



Minnesota  
STATE COLLEGES  
& UNIVERSITIES

## STATE OF THE SYSTEM

### A Decade of Achievements

Delivered by Chancellor James H. McCormick  
September 21, 2005

Thank you, Chair Hoffman, members of the Board of Trustees, colleagues at our colleges and universities, Office of the Chancellor staff and distinguished guests.

During my career in higher education, I have experienced many moments when I truly understood the importance of education and its ability to transform lives. These often occur at commencements when a first-generation college student receives a degree, or when I walk through a library and see dozens of students working at their laptops or reading books. The tragedy of Hurricane Katrina has been – for me – another one of those moments.

As we all learned of the loss of life, homes and the basic means of survival, I realized that for New Orleans and the Gulf Coast to return, it will require money and time, but it will also require the education of thousands of evacuees and their family members.

I am proud of how the state and the Minnesota State Colleges and Universities have responded. Minnesotans are caring, generous people. Students, faculty and staff have contributed to relief efforts and offered to help people wishing to relocate to Minnesota from hurricane-damaged areas.

As part of the national higher education community, our colleges and universities have reached out to offer help to students whose higher education plans have been disrupted because of hurricane-related damage. Two weeks ago, our college and university presidents pledged to assist at least 300 students from Gulf Coast states whose home campuses have been destroyed or are not able to operate.

And, we thank Glen Taylor, a Mankato business executive and majority owner of the Minnesota Timberwolves, who stepped forward and offered financial assistance of up to \$500,000 for 100 or more displaced students to attend Minnesota State University, Mankato, or South Central College. Glen Taylor, an alumnus, is a friend of the system who has contributed generously, not only financially, but also by giving his time and advice to our strategic planning efforts. We appreciate all he has done.

Today, as we reflect on this tragedy, we can be even more thankful for what we have and what we have accomplished.

This year, in 2005, we recognize not just a year of accomplishments, but a decade of achievements. Ten years ago, in 1995, the state university system, the community college system and the technical college system came together to become the Minnesota State Colleges and

Universities. At the time, this was considered a bold experiment in higher education circles nationally, and it continues to be viewed as a model.

But, to really understand how this system was conceived, and how visionary the concept was, we have to go back to 1991. That was the year that the Legislature passed, and the governor signed, the bill that set the merger in motion.

Today, as we celebrate 10 years of progress, I would like to acknowledge and thank those visionary leaders. Roger Moe, the Senate majority leader and author of Senate bill; Trustee Duane Benson, who was then Senate minority leader and co-author of the bill; Robert Vanasek, the House Speaker, who was there when the bill passed at a minute before midnight on the last day of the session; Steve Sviggum, the current House Speaker, who was the House minority leader at the time; and Arne Carlson, the governor who signed the bill into law.

Several of these leaders are here with us today. Please join me in acknowledging their work and vision.

I also would like to acknowledge and thank the leaders of the predecessor systems, trustees and chancellors and those who were instrumental in the early years of the merger.

We have worked hard to live up to the vision of these early leaders, and we have succeeded. In those past 10 years, the system has become a powerhouse of higher education in the state and a leader across the nation.

Our colleges and universities have evolved into sophisticated education enterprises, working to continually increase quality and efficiency and enhance the experience of the students we serve.

Let me highlight a few examples:

- Enrollment has grown about 15 percent over the past 10 years. Since 1995, we have served about 1.2 million students and we have conferred about 285,000 degrees, diplomas and certificates.
- The number of students of color attending our colleges and universities has grown by 80 percent over the past 10 years. In 1995, students of color made up 6.6 percent of the student body; in 2004, they made up 12.8 percent, almost exactly mirroring the state's demographic profile. We now serve 25,000 students of color every year, more than any other higher education provider in Minnesota.
- We have made tremendous strides in improving services for our students. Transferring from one institution to another is easier than ever before, thanks to the Minnesota Transfer Curriculum and new Web-based tools. About 23,000 students now successfully transfer each year, from institutions within our system or outside our system.
- Our educational offerings continue to be dynamic. Just in the past two years, the system has created 527 new programs to meet demand, redesigned 1,401 programs and closed or suspended 603 programs to reallocate resources to higher priority programs. Some of the programs we offer today didn't exist in 1995 – for example, nanotechnology, biosciences technology and wireless network security.

- We have seen unprecedented growth in the use of technology to enhance teaching and learning. In 1995, most of us had barely heard about the Internet. Today, we provide more than 4,800 course sections and about 130 academic programs online, and more than 30,000 students per year take online classes.
- Last year, we were granted the authority to accredit our own online programs by the Higher Learning Commission of the North Central Association of Colleges and Schools. This shows that our system is seen nationally as a respected and credible provider of online education.
- We have become much better at planning for the future, listening to the presidents and others, and holding ourselves accountable. Today, we have in place a strategic planning process that is coordinated with planning at the college and university levels. We have created a Leadership Council that is organized to parallel the committee structure of the Board. Now, campus leadership, Office of the Chancellor staff, and our governing board work is better aligned.
- We now have an accountability framework that the Board of Trustees can use to hold us accountable for making progress toward the goals they have set. And, we have developed an evaluation process for presidents and the chancellor that is the national model.
- We have made great progress in creating a climate of financial accountability. Our presidents provide leadership in assuring sound budget practices that allow us to weather the hard times as well as the good times. Monitoring and reporting tools assure that colleges and universities have sound financial management practices. We have a nationally benchmarked financial audit program in place and have received positive evaluations of our audited financial statements every year.
- Through consolidations and restructuring, we have streamlined our system, going from 45 institutions before the merger to 32 today. This has saved money by reducing the number of presidents and administrators.

And, it has created new synergies and smarter use of resources in areas where institutions have been combined.

- Ten years ago, the newly merged system lacked a coherent planning process for the physical development of campuses. Legislators wondered why, years after they had approved construction funding, projects weren't completed. Today, processes have been streamlined, and we are completing construction projects on schedule. Since 1996, the system has received almost \$800 million in capital appropriations to add new space and remodel existing space.
- Our colleges and universities and their foundations have become more adept at fundraising. In 1996, about \$19 million per year was donated by individuals, corporations and private foundations; today, that total has climbed to nearly \$40 million, an increase of about 110 percent.

These are just a few highlights of our accomplishments over the past 10 years, the result of many people working together. I thank our employees, including our faculty, whose hard work was

instrumental in our success, and the people of Minnesota for their support. We have much to be proud of, and I believe we have lived up to the vision the early leaders set in motion.

Now, turning to the year just past, we have had a number of significant accomplishments:

- For the first time in five years, we received an increase – \$107.5 million, or 8.5 percent – in our state appropriation, following four years of major cuts. This allowed us to hold tuition and fee increases to an average of 5.8 percent across the system, the first time in five years that we have not had double-digit increases.
- The 2005 Legislature also funded all the projects on our bonding list, providing \$213.6 million for renovations to science labs and classrooms, improved instructional technology, and badly needed building renovations and repairs.
- Our state universities now are permitted to award doctoral degrees in education, business, psychology, physical therapy, audiology and nursing. I want to give credit to the faculty association leadership and members who worked so long and hard on this legislation.
- The Board of Trustees in July adopted a work plan for the current year that clearly defines five focus areas: Expanding financial support, increasing productivity, developing “centers of excellence,” adopting a new long-term strategic plan, and serving those groups under-represented in higher education. We are well underway in making progress on each of these areas.

In addition to those and many other accomplishments, we have welcomed new faces to our leadership team.

- Governor Pawlenty has named three new members to the Board of Trustees – Ruth Grendahl, Carol Ley and Michael Boulton, who join our veteran trustees.
- Whitney Harris is the new executive director of diversity and multiculturalism, and we will be looking to him to lead our efforts to fulfill the Board’s mandate to better serve under-represented populations.
- We welcome two new presidents – Ann Valentine at Minnesota State Community and Technical College and Judith Ramaley at Winona State University – and three interim presidents – Joe Opatz at Central Lakes College, Ronald Kraft at Hennepin Technical College, and James Davis at Northland Community and Technical College.

Looking toward the future, we can see significant opportunities ahead – and some major challenges. To make sure our system is prepared, the Board of Trustees is developing a new strategic plan to set our direction for the next three years. Trustee David Paskach has been leading that effort, and, Trustee Paskach, I thank you for your commitment and hard work.

Let me outline a few areas that are going to call for our attention over the next several years.

**We will come to grips with the possibility of flat or decreasing funding for higher education.** Like other public institutions of higher education across the country, we find that one of our main sources of funding – our state appropriation – remains uncertain.

While we received an increase this time, the state of Minnesota is still struggling with the forces that have led to deficits in the past – rising costs for health care, Medicaid and prisons, rising demand from other areas of government, and a reluctance among policy makers to raise taxes.

We know we need to continue to be as efficient as possible, to cut costs as much as we can without hurting the quality of the education we offer, and to be responsible stewards of our public funds. We also know that we need to increase our emphasis on fundraising and partnerships with the private sector. And, we must continue to be strong advocates for public investment in higher education.

But in the long run, we will have to rethink how our colleges and universities are financed. We will need to identify dependable and stable sources of funding while at the same time assuring that we can continue to meet the needs of our students and Minnesota employers.

The Board of Trustees is now exploring alternative funding models for the future. It is a timely and necessary exploration, and I look forward to the discussions to come in the months ahead.

**We will keep tuition as affordable as possible.** We must be mindful of the burden that rising tuition has placed on our students. This year, we completed a survey that documented that our students are working more hours, studying fewer hours, and going into debt or resorting to credit cards to pay for their educations. Some are delaying their studies so they can earn enough to pay tuition. We also know that during the past two years, 30 percent more students have taken out loans to help pay for college, and their total borrowing has risen by 60 percent. We need to make sure we are not pricing our students out of the higher education market.

**We will emphasize the importance of higher education as a public good.** One year ago, I talked about the importance of reviving the idea, once deeply held, that higher education is a public good, benefiting not just those who go to college but benefiting everybody in society. We must convince the people of Minnesota that the key to the state's success in the future is having informed and educated people who have the knowledge and skills to support their families, participate in the democratic process and contribute to the state's vitality.

Patrick Callan, director of the National Center for Public Policy and Higher Education, is a national expert on accountability in higher education. He came to Minnesota last February with a wake-up call. Minnesota, he said, along with all other states, must provide higher education to greater numbers of people than we ever envisioned in the past.

Callan said, "Education doesn't guarantee you a good life, but the lack of it is likely to guarantee the opposite."

I believe we are uniquely positioned to provide high-quality higher education to Minnesotans. The great variety of our programs, from the important liberal arts foundation offered at our state universities and community colleges, to the occupational programs available throughout the system but especially at our technical colleges, means that we can provide our students more choices, better value and unlimited possibilities. I know our faculty are up to the challenge.

**We will continue to focus on serving those students traditionally under-served in higher education.** As I mentioned earlier, we have made great strides forward in serving American Indian students, students of color and other under-served populations, but we need to make sure we keep this commitment at the top of our priority list.

Our state's population is becoming more and more ethnically and racially diverse, and we are serving more and more students whose parents did not attend college, low-income students, and students for whom English is a second language, including refugees and immigrants from countries around the world.

Just yesterday, we saw a news report that Minnesota now ranks first in the nation in the number of refugee arrivals on the basis of population. Last year, one refugee arrived for every 875 Minnesotans, more than four times the national rate. We have a great opportunity to help them contribute to our state's economy and culture.

This year, we have begun an initiative to remove barriers to success for American Indians. I am accompanying Trustee Will Antell on visits to meet with tribal leaders and learn how we can help more American Indian students go to college.

One of the key factors to a successful diversity program is creating a structure that can change the core dynamics of an organization. We have made several such structural changes in the past few months: We have created an Office of Diversity and Multiculturalism in the Office of the Chancellor, established a Leadership Council Diversity Committee, and the Board is considering establishing a Diversity Committee as well.

**We will create new ways to bring more talented people into the teaching profession.** We feel a special responsibility in this area, because we educate more than half the state's new teaching graduates each year. We are working with school districts and state education leaders to meet the demand for teachers in areas where shortages exist, such as science, math and special education. Online programs and fast-track programs for teachers are just two examples of these initiatives.

**We will make significant new investments to upgrade our technology infrastructure.** Ten years ago, we essentially cobbled together our technology systems, both hardware and software, to serve the new system. As our current systems reach the end of their effective life, we must undertake a major effort to refurbish, redesign and re-engineer our hardware and software infrastructure over the next four years. This will require significant increases in funding. But, this investment is critical because we depend on technology to support future growth, efficiency and enhanced services for students.

**We will develop signature programs that make our institutions distinctive and meet the needs of the state.** This past year, the Citizens League undertook a study of higher education in Minnesota and made several recommendations, one of which called for establishing "centers of excellence" at the state colleges and universities. Governor Tim Pawlenty and the Minnesota Legislature adopted that recommendation and provided a 10 million dollar appropriation to support it.

The "Centers of Excellence" initiative presents new challenges and opportunities for us. I am pleased to tell you that we are well on the way toward creating several such centers and we will be announcing them later this fall. Each center will consist of at least one state university and one two-year college, and they will collaborate to create state-of-the-art programs to meet the critical needs of the state.

In his book, "Good to Great," Jim Collins writes about good companies that have become great companies. He says, "There is nothing wrong with pursuing a vision for greatness...but, unlike

the comparison companies, the good-to-great companies continually refined the path to greatness with the brutal facts of reality.”

We need to recognize the brutal facts and the forces of change around us, and be willing to deal with them, if we are to succeed.

I talked earlier about the hurricane and how the colleges and universities have responded with offers of help. The hurricane raises another issue in my mind: How well are we prepared for unforeseen events? Do we have the right systems and infrastructure in place? Do our employees have the proper education and training to cope with major and unexpected change?

Likewise, we can look to Northwest Airlines, now in bankruptcy, to see if there are some lessons we can learn. Northwest, with its older fleet of planes and its inability to cut costs quickly, is having a hard time competing with the newer, more nimble low-cost airlines. I sometimes wonder if we are vulnerable to the same kind of competition from new, private institutions that can respond to changing conditions more quickly.

I am so privileged to have had the opportunity to lead this system for the past four years. I am proud of the accomplishments and achievements of the past year and the past decade. Ten years from now, in 2015, this system will celebrate its 20<sup>th</sup> anniversary, and I am certain that the chancellor at that time also will have a long list of achievements in change, innovation, progress and service to our students and the people of Minnesota.

Our system of colleges and universities is key to the health of the economy and the future of our state. We know that in the next 10 years, Minnesota’s population is projected to grow by 500,000 people, and that by 2030, we will have 1.3 million more people than we had in 2000. Many will need the educational services that our system, as the major provider of higher education in the state, is uniquely positioned to provide.

Others will need the products and services that will be provided by our graduates in communities all around the state – the nurses and health care workers, the entrepreneurs and business leaders, the artists and authors, the civic leaders and government officials, the auto mechanics and carpenters – and the list goes on.

More than ever, the future of Minnesota depends on us – the 32 colleges and universities that make up this extraordinary system of higher education. What exciting opportunities lay before us.

Thank you.