



Minnesota
STATE COLLEGES
& UNIVERSITIES

STATE OF THE SYSTEM

We Educate Minnesota - We Make It Work

Delivered by Chancellor James H. McCormick
September 22, 2004

Thank you, Chair Hoffman, members of the Board of Trustees and representatives of our colleges and universities. I appreciate the opportunity to talk with you today about the state of the Minnesota State Colleges and Universities system.

Today, I would like to give you a snapshot of where we have been and what we have accomplished in the past year; where we are now and the challenges we face; and where we are going, and our hopes and plans for the future. But first, I want to talk with you about a disturbing trend facing public higher education in Minnesota.

It is a trend that has been building for some time, but it has now come to the forefront in a way that our state leaders cannot afford to ignore. It is a nationwide trend, but that does not diminish the threat to our state and to our system.

For the past four consecutive years, our students have had to cope with double-digit tuition increases – a nearly 60 percent increase since fall 2000. Over that same period, our state appropriation per student has slipped by 18 percent.

The combination means that the burden of paying for college is falling increasingly on the shoulders of our students and their families. Indeed, just five years ago, the legislative appropriation supported nearly two-thirds of the cost of college; today it supports only about half. Students and their families have had to make up the difference.

These numbers are a symptom of what I see as the true underlying problem – the erosion of the understanding, once widely held, that higher education is a public good, a good that benefits everyone, not just the people who participate in it.

The forward-thinking pioneers who settled this great state knew of the importance of public, affordable higher education to the society at large.

As Minnesota historian Theodore Blegen noted, the people who built Minnesota had, quote, “an innate belief in the idea of progress and in a society of democratic ways.” Shortly after gaining statehood, they established a school to educate teachers, which eventually became Winona State University, the oldest of the Minnesota State Colleges and Universities. They knew that education was the key to a successful society.

Today, I am fearful that this belief of the early settlers in the public good of higher education, their determination to make this state a better place for their children and grandchildren, is being abandoned. The thinking today seems to be that higher education is mostly a private good, benefiting only those who go to college, and that, therefore, students and their families should pay for most of it.

We are already beginning to see the danger posed by this line of thinking. Students are telling us that they have had to postpone their education because they just can't afford it. They are taking second or third jobs to be able to pay the tuition. They are reducing their class loads because of the cost, thereby prolonging the time it will take to reach their goal.

And they are going into debt. In 2003, our students borrowed a total of \$317 million, more than twice the amount our students borrowed in 1995.

Making it more difficult for students to attend college is not the direction this state, or this nation, should be going. Federal Reserve Chairman Alan Greenspan said recently that the U.S. economy is sluggish not because good jobs are not available but because many workers are ill-prepared for those good jobs. He said the mismatch of workers' education and job skills and the available jobs is “an education issue and requires that we address that as quickly and broadly as we can.”

Now, more than ever, we must renew the public's recognition that higher education is a public good.

- When a father goes back to school to earn a degree that leads to a job that enables him to support his family and pay taxes, all of us benefit.
- When a high school student whose parents never went to college can pursue his or her dreams to become a teacher, or an engineer, or a nurse, or a police officer, or an accountant, or a firefighter, or whatever the dream is, instead of settling for a low-wage, dead-end job – the state of Minnesota and all of us are better off.

- When a Somali immigrant, or a Hmong refugee from a camp in Thailand, comes to America, learns enough English to go to college, and gets a degree and then a job and becomes a productive employee, we all are richer.

In my earlier days as a university president and chancellor in another state, we viewed Minnesota as a pacesetter – a state nationally known for its dedication to higher education.

This was confirmed last week with the release of the “Measuring Up 2004: The National Report Card on Higher Education.” Minnesota ranked second among the 50 states and had made significant improvement over the past 10 years in three key areas – preparation of students to succeed in college, certificate or degree completion, and benefits to the state. According to the report, “Minnesota garners substantial economic benefits from having a highly educated workforce; these economic benefits have increased notably over the past decade.”

My concern is for the future. If the trends of the past several years continue, we will not be able to sustain our high standing.

We are being urged to be bold in our thinking, and we are being told that higher education needs to change. But there is a difference between being bold and being wise, and changing – not just to change, but to change for the better. As we move forward, we need to remember these distinctions.

With your help – and with the help of our faculty and staff, our alumni and our students – I hope that we can broaden the budget discussion in the coming months. Rather than talking about how much we can cut, we need to get the discussion refocused on how higher education can help the state meet its needs.

Now, I would like to turn to the state of our system.

You all know that we have been through some very difficult times. An unprecedented \$191.5 million cut to our base budget two years ago and the lack of a bonding bill this year, have forced us to make tough choices. Raising tuition far beyond what all of us would have liked to have seen, reducing services to our students, closing or suspending educational programs, laying off faculty and staff, putting off needed investments in our buildings – these are some of the ways we have coped.

At the same time, we have had record-high enrollments, putting additional pressure on our colleges and universities to serve more students with fewer resources. Our presidents and faculty and staff have done a great job in meeting these challenges under very trying circumstances. I want to thank all who have served the system during one of the most difficult years in our history.

Despite these hardships, I am very proud of what we have been able to accomplish together this past year. I am encouraged by some of the indications that our system is on the right track.

- Governor Pawlenty has named able new members to our Board of Trustees – Duane Benson, David Olson, Christopher Schultz and Tom Renier, who have joined our fine veteran trustees. I am looking forward to working with all of you to make this great system even better. It is clear to me that the Governor and the Legislature have a high level of confidence in this board, and that bodes well for our future.
- In the past year, we have welcomed two new presidents – Katherine Hiyane-Brown at Normandale Community College and Kevin Kopischke at Alexandria Technical College. They each emerged from a pool of excellent candidates, which says to me that our system is well-respected around the country and attractive to potential candidates. We are very pleased to have these new presidents on our leadership team.
- We have made tremendous strides in expanding our online offerings. This spring, 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. We are the largest system in the country to be granted this authority.
- In the past year, nearly 17,000 students took online courses, a nine-fold increase since 2000. We now offer 79 programs completely or predominantly online, and more than 2,300 course sections.
- We have made an effort to reach out to those traditionally under-served by higher education. While we need to work to improve the number of students who report this data, the information we have shows a 36 percent increase in students of color over the past five years. In fiscal year 2003, we served about 21,800 students of color, more than the University of Minnesota and the private colleges combined.
- In the past year, we have undertaken major efforts to improve our relationships with business. I have met personally with more than 300 business leaders and Chambers of Commerce members around the state. These conversations have been an opportunity for us to educate business leaders about our system and, equally important, have given us an enhanced understanding of the needs of business. We hope these greater understandings will lead to stronger support from the business community.

Our strength as a system, and what really differentiates us from all other higher education providers in the state, is our commitment to providing access. We provide access to higher education opportunities to more Minnesotans than

anyone else. We provide our students with more choices, better value and unlimited possibilities. We provide customized training services to more employers than anybody else. We build communities across the state better than anybody else. In a very real sense, we educate Minnesota; we make it work.

Here are just a few examples:

- Each year, we graduate about 30,000 students, 80 percent of whom stay in Minnesota to work or continue their education.
- Our universities are the largest preparer of new teachers in the state, educating more than half of the state's teacher graduates. We also prepare paraprofessionals and school administrators, and we provide professional development opportunities for teachers and administrators.
- Each year our colleges and universities provide customized training to 6,000 employers and 140,000 employees. We tailor this training so employers get exactly the skills their employees need, and often we provide it right at the workplace.
- We continue to educate 92 percent of the state's new law enforcement graduates. And last year we trained 8,000 of the state's "first responders" – workers who are the first on the scene when disasters and emergencies strike.
- We support Minnesota's advanced science and manufacturing companies through our new programs in biotechnology, nanoscience, advanced motion control, wireless technology, computer network security, composite materials engineering and other areas. Research scientists at the U of M, at the system's state universities and at 3M, the Mayo Clinic and other companies can't complete their work without the people we educate – the medical technicians, lab techs, biologists, accountants and project managers. That is our impact.

This is not to say that we don't face challenges ahead.

- The Minnesota State Colleges and Universities need to better anticipate and create the Minnesota that will emerge over the next five, 10 and 15 years. Today, we face competition not just from Wisconsin or North Dakota, but from China and Korea. The demographics of our state and of our student body continue to change, and we must change to meet their needs. This means that we must combine Minnesota's best higher education traditions with the best emerging learning methods to create an agile and flexible higher education system. We must be seen by Minnesotans from all walks of life as the key resource that helps them develop the knowledge and skills to build a Minnesota that thrives.

- From all indications, Minnesota is not yet out of the woods in its budget problems. The Department of Finance currently is projecting a \$400 million shortfall, which rises to \$1 billion if inflation is factored in.
- The Citizens League has been studying higher education in the state, and its report is due shortly. We applaud the willingness of these volunteers to spend a considerable amount of time working to understand Minnesota's complex higher education system. While we haven't seen their final recommendations, we expect that we will be asked to play a larger role in working with the K-12 system to better prepare students for college. We welcome that challenge. The Minnesota P-16 Partnership, which brings together key representatives from the K-12 system, the Department of Education, and the state's higher education systems, has been working hard on issues such as how to improve students' preparation for college and work, and how to better align high school graduation requirements with college readiness standards.
- The Teaching Commission, a national commission headed by Louis Gerstner, the former chairman of IBM, has challenged the states to do a better job of attracting, preparing and retaining the best teachers for our schools. Commission members are coming to Minnesota next month, and we will be interested in seeing how we might use their best ideas to strengthen our own teacher preparation programs.

While we have challenges ahead, we also have at our disposal the enormous talent, energy and power of this great system. We just need to work together and stay focused on our mission of serving the state.

And, we have some ambitious plans for the future.

- Getting our capital budget request approved early in the session is one of our top priorities. Last year our \$275 million dollar capital request included \$100 million dollars to protect the public's investment in the physical assets of the state colleges and universities. These needed funds would allow us to fix leaky roofs, replace old mechanical and electrical systems, and improve air quality, energy efficiency and fire safety. Our other requested projects include science space, laboratories and technology-equipped classrooms. Early action on the bonding bill would allow us to take advantage of lower interest rates and save taxpayer money.
- We will be going all out to convince the Governor and the Legislature about the importance of investing in Minnesota's future by investing in higher education, including funding for our enrollment growth. Following the board's consideration of our budget request next month, we will be

enlisting our friends and supporters – board members, presidents, our faculty and staff, alumni and, of course, our students – to help us carry our message to legislators and the people who influence them.

- Part of that request will be for a substantial investment in Minnesota Online. I believe we have the capacity to become the nation’s top public online university, by building on our existing online programs and services to offer seamless education and training services 24 hours a day, seven days a week, where and when Minnesotans need them.
- I want us to continue to take the lead in meeting Minnesota’s critical needs in nursing and health care, teacher education and agriculture.
 - We want to increase our capacity to educate nurses, nursing faculty and related health care occupations because we know that we have a nursing shortage now that will only get worse in the next five years.
 - We want to establish a world-class Teacher Center to improve mentoring and retention programs for new teachers, to meet state needs in teaching areas where shortages exist.
 - We want to expand our services that can help farmers and small business owners remain in business and revitalize rural communities.
 - We want to compensate our faculty and other employees competitively, so we can attract and retain the best and brightest faculty to our institutions to teach our students and conduct research.
 - And we want to expand our efforts to reach out to students traditionally under-served by higher education, including low-income students, those whose parents did not go to college, students of color, and students for whom English is not their native language. We will work with the K-12 system to reach these students at younger ages, to make sure they are prepared for college, and to help them succeed once they enroll at a college or university.

These initiatives will require resources and effort above and beyond current levels. We realize that we also must help ourselves; to that end we are increasing our fund-raising efforts, reaching out to our alumni and friends, and forming partnerships with businesses that benefit from our services. But increased fund raising alone will not be enough to provide adequate resources to sustain access and quality.

We will need the support of everyone involved in this great endeavor to help make our case to the people of Minnesota and the officials who represent them in the Legislature.

We need you to talk to your neighbors, your friends, and tell them about the Minnesota State Colleges and Universities and how they make this state a better place.

And we need you to talk to your legislators and tell them how important public higher education is to their local communities and the region they represent.

Minnesota's most precious resource is its people. If I have one hope for this powerful system, it is that the leaders of today, like the leaders of the past, do not lose sight of the public good higher education provides. The state's future depends on it.