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# Higher Ed: Your Input Needed

WHAT DO WE WANT FROM THE STATE'S UNIVERSITIES AND COLLEGES?

Investment in education is what a society does to keep faith with its future. That faith, and the size of the bridge that we should build to that future, are now in question in Minnesota.

In April, Governor Tim Pawlenty asked the Citizens League to appoint a higher education advisory task force. This committee will produce a report that the governor will consider when putting together next year's state budget. Yours truly is one of the people on this task force, and I badly need your help.

First, some background. Minnesota is rapidly changing. Immigration from outside the U.S. now makes up a significant por-

tion of the population increase in our state. Meanwhile, the income gap between those with college degrees and those without has widened dramatically

## Are students or institutions the most efficient users of education funds?

over the past 15 years. Some years back, the wages of a worker with an undergraduate degree exceeded those of a

worker with a high school degree by 40 percent. Today that difference is 100 percent—and it will keep growing.

Another trend: The U.S. is falling behind the rest of the world in producing engineers and scientists. In fact, the number of articles published in peer-reviewed scientific journals by

American scientists has declined—according to some surveys, dropping to less than 25 percent of all such articles published. The implications of an educational decline—particularly in the sci-

ences and engineering—for the American economy, the Minnesota economy, and homeland

security for all Americans should be obvious. In Minnesota, we are meeting this challenge poorly: 31 percent of Minnesota's public high school graduates who attend a public post-secondary institution will need to take one or more remedial courses. In addition, there are large gaps in academic achievement between students of differing backgrounds in the state.

All that said, it is also true that the state faces a financial crisis. The most recent projections of the budget shortfall range from \$450 million to more than \$1 billion. Both major public university systems—the University of Minnesota and Minnesota State Colleges and Universities (MnSCU)—have long lists of capital improvements that they have deferred.

So the challenge we face is this: An important resource is getting more expensive at a time when dollars are becoming more scarce. But there may be another way to put that: Namely, that we have lost faith in pub-

lic education as a public good and as a necessary part of Minnesota's future.

## Changing Roles

Our expectations of the U of M have become truly universal. We expect it to be the major research institution in the state. We expect it to educate citizens' and taxpayers' children and do a good job of it. We expect it to have a winning football team. We also expect that, while pursuing excellence in all of these areas, it will maintain affordable tuition levels and be accessible to all.

However, tuition increases at the U have been in double digits for the past four years—and, if I read President Robert Bruininks and the board of regents correctly, will continue at that rate into the future. We cannot expect the U to fulfill all of the roles we assign to it. And so, dear reader, the question is, should we require the university to narrow its focus and achieve greatness in a more limited fashion?

Meanwhile, the common rap on the MnSCU system in business circles is that it is too large and too geographically diverse. MnSCU Chancellor James McCormick and the board of trustees have done a remarkable job of delivering higher education in diverse circumstances, to a diverse student body, and in an environment of declining resources. The system's student population has increased by 25,000 over a five-year period, while experiencing an overall decrease in state funding.

Because MnSCU's funding is handled by a central administrative office, the chancellor and trustees are able to allocate resources in response to market trends. Not surprisingly, then, more and more students in the MnSCU system are being educated at its 11 metro-area institutions, and not outstate.

## Funding Questions

The past four years of state budgetary constraint on higher-ed funding have shifted more of the

cost of education to the student in the form of higher tuition. This shift raises profound questions. First, what is the appropriate share of tuition costs a student should bear? Are double-digit tuition increases acceptable? Does this mean that more state aid should be available to students based on need rather than merit? And how will Minnesota retain its best students if other states make merit-based assistance available while we do not?

Clearly, the structure of state aid has to be revisited. There is a debate about whether public funds should go to students or institutions. The argument for institutions is that high-quality colleges will attract better students, and it is those institutions that know best how to allocate education dollars efficiently. The argument for students is that they are consumers, and the usual market efficiencies will occur once we have a student-oriented funding system in place.

### **Possibilities**

Perhaps the state just cannot af-

ford the style of higher education it has had in the past. Minnesota could further limit the number of students each of its universities and colleges would accept. Most need-based aid could be in the form of long-term loans from a revolving fund. The state could also establish work credits, somewhat similar to a state GI Bill of Rights, that would allow students in financial need to receive tuition credit from the state in exchange for certain kinds of work. State money for merit-based assistance could be provided at the graduate level. At the same time, higher education governance could be system-wide, so that individual institutions of higher learning could focus on their own missions.

Higher-ed institutions would not be all things to all people, in this case, but would have a sharply delineated focus and business plans tied to state aid. The University of Minnesota's Twin Cities campus could become an institution for research, but that would require a guaran-

teed and increasing amount of funding from the state. Additional funding for technical and community college activities would become part of a K-14 funding mechanism, somewhat reliant on local property taxes. And funding in general for higher education would follow student migration, meaning that a number of outstate institutions would be downsized.

What is wrong with this outline? Do you, as a business leader, support continued constriction of state support for higher education in Minnesota? The advisory task force on which I serve is eager to have your response. It's your money, your state, and your business expertise that are in play—for that reason, I want this process to include your voice. Please let me have your reaction. You can reach me at *vopperman@keyinvestment.com*. ■

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