

**Get Smart!**  
**A Strategic Plan to Advance the Education of Minnesotans**

**Draft** Summary: 08.12.04

**Charge:** Gov. Tim Pawlenty asked a Citizens League task force how more Minnesotans can be educated and trained for a new economy and a new world when a variety of budget pressures, from rising health care and social service costs to increased security demands, may leave little additional monies for state spending on higher education.

What do Minnesotans need in the future from higher education? Are our resources and our organizations correctly aligned for the future?

**Findings:** After hearing testimony from a variety of Minnesotans, the Citizens League task force found that the short answer to these questions is “no”.

**First**, Minnesota faces a critical shortage of skilled workers in the near future to fuel and maintain its economic growth. This shortage of skilled workers in Minnesota will stop high-paying businesses from expanding or relocating here, resulting in fewer jobs, lower pay, less revenue and, ultimately, a lower quality of life for all Minnesotans. Minnesota must supply more workers with higher education training. Increasing participation and success in higher education is essential to our future economic health and quality of life.

**Second**, today’s realities include significantly better-educated competitors worldwide who are investing significant resources to educate and train their workforces. To complete, we will need learning options beyond traditional four-year residential programs to keep pace with these new technologies, new jobs and new means to create and share knowledge. Minnesotans will also need more on-going training and reeducation, and more research production and support. Minnesota must raise our standard of expectations and outcomes to compete in a global economy. We must provide more flexibility and options for participation in higher education, and maximize our support for research.

**Third**, to stay competitive in this marketplace, Minnesotans will need to accomplish these goals in a difficult budget situation. Recognizing this, we believe that existing resources must be invested wisely, that creative new sources of funding must be cultivated, *and* that any new monies should only go into the best possible uses. Minnesotans must invest smartly, and be the smartest workers in the world.

Finger-pointing, continued slow-motion budget cuts, in-action, and an “everything’s fine just give us more money” approach won’t solve these problems. Minnesota’s policy vacuum on higher education is not helpful to students and educators in this system, to the businesses and the economy this education supports, to our elected officials and policy leaders, and ultimately to the citizens and overall quality of life for all Minnesotans.

We must do better.

**A New Vision – A New World Class:** Higher education is a path to build and maintain the famous “good life” for all Minnesotans. To achieve this, we will invest to achieve three main results:

1. Minnesota will have the best-educated workforce and citizenry in the world.
2. Minnesota will be a globally-competitive center for research and innovation.
3. Minnesota will lead the nation in transferring new knowledge and advanced skills into the workplace and communities.

**Assumptions (to be replaced)**

To achieve these results, we recommend a broad base of recommendations build on the following basic assumptions [to be completed]:

- We must redefine traditional higher education to include *any* education beyond high school, and to account for the radical changes in knowledge creation and technology taking place right now.
- Our economy and our democracy demand that Minnesota create a coordinated and accountable P-14 system of education.
- Our systems of governing and managing higher education must reflect our vision and goals, and our need for outcomes, efficiency, and effective coordination of scarce resources.
- Minnesota should maximize the total supply of funds available for research, and the efficiency and effectiveness of funds used for non-research higher education.
- No effort to improve higher education will be successful without recognizing and affirming both the individual benefits of higher education, and the broader common good of higher education, in today’s society.

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**Potential Recommendations (constructing menu of options to be considered):**

Problem (proposed)

Potential recommendations (menu of options proposed)

Measurements/outcomes (to be proposed)

**Readiness for Higher Education**

- Expand funding TRIO programs and other programs that support readiness
- Improve coordination of existing programs, e.g. proposed MN College Access Network.

**Access/Completion/Retention for higher education**

Coordination of workforce development programs

- Merge the State Work Force Centers (more than \$150 million annually) and other state-supported education and training activities (public libraries?) into post-secondary higher ed model.

Flexibility and participation for part-time students

- Increase flexibility and financial aid structure/options for part-time students

### Financial incentives

- Base financial aid on completion (more than currently)
- Base partial compensation to institutions on retention/completion statistics

## **Financial Incentives and Resources**

### Tuition

- Remove caps on tuition
- Hold tuition levels at a rate that limits debt and maintains middle-class participation

### Student Aid

- Develop new solutions
  - Provide individual learners with educational credit cards through a self-financing Minnesota version of the G.I. Bill. Assist employers and learning institutions in creating 21<sup>st</sup> Century Earn and Learn Minnesota programs in which students will work in health care (e.g., home care aides), education (mentoring children) and public safety (security scanners) to earn funds and credits for post-secondary learning. (Does this mean another bureaucracy? How much of this can be done through private industry?)
  - Use existing state support to seed private investment in scholarships. Freeze aid at \$100 million and match additional money raised 2 to 1. Start a major campaign, in partnership with business and philanthropic community, to increase aid-and-access fund.
- Redirect State Aid
  - Direct all public aid to needy students in public institutions.
  - “Base-fund” students a fixed amount, no matter where they go to school.
  - Base all public aid at the graduate level on merit
  - Increase portion of funding allocated to students through financial aid
    - Provide aid only through students
    - Directly voucher the student (e.g., \$1000 for all, \$2,000 for needy)
  - Base student aid on merit rather than need
  - Establish separate funds for public and private systems
- Change funding levels for student aid.
  - Freeze state aid
  - Increase total supply of assistance under existing allocation, and/or raise cap.
  - Lower student share in State Grant Program to 40%.
- Governance of funds
  - Eliminate HESO and block grant all aid to institutions.

- Create flexibility for HESO to award funds to institutions based on defined categories, e.g. flexibility, leverage of other resources, identified programmatic outcomes, etc.
- Maintain current governance roles/responsibilities.

**Improve coordination of programs, accountability, and ability to make difficult choices**

- Create a new/revised system that corresponds with our goals and vision.
  - Create a single (Wisconsin model) public post-secondary instructional institution, the New University of Minnesota, eliminating overlapping activities and duplicative support functions of the current University of Minnesota and Minnesota State Colleges and Universities Systems.
  - Make the head of the New University of Minnesota system a member of the Governor's Cabinet.
    - Merge only the four-year MNSCU institutions with the University of Minnesota.
    - To create a P-14 system, move administration of the state's two-year technical and community colleges to the State DEED or Dept. of Education.
    - K-14 for all in high schools. Move 2-years to local districts.
  - Allow additional higher education entities (schools) to be "chartered" by the new U of M, and/or existing institutions to further specialize and differentiate missions under this new system.
- Maintain current system and roles/responsibilities, but provide MNSCU with similar autonomy in budget and program preparation as University of Minnesota.
- Eliminate senior year of high school (pilot/test basis)
  - Move funding to pre-K
  - Provide incentives for students to move to 2-year higher ed institutions
    - Tuition "bonus"?
    - First year is free?
  - Provide incentives for local communities to improve coordination with community/technical schools
- Improve use of existing capital resources
  - Committee to review and suggest best use of campuses
  - Allow sale/lease-back of campuses
  - Centralized capital planning and allocation function for all public institutions

## **Research: Maximize**

- Governance
  - Carve out from instructional education. Create a stand-alone research foundation and governance body.
  - Create a Research Trust Fund
    - Matched by private entities/corporations/govt/foundations
    - Governed on a four/six-year basis for accountability and flexibility
  - Allow University of Minnesota Twin Cities Campus to focus on high-end research and elite undergraduate education
- Increase funding under current models

## **Accountability and Transparency**

- Charter (for accuracy and reliability) private and nonprofit agencies to test and certify learning results so that taxpayers, students, families and employers know what they are paying for.
- Increase role of HESO
  - Providing data to prospective students
  - Tracking success/completion rates for institutions
    - Demographic information