well, our strategy was to fly below the radar. That clearly didn't work.

But just to actually give some context, because I think it's important – and I'm happy to talk about the criticisms – but let me just explain first why we do the rankings because I think that that's important. And when it comes to the college rankings, you know, we do the rankings because this is at a time when students are making the most important decision of their lives. Going to school, as you all know, is incredibly expensive. It is high anxiety in a household when you're going through the college process. And as everyone knows, it has a huge impact even post-college.

So what we do in our rankings is we enable students to be able to compare and contrast colleges using the same set of data. And that's been a process that we've used. We take the data that we use. You know, obviously, we're looking, analyzing the data. We take this whole process very rigorously, very seriously, because we know that students are making the biggest decision of their life.

And then the last thing I'll just say before we get into that is that, you know, in the media in the last year it's pitted U.S. News versus law schools or institutions, and we're focused on the students. We're a mission-driven company helping students or, you know, consumers in our other rankings. But we're about helping students make the right decision of where they – where they go to school. So –

MR. RUBENSTEIN: OK. So let me go back to the history of this.

MR. GERTLER: Yeah.

MR. RUBENSTEIN: And for people who may not be familiar with it, for a long time there were news magazines in the United States, people remember.

MR. GERTLER: Yes. [Laughter.]

MR. RUBENSTEIN: It was – one of them was Time and then there was Newsweek.

MR. GERTLER: Newsweek.

MR. RUBENSTEIN: And then the third one was U.S. News & World Report.

MR. GERTLER: Yeah.

MR. RUBENSTEIN: U.S. News & World Report was headquartered in Washington, D.C., and a man named Mort Zuckerman I think in the mid-'80s bought it, and he owned it and for a while,

he was editor in chief as well as the publisher. And after the internet came along, it seemed as if people weren't buying news magazines in quite the way they were at the newsstands, so everybody either went digital or they stopped doing things.

U.S. News did a different thing, as I understand it. You still were doing news, but you basically started this idea of rankings. When did the idea of rankings start for U.S. News?

MR. GERTLER: So you're absolutely right about sort of the news weekly category when, you know, Time, Newsweek, U.S. News. And at the time, the audience of these magazines were based on sort of the pass-along rate. U.S. News had a pass-along rate of about 12 million. Time had 40 million. And you know, in a world where advertisers look for the top two news magazines to buy, it made it very difficult for U.S. News.

So U.S. News started to think about how do we differentiate ourselves from the other news magazines. And in the back of the book, U.S. News explored how to do rankings, how to do more consumer journalism. It was called news you can use. The rankings themselves for colleges started 40 years ago. But in the course of getting ready for this 90th anniversary, we looked through past issues and U.S. News has been doing rankings for 50, 60 years in different ways. The colleges started 40 years ago.

MR. RUBENSTEIN: So 40 years ago, who did it? Did it take one person sitting down and saying, well, I like Harvard, I like Yale, I like Princeton? [Laughter.] How many people did it? And where did they come up with the criteria? And where were they sitting? Were they in the United States doing this, or where were they?

MR. GERTLER: So 40 years ago it was based solely on reputation. It was reputation surveys sent out and evaluated based on that. That was it.

MR. RUBENSTEIN: OK. So you've got more sophisticated, you could argue, and later you used more than reputation. What are the other criteria? Who comes up with these criteria?

MR. GERTLER: So we have a team of, you know, data scientists/journalists that spend the year – I mean, at this point years – doing research, talking to academics, talking to industry leaders, talking to parents, talking to students, trying to figure out what is most important, what makes the most sense. Today, we evaluate colleges based on 19 criteria.

MR. RUBENSTEIN: OK. So you started colleges 40 years ago, then you went into other things. What else do you rank?

MR. GERTLER: So we rank, obviously, best colleges, best graduate schools. We do – we do best hospitals. We do best cars. We do best states. We do best countries. We do healthiest communities. In almost every area –

MR. RUBENSTEIN: You do best economic clubs? You do that? No. [Laughter.]

MR. GERTLER: So, you know – (laughs) – we’re going to consider that. And we’re also considering – [laughter] – best private-equity firms.

MR. RUBENSTEIN: You should, absolutely. I think that would be a big seller. [Laughter.] That’s – [applause] –

MR. GERTLER: And in fact – in fact, I think this is a good opportunity. In terms of doing the – doing the research, we discovered that 50 years ago we did a rankings on who runs America, and I thought I would show you because we thought that this year we would launch a new rankings. And you know, we’re basically relaunching what we used to do, called “Who Runs America,” and I thought I would show it to you.

And so here’s the cover. Hopefully, you can see this: “Who Runs America.” [Laughter.] And on this launch – [cheers, applause] – “the rising influence of David Rubenstein,” “West Wing being renamed the Rubenstein Wing after the latest gift” – [laughter] – “NBC, CBS, ABC all pick Rubenstein to moderate their presidential debates” – [laughter] – “Rubenstein raises a record \$1 trillion for the new Carlyle Growth Equity Fund.” [Laughter.]

MR. RUBENSTEIN: Wow. Now – I can’t ask any of my hard questions now. Well, thank you. [Laughter, applause.] So my now my hard questions – I have to get rid of my hard questions. OK.

MR. GERTLER: [Laughs.]

MR. RUBENSTEIN: So let me ask you, on colleges, other people seem to think that they can do it as well – Forbes, Wall Street Journal. Why are you better than the other guys?

MR. GERTLER: So this is a tough answer because I have to go, you know, completely contrary to the – to the – my origins and beginnings as a Canadian, and I can’t be that humble. I mean, the reality is we are the leader, and we’re the leader because we’ve been doing it for 40 years. We’re the leader because we have a rigorous process. We take what we do very seriously. We have very strong separation of church and state.

And you know, in colleges, for example, we have a hundred million users that go through our site, so what we say matters. And for that reason, you know, we get – you know, a lot of these articles are coming from our competitors. But the reality is what we do matters, and that makes the difference.

MR. RUBENSTEIN: So if you rate hospitals and you go into a hospital yourself and it’s not highly ranked, are they going to give you good treatment? Or what do you – you ever worry? [Laughter.] You ever worried about that?

MR. GERTLER: I pray. I pray.

But look, there is a perfect example. I mean, you’re going into – for a surgery that may be life and death. You’re a caregiver and you want to know what’s best for your parents, your

spouse, whatever. You want a trusted third party to be able to help you guide through that process, and that's the importance of what we do in best hospitals.

MR. RUBENSTEIN: So you make money by selling magazines, but the only – there are only two magazines that you publish in a – in this sense. Is that the colleges and hospitals, right? The others are done digitally, right?

MR. GERTLER: Yes.

MR. RUBENSTEIN: And so how do you make money? You sell these and do you sell advertising? I guess you do. And then if people want to use the ranking, they can pay you a fee? Is that how it works?

MR. GERTLER: So we do do the best colleges guide. Obviously, we used to do the magazine. We don't do that anymore. This guide and best hospitals are the only guides that we do in print today, and both of those are still profitable.

Our business model has really evolved over the last 10 years. And you know, we went from – when we were in print, we used to lose between \$10 and \$20 million a year, so it was significant losses. We became an all-digital platform. And thanks to, you know, Brian Kelly, who's here, who's been on the board, and Bill Holiber – [cheers, applause] – did an amazing job on helping it become all digital. But the key is, is that we have a diverse set of verticals – so education, health, you know, cars, products – and we also have diverse revenue streams. So we have advertising. We have lead generation. We have subscriptions. We do licensing. We have products that are data products that we sell into institutions to help them operate. So there's lots of ways that we –

MR. RUBENSTEIN: All right. Do you have any more news, though? You're U.S. News. I mean, do you have any news? Do you do any news? [Laughter.]

MR. GERTLER: We do news and we do world report, but we don't do it the way – I mean, you know, most people think about the news that they get every day from The New York Times and The Wall Street Journal, and certainly that's important. What we're trying to do is provide, you know, in a sense, analysis: How is the news that's being written, how does it affect you? How does it affect your life?

I almost look at it as that we're sort of a second-day news source. We're going to give you the context and the explanation of how that – what that means to you. We're going to give you, you know, if you can think about it, the bottom line of what does this mean to you.

MR. RUBENSTEIN: All right. So recently the dean of the Yale Law School – you may have heard about this – she said she didn't want to participate anymore; and then other law schools jumped in and said they didn't want to participate; and then the medical school people, some of them were upset and they didn't want to participate. So if people don't participate, you going to give them a lower ranking? Or how does it work if you don't participate?

MR. GERTLER: So, again, you know, we're doing it from the perspective of the student. You know, of course we want all schools to participate, but even if they don't participate they're going to be – they're going to be ranked. We still have access to all the data. And so those made great headlines for some of these law schools, but at – but at the end of the day we still delivered a robust set of rankings for law school students to figure out where they wanted to go to law school.

MR. RUBENSTEIN: OK. And – I'm sorry. [Laughter.]

So let me ask you about this. Some people say that when you – the U.S. News rankings, they put an emphasis on the acceptance rate. And theoretically, the lower the acceptance rate, the more the elite college. And so in recent years, a lot of colleges have been going out and drumming up people to apply so that – they're not likely to get in, but when they get rejected it makes those who get in have a very low acceptance rate. What do you think about that criticism, that U.S. News is focusing too much on the acceptance rate and trying to get low, and the yield – trying to get that high – and people game the system?

MR. GERTLER: So, you know, I prefer to use the word that these schools are trying to improve their rankings –

MR. RUBENSTEIN: OK.

MR. GERTLER: – as opposed to the word that you used. And you know, since –

MR. RUBENSTEIN: Have you ever heard of the people saying that they can game the system? [Laughter.]

MR. GERTLER: You know, I may have read about it in some of these other news outlets.

But, look, on colleges, you know, what we're doing is over the last 40 years we have evolved the rankings. And again, we started off as doing exclusively reputation surveys, and now we use 19 criteria. And what we're trying to focus on when our team is spending time talking to all these – you know, the academics, industry experts, is: What really matters to the student?

And we come from, you know, a singular question: You know, is the college doing what it's supposed to do? Is it delivering that college degree? Is it delivering what the student is looking for? And so that is how we have now geared our rankings.

So, for example – and we take criticism about this – we put a lot of emphasis on graduation rates. Are you graduating that student, and not necessarily in four years; in six years? That has a high percentage in our rankings. I think that's a very fair question.

MR. RUBENSTEIN: OK. But let me ask you, a number of the law schools and medical schools have opted out, but I don't know if universities have opted out. Yale – has Yale opted out of the

college? So why would the law school opt out or the medical school opt out, but not the college? If it's so bad, why wouldn't the college say we're opting out?

MR. GERTLER: I ask myself the same question.

MR. RUBENSTEIN: OK.

MR. GERTLER: You know, these institutions are not monolithic. And it's – you know, it's clear – and you and I in the past have talked about being a university president is a very difficult, you know, job these days. And we've seen that at some of the institutions – you know if we take Harvard, the MBA school participated in the rankings, the colleges participated in the rankings; the law school and the medical school did not.

MR. RUBENSTEIN: OK. So let's suppose somebody works for you at U.S. News & World Report, and he or she is a very talented young person and they worked for a college – they worked while they were in high school as an intern. And then they say to you: Mr. Gertler, I'd like to go to a college; would you recommend me? Would you send a letter recommending me to Harvard or Yale? Would you recommend somebody? I mean, and if you're sending the letter in, you know, they're going to be afraid that they're going to upset you, so that person will get in. [Laughter.] Do you ever have those people asking for letters of recommendation?

MR. GERTLER: You know, I'm always happy to give someone – you know, and particularly, you know, a young student – a letter of recommendation. I'm sorry to say, though, I don't have a good track record, though.

MR. RUBENSTEIN: OK. [Laughter.]

MR. GERTLER: So, clearly, it's the opposite. [Laughs.]

MR. RUBENSTEIN: All right. Well, let me ask you another question. People who are going to go to law school – Yale, Harvard, Chicago, Stanford – they're presumably reasonably intelligent people and they have to make decisions their entire life about are the facts this or the facts that. Why are the law schools so afraid that these applicants to the law schools are going to be fooled by your U.S. News rankings, they're not going to be able to discern whether something is really that legitimate? Why are they so afraid of that?

MR. GERTLER: So that's one of the, you know, almost funny criticisms that we get, and we get criticized that our rankings do not provide and articulate the particular nuances of each school. And by the way, they're absolutely right. That's not what the rankings are designed to do. The rankings are designed to help you compare and contrast with the same set – the same set of data.

But to your point, do you really think that a student that's considering going to Yale and Harvard, Chicago, can't get a sense of what is the best place for them? I mean, these are kids that have done so well. And they're talking to alumni, they're talking to – they're going up and visiting the campus, they're talking to students. They absolutely have a good sense of where they want to go.

MR. RUBENSTEIN: OK. Now, you have a church-and-state separation, so you can't be involved in the rankings and know about it. But somebody's on the other side of the wall. Can that person, you know, do anything that might not be appropriate? Can that person write letters of recommendation to people? Or, I mean, who are these people that are making these rankings? [Laughter.] Where are they living? Where are they – do they live in Washington? Anybody here working on these rankings? Where are they? [Laughter.] I never met anybody who said they were working on the rankings.

MR. GERTLER: So, for example, I don't know if Stephanie's [sp] here and Bob Morse. There's Stephanie [sp]. You know, Bob Morse, who's been working on the rankings for 40 years. I mean, we have – you know, we have a team of 40 to 50 people dedicated just on the rankings. I mean, at this point everybody in the company touches rankings in some way, but –

MR. RUBENSTEIN: All right. So, like, somebody, let's suppose – you've changed the rankings, some of the criteria, for this coming – one that's coming out next week. So I did talk to the University of Chicago and asked them what they thought about the changes, and they gave me some comments and so forth. But who decides what the criteria are and how they're going to change? And you have to change the rankings every year so that people buy new magazines; in other words, if every year it's the same – Harvard, Yale, Princeton every year – why would anybody buy a new magazine? It's the same every year. So don't you have to change them around a little bit?

MR. GERTLER: Well, you know, as I said, the rankings – the rankings have evolved. And we change the criteria every year, but we change the criteria to reflect what is most important to the students.

I mean, when you look at the rankings, I mean, Princeton has been number one for a number of years. What happens on Monday I have to wait for you to see. But a lot of the top colleges remain at the top because they do a great job.

MR. RUBENSTEIN: OK. But suppose – the man who's in charge of this or the woman who's in charge of this, are they here?

MR. GERTLER: Well, Stephanie's [sp] here. Bob Morse I don't think is here.

MR. RUBENSTEIN: OK. So where – suppose they went to Princeton. Do they – every year Princeton's number one. Is that a – [laughter] – how do you keep those people from – don't they have to recuse themselves if they're number one and they went to that school? How do they – how do you deal with that?

MR. GERTLER: We check. She didn't go to Princeton. I think –

MR. RUBENSTEIN: Really? That doesn't happen? [Laughter.] That doesn't – that's not a problem? OK.

MR. GERTLER: [Laughs.]

MR. RUBENSTEIN: So today you are the leader in these rankings, and you do it in the United States principally, I guess, right?

MR. GERTLER: Yes.

MR. RUBENSTEIN: But you're U.S. News & World Report. Why don't you do it outside the United States? Why don't you rank colleges in Europe or other places?

MR. GERTLER: It's a great idea. We did do – many years ago we did rank colleges in the Middle East. We have explored doing it in other places. We've had conversations.

I will tell you that there's a lot of students overseas that use our rankings. So in India, we get 3 million users that are using our rankings to look at colleges in the United States.

MR. RUBENSTEIN: So do people ever come up to you at cocktail parties and say I am applying to colleges, what do you think I should do, and you say, well, read U.S. News? Or do you just give them – [laughter] – I mean, do you ever have recommendations yourself?

MR. GERTLER: [Laughs.] I do get that quite often.

MR. RUBENSTEIN: Well, what do you say?

MR. GERTLER: And I say, you know, you should look at – go through the rankings, but I will also tell you that we should not be the only source of information. You know, at a time when at some of these top schools you're paying almost \$100,000 with tuition, expenses – it's such an important decision – you should be doing all the research and you should be talking to other students. You should make sure that it's the right fit. I think every parent wants their child to go to – you know, if you did a sort of Venn diagram with two circles, you want your child to be going to the best school intersecting with where they're going to be happiest. And I think that that becomes individual and the kids have to figure that out.

MR. RUBENSTEIN: All right. So let's talk about – why did you come here from Canada? You're an immigrant. [Laughter.] Why did you actually move here? You –

MR. GERTLER: So, as you said, I was born in Montreal, and – in Quebec. And for those that know – those of you that have a sense of the history, Quebec had always been a place where there's a lot of tension between the English and the French, going back to, you know, a war on the Plains of Abraham outside of Quebec City 200-plus years ago. But when in the 1970s the Parti Québécois was elected to govern on a platform of separating Quebec from the rest of Canada, and literally that night my parents said to me: You're going to go to college in the States. And they really had a sense that the economy was going to decline and that things would really sort of go south – in this case, literally. But – [laughter] – and –

MR. RUBENSTEIN: And you say, well, there are no rankings; I don't know which college to go to. [Laughter.]

MR. GERTLER: Well – [laughter] – well, that's exactly the case. I didn't know – when it came to going to school – and I did very well in school – my mother wrote away for college applications, and the college applications came. And I applied to Harvard and Yale, and my mother came to me, and she said, how are you doing on the college process? I said, I'm done. And she goes, what have you done? I said, I applied to Harvard and Yale. She goes, don't you think you should apply to a few more schools? And I didn't know any other schools. So I picked up the next application, which happened to be Brown, and I filled it out, and then a number of months later, I went on a – I went to Boston, I went to go look at Harvard, and then I went to go down to Brown, and I remember going to Brown, and it was this beautiful day, and everybody was playing Frisbee, and I fell in love with the school.

And then I went to visit Harvard. And I didn't go to Harvard for two reasons: one, when I visited the campus, it was raining and it didn't seem like that happy, and two, they didn't accept me, so – [laughter].

MR. RUBENSTEIN: And they've lived to – well, they didn't accept Warren Buffet, either – [laughter] – in the business school, but – so where is Brown ranked here? [Laughter.]

MR. GERTLER: Brown –

MR. RUBENSTEIN: Is Brown ranked high among –

MR. GERTLER: Brown is ranked 13.

MR. RUBENSTEIN: Oh, OK.

MR. GERTLER: And I have lots of alums that remind me of that very often.

MR. RUBENSTEIN: So today, what is the future of U.S. News & World Report? Are you going to take the company public? Are you ever going to sell it? Are you going to do more rankings? What is the future?

MR. GERTLER: So, you know, I think there are sort of several things to that question. I mean, first of all, for the last 10 years – so I came back in 2015. I had been chairman and CEO running the company. And we'd been focused on being a very mission-driven company; first and foremost, focusing on the consumer and helping the consumer make important life decisions. And we used that to guide us in all of our – in all of our verticals.

So we've had lots of vertical expansion, and – so different areas. We have a product area, we do best cars. It turns out that our brand – the trust that we have developed has allowed us to go into other areas. But we've also gone deeper. We've also looked at how do we ensure that we have a very engaged experience for our users. So we're more than just the rankings. That gets all the headlines, but we provide lots of journalism around it, we provide lots of stories. I

mean, everybody looks at the best colleges and said, who is number one? But we focus on what are the best public schools, what are the best schools, you know, for the money.

We provide tools to help you figure it out. In the last six months, we've done four acquisitions. For example, we bought a company called College Advisor to help that whole process of helping our students be more engaged. So this is a personalized service where you can get advice on what is the best college.

So that's what we've done. I think that's the future of U.S. News and thinking about how do we provide a much more engaged experience.

Now to your question, we get approached all the time about companies that want to acquire, want to buy us. To date it has not been the right time; we're always open for conversations. My mother has always said, never say never. But, you know, right now we've developed a healthy balance sheet, and we're continuing to focus on how do we grow the business.

MR. RUBENSTEIN: OK, so you're not for sale today, but you never say never.

MR. GERTLER: Never say never.

MR. RUBENSTEIN: OK. So today – you're coming out with a new book next week – the college one. How many would you sell typically of the print copy? Will you sell 50,000, 100,000? How many do you actually sell?

MR. GERTLER: So on the book, I mean, what we really focus on – I mean, the book itself is, you know – is profitable. It also provides us great branding, you know, because they're in – you know, they're in bookstores, they're in train stations, you know, airports. But where we really want to push people is into the depth of everything that we provide online. And online, in our education, as I said, we get a 100 million users annually through our site. And that's where, you know, we're exposing our readers to advertising, we've got products, you know, available for them. That's where we're really making the money.

MR. RUBENSTEIN: OK. So you've been in government. Are you ever thinking of going back to government?

MR. GERTLER: I loved my government experience, and I felt privileged to be able to serve both New York City and New York State. If it's the right time, right opportunity, I would, you know, absolutely be open to it.

MR. RUBENSTEIN: So who worked harder – Mike Bloomberg or Bill de Blasio? [Laughter.]

MR. GERTLER: Mike Bloomberg. [Laughter.]

MR. RUBENSTEIN: Harder worker, OK. So today, if somebody wants to work at U.S. News & World Report and get a job there, what's the best way to do that? Are you hiring people, or do you already have enough employees?

MR. GERTLER: So we've done a lot of hiring. We've doubled the staff over the last five years, and as we've had acquisitions we've brought in more staff. We're always looking for talent.

MR. RUBENSTEIN: How do you deal with spying? Suppose somebody really works for Harvard University and they say, can you get a job at U.S. News, and they spy on what the criteria are, and then they tell people at Harvard – [laughter] – you've got to improve this or that. Is that ever a problem?

MR. GERTLER: You know, we have not had that problem.

MR. RUBENSTEIN: Not had that problem? OK. [Laughter.]

MR. GERTLER: Not yet.

MR. RUBENSTEIN: So when you tell people you are the CEO of U.S. News & World Report, what do they immediately say?

MR. GERTLER: It depends. It depends if I'm in New York City or New Haven. So it really depends on the reaction that I get. [Laughter.]

MR. RUBENSTEIN: All right. So today, you have this business, and is U.S. News doing – in the news world, how many – do you have reporters or where do you get your news when you have on your website – you have news about what's going on. Do you have reporters still or –

MR. GERTLER: Yeah, we do. You know, we have reporters that cover Capitol Hill. We have reporters that are writing original stories. It is an area that we're now prioritizing and looking to, you know, beef up. I think in the last number of years, we've become such a focused and, quite frankly, successful digital company that we've moved away from, you know, some of the sort of hard news, and we've been spending some time thinking about how do we do that news – and not just do it in print. How do we think about doing it – how do we think about doing podcasts, how do we think about providing information where people are going to consume it? I mean, you know, 25 percent of young kids get all their information from TikTok. So those are the sort of trends that we've got to be thinking about.

MR. RUBENSTEIN: Now let me ask about hospitals. I'm on a hospital board, and one time somebody came in, and he was saved in an operation – it was very difficult, but he was saved. And he became what is known as a grateful patient. A grateful patient is somebody that gives money to the hospital, thanking them.

And he said, I'm going to give you – I think it was \$25 million, and I'm putting in my will another \$150 million for this hospital. So I asked the head of the hospital, when the person comes in again, are you really going to save his life, because you know – [laughter] – you're

going to get – [laughter, applause] – so I didn't get a clear answer, but – so, like in your case, you know, if you are picking hospitals, you can pick – if you have a knee problem or a heart problem, you can go through here – is that what you do? You pick out where you're going to go based on your rankings? Is that how you do it?

MR. GERTLER: So we have our honor-roll hospitals, then we have rankings by state and also by specialties. But, you know, for your friend, I think it's important to look at – one of the most important criteria is we look at outcome. And if he's worried that it's not going to be – he should focus on those outcomes –

MR. RUBENSTEIN: But what happens sometimes – you can play a game with that system. We don't want anybody that has complicated problems because they might die and our death ratio would go high. Do people ever play that system, game?

MR. GERTLER: You know, again, I don't think I know that word. I think, you know, how do they have a successful experience in the hospital? You know, it's why we look at, you know, reams and reams of data to make sure that we're getting it right. I mean, we're looking at – we're looking at outcome, we're looking at processes, we're looking at resources. You know, again, if someone is going in for life-and-death surgery, you want to make sure that you're picking the right place. And we want to be able to help in making that decision.

MR. RUBENSTEIN: OK. So what other areas are you thinking about of things you could measure in the future? Any more ranking possibilities, other than private equity firms, or something like that? Are there any other logical ones?

MR. GERTLER: You know, we're continuing to look at different areas. I mean, you know the problem with every rankings we've done, it seems that other outlets seem to want to, you know, imitate some of the rankings that we're doing.

I think an area where we can – and that we're exploring is in the business area. We just launched a rankings on best place for employees, and we're thinking more about how we do more in the area and for companies.

MR. RUBENSTEIN: You rank countries as well.

MR. GERTLER: We do rank countries.

MR. RUBENSTEIN: And interestingly, Canada came out number two.

MR. GERTLER: Yes, once again. [Laughter.]

MR. RUBENSTEIN: I mean, really, was there a little bias there or what?

MR. GERTLER: You know, again, I had no – and Canada was number one actually a few years ago, but you know, again, you know, we leave it to the editors. The United States was number five in these countries, yeah.

MR. RUBENSTEIN: Really? And so about four months ago you got married.

MR. GERTLER: I did.

MR. RUBENSTEIN: And did – your bride is here. [Applause.] Where is your bride? Where is she? There she is. So did you – when you were going out did you use rankings to kind of – [laughter] – say, you know, ranked her on this, or that, or you have all those rankings – or you didn't do that?

MR. GERTLER: No. You know, I think she was using rankings on me, and, as I like to say, you know, thankfully she's perfect except for her taste in men. So I think instead of having the rankings this way, she turned it around and was looking at it from the other way around.

MR. RUBENSTEIN: But I mean, does she – did you ask her, well, do you read U.S. News & World Report, or do you like the rankings? Suppose she said, I don't really like the rankings, what would you have done?

MR. GERTLER: You know, I'm not sure that that helped early on, but maybe, so –

MR. RUBENSTEIN: OK. All right, so –

MR. GERTLER: But, you know, again, you know, all of our rankings now, we are very focused on outcomes, so the outcome worked out well.

MR. RUBENSTEIN: [Laughter.] OK. OK, so what is the biggest surprise we're likely to see next week? I know you don't know, but what would you guess is the biggest surprise we're going to see – [laughter] – when we – is it something – a new way of ranking people, or ranking universities, or what?

MR. GERTLER: So I think two things: one is, there's some new criteria that we are now evaluating, and every time we put in new criteria, there's universities that will say, well, that's not fair because I've expected it to be the way it was the year before, and then others that are really happy because the new criteria works for them. But if you think about it this way, that – you know, again, we're asking the question are colleges doing what they say they're going to do, and so some of the questions that are important – are you graduating kids from different various backgrounds? Are you graduating kids with manageable debt? And then, are kids having a post-graduate, successful outcome, meaning finding jobs?

So with that, we put more emphasis on Pell Grants and Pell Grant students, and also first-generation students who – you know you often think that all first-generation students know about all these universities, but they don't, and I think it's very important that we have that information.

MR. RUBENSTEIN: All right, so normally we don't do this, but who has a question about their college ranking? Anybody have a question here?

Q: Where is Duke?

MR. RUBENSTEIN: What?

Q: Where is Duke?

MR. RUBENSTEIN: Yeah, Duke. [Laughter.] Duke is ranked in the top 10. It should be higher – a little bit higher, but – [laughter] – but I'm waiting for the next print.

So does anybody have a question about your college ranking? Anybody have any question for our guest?

Q: How about Howard University?

MR. RUBENSTEIN: Howard University? [Applause.] How is Howard? Howard, I see, is actually number two or three in HB – if I got it, right – historically black universities.

MR. GERTLER: Historically black colleges.

MR. RUBENSTEIN: I think it was a number two or three. I think Spellman was number one and Howard number two – something like that.

MR. GERTLER: Yeah, I don't have all the rankings memorized, but –

MR. RUBENSTEIN: You don't? [Laughter.] OK.

MR. GERTLER: We only do 1,800.

MR. RUBENSTEIN: How many people here have ever used this for their children or anything else? Anybody? How many were happy with the results?

MR. GERTLER: OK, good.

MR. RUBENSTEIN: OK. How many people were not happy with the results? [Laughter.] OK.

MR. GERTLER: But you know, it's interesting. We did a survey among college students, and what we found was we had – it was really great results, somewhat self-serving, but 100 percent brand recognition, 70 percent of college students used our rankings to determine where to go to college, so pretty good record.

MR. RUBENSTEIN: What about this? There's a new thing come along called artificial intelligence.

MR. GERTLER: Yes.

MR. RUBENSTEIN: So why wouldn't somebody just use artificial intelligence, ChatGPT, and just go on and say what are the best colleges, and you can get artificial intelligence to tell you what you have in here? Why do you need this if artificial intelligence can do the same thing?

MR. GERTLER: So at some point – and I think we're still in – you know, I think we're still in early innings – our artificial intelligence will absolutely facilitate. You know that. But the problem right now is you want a trusted source, you want objective data. There's still a lot of biases involved in our, you know, artificial intelligence. I mean, one critique is that it's more based on male outlooks than female outlooks, and so you want to make sure right now that you have it done in a way that's best for the student. At some point, we'll figure out how to use AI.

MR. RUBENSTEIN: But at the moment you are not using artificial intelligence. You're using –

MR. GERTLER: And very limited. We're using human intelligence.

MR. RUBENSTEIN: Human intelligence, OK.

All right, to answer your question, Howard is number two and historically black colleges is what it says.

MR. GERTLER: In 2022.

MR. RUBENSTEIN: Right, OK. So – all right, what should I ask you that I didn't ask you?

MR. GERTLER: Well, I can tell you how I started at U.S. News.

MR. RUBENSTEIN: Well, how did you start? [Laughter.] . You were hired by somebody I knew.

MR. GERTLER: Yes. So – but you don't – so in my senior year of college, I was – you know, so I graduated in the '80s, and at that point, everybody was looking to go to Wall Street, and I was – like everybody, I was interviewing at – you know, at the various banks. And second semester, you know, you're going through senior year, you're going through all the interviews, and Mort Zuckerman, who had bought U.S. News a year or two earlier – who is also my uncle – called me up and said, what are you doing after college? And I said, look, I am applying to go to investment banks. And he said, that's not such a good idea. You should come work at U.S. News. And I said, well, I don't think that's a good idea. [Laughter.] And we went back and forth, and he finally said, if you could do anything you wanted to do, what would you do? And I had spent my junior year in France, so I said, how about making me a foreign correspondent in Paris? And he said, that's a great idea. You should call – I'm going to put you in touch with Kathy Bushkin Calvin – who is here tonight – and she will take care of it.

And so I called Kathy, and I said, Kathy, Mort said, you know, to talk to you about being a foreign correspondent in Paris. And she says to me – she says, well, that's not going to happen. [Laughter.] She goes, but if you want, you can come and be an editorial assistant in

Washington, and we pay \$12,700 a year. So this was a very far cry away from, you know, being on Wall Street, but it turned out to be the best experience of my life. I got to understand how media worked. I got to understand how Washington worked. I got to understand and work with some of the best journalists of the time. Four months into my stay, David Gergen had left from the Reagan administration. He became managing editor – later, editor. I got to be his research assistant. I got to do all the research on the editorials. I got to prepare him for the McLaughlin Group. I got to learn so much from him, and so it was just an amazing experience.

I stayed one year, and then, and then I went to Paris – not as a correspondent for U.S. News – but to go and study. But, you know, it was one of these unbelievable experiences that, in an era when, you know, all graduates are now – you know, most graduates want to go home and work remote. I think they're missing so much in terms of the experience and learning from other people, and I really hope that we get people back into the office. [Applause.]

MR. RUBENSTEIN: David Gergen is right there – one of the editors. How many employees do you have now?

MR. GERTLER: We have about 460 employees.

MR. RUBENSTEIN: And how many of them are in the office?

MR. GERTLER: Not enough.

MR. RUBENSTEIN: One or two?

MR. GERTLER: Not enough.

MR. RUBENSTEIN: You don't require them to come in the office, I guess?

MR. GERTLER: We are requiring them to come in the office, but we're – you know, we're not getting the – so to speak, the attendance rates that we would like.

MR. RUBENSTEIN: OK, and the person who is in charge of the rankings – [laughter] – is that person here?

MR. GERTLER: Well, in charge of the data –

MR. RUBENSTEIN: The data.

MR. GERTLER: Stephanie is right there, yeah.

MR. RUBENSTEIN: And where did she go to college?

MR. GERTLER: Is that a state secret, or are we allowed to tell people?

MS. STEPHANIE (UNKNOWN LAST NAME): UCLA.

MR. GERTLER: UCLA.

MR. RUBENSTEIN: UCLA? How are they ranked here? [Laughter.] They seem to be ranked pretty highly here actually. I think it's a – OK, she has to be very careful not to rank UCLA so high, but I noticed it was ranked pretty highly actually. [Laughter.] Did you notice that?

MS. STEPHANIE (UNKNOWN LAST NAME): They are highly ranked.

MR. RUBENSTEIN: Well, and the best public university is – number one is UCLA. That's what it says. Is that just an accident or – OK.

All right, look, Eric – you know, it's a good business. I'd be happy to buy it myself at some point if you ever want to sell it. [Laughter.]

MR. GERTLER: My mother said, never say, never, so –

MR. RUBENSTEIN: Yeah, so I'll talk to your mother and see what she says about it. [Laughter.] But, anyway, Eric, thank you very much for coming along and telling –

MR. GERTLER: Thank you, David.



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Prior to his current role, Eric served in New York City and New York State government, including as Commissioner/President and CEO-designate of Empire State Development (ESD), the state's principal economic development agency, during the Covid-19 pandemic. Eric also served in multiple mayoral administrations.

Eric is a trustee of the Zuckerman Family Foundation and Memorial Sloan Kettering Cancer Center; and a board member of several universities including the Harvard Kennedy School, Tel Aviv University and Hebrew University, among others. He is Chairman of the American-Israel Friendship League and a member of the Council on Foreign Relations and Young Presidents Organization (YPO).

A graduate of Brown University, he holds degrees from the Sorbonne (at the University of Paris), the Institut d'Etudes Politiques in Paris, a law degree from American University (where he served as Editor-in-Chief of the Law Review), and an honorary doctorate from Tel Aviv University.