

## **April 30, 2004 First meeting of Citizens League Higher Education Study Committee**

Vance Opperman and Rondi Erickson, Chairs

### **WELCOMES:**

- Welcome, and we will keep to time limits. Work has to be on the governor's desk by September
  - looks like a group that can get some serious work done
  - Critical importance of this topic to state and to our past. Process includes:
    - 1) Assessing where we are - trends, assessments of current,
    - 2) Vision – where we want to be,
    - 3) Alignment – what are the issues that need to be addressed, what are the steps?
- This committee was invited by the governor, but will be owned by the Citizens League.

### **PROCESS**

- start/end on time
- Evaluation at end of meetings and propose steps for next meetings
- First task: Assessment of higher education (presentations, written materials) (3-4 meetings)
- Second task: Vision for higher education
- Third task: Recommendations

### **PRESENTATIONS – Assessment**

#### **Linda Baer**

MNSCU Senior Vice Chancellor

About MNSCU:

- Created as a merged system in mid-90s with tech, community and state colleges
- Today challenge is to serve knowledge age
- MNSCU system
  - o Purpose of campuses tied to public good – 67% of state's grads
  - o Located in 46 communities, often only post-secondary educ.
  - o Dislocated worker training (serves 95% of displaced workers)
  - o Distance learners (in 2003 served over 17,000 distance learners)
  - o Only about 1/3 are traditional students
  - o Specific skill-based training
  - o Primary provider in teaching, law enforcement, and other key areas
- Why is MNSCU so important?
  - o Mission – provide access to higher ed and better life to Minnesotans
    - Rural based single moms
    - Refugees who need extra language help
    - Full-time workers studying on side

- Tech skills
  - Serve more people who want more education in more ways
    - Students of color are 60 percent of MNSCU enrollees
    - Current workers
    - High school students enrolled in post-secondary
    - Displaced workers
    - Online learners/Distance learners
    - Only 1/3 are traditional learners (18-24), more older adults
  - Outcomes
    - Great investment – return is significant
      - Higher income
      - Greater civic involvement
      - Less criminal behavior
      - \$1 investment returns \$6.14 to state economy
    - 80% of grads stay in Minnesota
    - 90% plus overall job-placement rates
    - 240,000 are in credited programs
    - 130,000 are in non-credited programs
    - 80% of graduates stay in MN
- Trends/Issues
  - Society is changing – higher ed must be more flexible and nimble to demographic changes
  - Enrollment up 24% since 1999
  - Increased competition for public funding
  - Increases in technology – add-on and ongoing costs (digital divide)
  - Increasingly global world
- Questions for committee to consider
  - What education is needed to maintain competitiveness as a state?
  - How should MN deal with pressure to cut costs/close campuses when more and more people are seeking higher education?
  - Is open access sustainable given trend lines in funding?
  - How do we balance budget with drop in funding?
  - There are more immigrants who need education to be in our workforce, and we need them in our workforce.
- Conclusion
  - Citizens need a commitment
  - New pioneers are new workers, new learners, new immigrants
  - Many new modes of learning

**David Laird**

Private College Council

Represents 17 private liberal arts institutions

Enroll 57,000 students

35% of undergrad degrees, 45% of grad degrees in state.

Members do not receive direct state support, however some students get state aid for tuition. The private colleges are equivalent to about the 4<sup>th</sup> or 5<sup>th</sup> largest enterprise in the state.

- Comments
  - o Have not had a healthy discussion since early 80s
  - o Need agreed upon visions and evaluation process
  - o Leadership exploits public fear of change, which makes it difficult
  - o Need to measure performance against real competition – other nations, other regional economies
  - o Not making strategic investments and haven't done so in a long time
- Challenges that must be met
  - o Need to embrace demographic changes (esp. age distribution, growing gaps, projected declines in HS and Higher ed matriculation (over 10% over 15 years))
  - o Need to be honest about inadequacies of performance of higher ed
    - Retention/grad rates poor
    - Quality of grads is not sufficient for jobs
    - Competition is investing and payoffs are clear
    - Chronic shortage of educated labor
      - Jobs are mobile
      - High tech, complex economy
      - Our future supply of educated workers is not secure or certain
- Cautions
  - o Without blueprint for future, time spent will be wasted/failure
  - o Institutions are public resources, accountable to the public
  - o Higher ed a declining priority with stiff competition
  - o Pay attention to those not succeeding or graduating from college
- Realities
  - o Technology is not a silver bullet
    - Increase costs
    - Research shows face-to-face interaction is most successful
    - Workforce demands require team-work ability
  - o State help is individual subsidies
    - Need to figure out how to target these investments

### **Governor Tim Pawlenty**

Perspective: We have a tremendous public policy challenge. With the war and recession, we have an economy that is in the process of recreating itself. The good news is that the economy can recreate, the bad news is that this process inevitably brings displacement.

- We have a very polarized political environment
- Higher ed has served MN very well, and we should be proud
- The system is a magnet for talent
- Access is great

- World changing, demographically
- Budget – rising cost of health care and human services squeezing out ability to fund other things (no end in sight as population ages). We can't fund rise in cost
- Don't just measure interest/work by percentage of funding
- U of M is singular in research ability/mission
  - o Land grant college – must have universal access (a lot to ask of one institution)
  - o Land grant law/mission doesn't mandate all that is demanded of the U
    - Is the U properly focused? Should we work to do less better?
- MNSCU – does every campus have to offer everything? Or can some become centers of excellence?
- Areas of overlaps between U and MNSCU?
- Should we fund institutions or fund students?
- Find solution for future, “be bold”
- Attract creative class with higher ed institutions

Q: Will the governor's proposals for higher ed and K-12 be linked?

- No. K-12 and higher ed will be separate issue unless committee decides to make linkages a focus of its work.

Necessity of non-partisan nature of committee – needs to be more than just Pawlenty's thing.

### **Dr. Chris Maziar**

Senior VP of academic affairs, and provost of U of M

- U of M ranks among top three research universities
- Came to Minnesota because people and leaders ‘Got It’
  - o Well-funded k-12 program
  - o Differentiation of missions b/w different higher ed sections
    - Not to be confused with duplication of programming
    - Concern over duplication high-cost programs (duplication that meets demand at a low-marginal cost is good)
  - o Safeguard existing institutions
- Multi-campus university, not a system like MNSCU
- Each campus provides a different range of options
- Twin Cities campus one of 3 largest enrollments in the country
- State's research campus - \$520 mil. The state's leader in externally funded research (90%) 2/3 of which comes from federal government
  - o If not the U bringing in that money, it would not come to the state
- Most important asset for state in competing in national and international markets
  - o Too much focus on budgeting, not enough focus on ability to compete
- Returns \$16 in economic activity for every state dollar invested
- Funds through a diverse set of revenue streams, but state appropriation funds infrastructure, etc. that allows for other revenue to come in
  - o Tuition increases have outpaced inflation, decreasing access

- Some lawmakers view higher ed as a private good because students receive benefits of higher earning
  - We need to shift the view to recognize public benefit
  - Recent budget cuts have created a tear in the fabric of access
  - It will be a lousy legacy if we don't give our children the very opportunities that our parents and grandparents gave us
- Demographic drive resources away from higher ed
  - Impetus to fund healthcare and cut taxes
  - Baby boom generation may be making decisions that deny younger generations the opportunities they had
- State cuts have driven up tuition rates
  - Need to maintain quality is important – access to what? Must be access to a quality institution
  - Quality does not come cheaply
    - Other universities are eyeing our faculty because we can't afford to retain them
    - Private universities' endowments are rebounding more quickly than our ability to stave off attacks to our faculty
    - Slippery slope as we lose faculty

### Questions and Comments

- What about the tuition gap between WI and MN.
  - Maziar – Madison has a lot of folks from Chicago, paying out of state tuition, U of M doesn't have as many out of state students
- What is effect of decline in funding per student?
  - Laird – participation rate of low income students has been declining in last decade. No clear indication that an increase in tuition of public institutions is having an impact or shift of students to private institutions.
  - Students at U and MNSCU receive larger proportion of funding
- Need for educated labor – where does the definition of educated labor come from?
  - Definitions come out of business marketplace
  - 45-50 percent of jobs in future will require bachelors degree, almost all need education beyond high school
- What collaboration efforts between the 3 higher education organizations have led to significant improvements?
  - Baer
    - Higher ed compact between U and MNSCU (2+2 programs, etc.)
    - Cooperative program in Rochester
    - ISEEK (statewide digital learning plan)
    - Online education efforts

- Maziar
  - Appearing at each others' board meetings
  - Transferability of credit between systems (U and MNSCU)
  - Cooperation on international students and international experiences
- Laird
  - No trouble finding common cause when there is incentive to do so
  - Has to be a reward/incentive for three groups to work together
- Unlikely for increase in state funding. What are other sources of funding besides increase tuition, any novel ideas?
  - Laird
    - No
  - Baer
    - Cap enrollments – no more room, decrease services
  - Maziar
    - Start-ups and royalty incomes (but not a budget solution)
    - More efficient use of current funds, revenue streams
- Haven't discussed 18-24 population and their ability to get additional education, look creatively at post-secondary options. Is traditional view of separation between high school and higher ed appropriate? Can we decrease cycle times?
  - Baer
    - Have a spot for shared facilities

### **Evaluation and next steps:**

- Would like discussion with Minnesota Business Partnership
- Be careful with terms – use post-high school rather than Higher Ed – not just degree and credit-based programs
- Growing rate of for-profit providers, we need to be aware of this
- We should hear from Higher Education Services Office (HESO), significant source of funding
- Would like to hear more on Demographic trends
- Would also like to hear demographic and financial trends
- What type of change will this group recommend? Incremental, sweeping?
- hopes that we can focus appropriately on the U and research responsibilities – the central importance of the research part
- Demographics as geographic differences – regional analysis
- Is there some way to get assessment of core competencies of these different institutions?
- Concern over higher tuitions. Transferring funds upward? Greater rise in enrollment in 2-year schools, but prefer to get a degree from 4-year school. How can we help this?
- Seconds HESO talk
- About HESO (Susan Heegaard):

- Licensing for-profit and non-profit schools
- Also in charge of reciprocity programs
- Student loan program
- Get ready program
- Would be happy to be resource

**Next Meeting:**

- Hear from Tom Gillaspay on demographics and Art Rolnick on economics.