



Minnesota
STATE COLLEGES
& UNIVERSITIES

**A Conversation with the Board of Trustees
Steven J. Rosenstone, Chancellor
September 20, 2011**

Chair Thiss, members of the Board:

We sit together today to begin a conversation about the future of the Minnesota State Colleges and Universities and our role in driving the vitality of our state.

For more than 150 years, our colleges and universities have prepared Minnesota's workforce; we have supplied skilled employees for new and growing companies; we have graduated entrepreneurs who have started businesses in every town of our state; and we have educated the Minnesotans who knit together the fabric of our communities – from teachers and social workers to police officers and nurses.

That role cannot diminish in the face of current financial challenges.

Quite the contrary, our role as a driver of Minnesota's economy is more important than ever, and the priorities we set over the next few weeks must enrich the education and lives of our students; must create jobs; and must contribute to the prosperity of businesses and communities across the state.

The time to act is now, and we are ready.

We are prepared to make tough choices and to design new ways of doing things. We are prepared to think differently and to work together differently; and we are prepared to lead and partner in more strategic ways.

Today I will outline a strategic framework for this great system – one that builds on our past successes, honors our core commitments and defines our future value to the people of Minnesota.

I want to take some time this morning to set the stage and layout a proposed strategy. I want to begin, though, by sharing with you what I've learned since Feb. 2.

The listening campaign

During the past seven-and-a-half months, Maria Antonia and I traveled more than 4,000 miles to 29 of our colleges and universities from Austin to Thief River Falls, from Winona to Moorhead, and to nearly every community in between.

I met with more than 1,000 faculty, students and staff, and I have been inspired. I've met with Gov. Dayton, his commissioners and legislative leaders.

I've sought counsel from representatives of organized labor, business and major foundations as well as civic leaders across Minnesota and leaders of Minnesota's diverse communities.

And I have spent time with the new president of the University of Minnesota, presidents of Minnesota's private colleges, members of the P-20 Partnership, which I chair, the Governor's Workforce Development Committee and the Higher Education Advisory Council on which I serve.

I also went to the State Fair and listened to parents describe their dreams and aspirations for their children and their concern that we keep college affordable. Nearly 3,500 people who visited the Minnesota State Colleges and Universities State Fair booth completed a questionnaire sharing with me their suggestions for our path ahead.

I've also spent time engaging with our presidents, our faculty, staff and students.

On my first day as chancellor, I sent an e-mail to all the faculty and staff to ask for their help – to ask for bold, courageous and creative ideas about how to meet the challenges we face. I received hundreds of suggestions for improving just about every facet of what we do.

Many of these ideas have already been set in motion, and some of them will inform today's discussion.

I'm particularly grateful to our outstanding presidents who have stepped up and contributed to these important conversations. They have shared their achievements and their aspirations, their frustrations and their concerns. They have been candid, and they have been insightful – I'm grateful for both. Please know that the Leadership Council's Executive Committee, Presidents Szymanski, Lundblad, Kopischke and Davenport, are here and will be available to join the discussion.

What I can tell you unequivocally is that together we are prepared to lead in ways that will enable us to serve Minnesota in new and more powerful ways.

The strategic framework I will present today emerges from those honest, free-wheeling, and at times rowdy discussions. (Most of the rowdiness and practical jokes, I should say, were at my expense, which seems wholly appropriate given that I was the new kid in the room.) So, what did I hear during the past seven-and-a-half months? What have I learned?

Minnesota counts on us

Simply put, I learned: Minnesota is counting on us to ensure it has the skilled workers necessary for vital communities and a thriving economy. Minnesota is counting on us to open the doors of educational opportunity to all Minnesotans. Minnesota is counting on us to provide extremely high value at an affordable price.

Let me take these one at a time.

Workforce development

I learned that business, community leaders and political leaders understand: We are the place working adults go to complete certificates, two-year and four-year degrees, and graduate programs. We serve more than just the traditional 19-year old college student. We are the place people go when they have been displaced from jobs, when it's time to update their skills or when they wish to prepare for a new career. We are the place more than 6,000 businesses, large and small, go when they need training for their employees or need help solving problems.

One state leader put it clearly when he said: "Changes in workforce needs are coming like a freight train, and we are very quickly going to go from high unemployment to 'Where are the workers?'"

A community leader put it succinctly when he said: “MnSCU has an opportunity here – they’re really the driving force of Minnesota’s future workforce.”

Access

People I have spoken with, regardless of their politics, are concerned that our colleges and universities protect access to higher education.

People know our colleges and universities serve a staggering number of students – over 430,000 each year – and our students come from all walks of life.

People understand and applaud that: Our students are diverse – 70 percent of whom are from populations that have been traditionally underserved by higher education (students from families of modest financial means, students of color and students who are the first in their family to complete college). We are committed to serving all Minnesotans. We celebrate the number of students we serve, not the number of students we turn away.

One legislative leader summed up in a few words what I’ve heard over and over again during my seven-and-a-half months of listening and learning:

“MnSCU’s role is to provide the education needed for Minnesotans to be successful. With its multiple campuses and locations, MnSCU brings education closer to Minnesotans.”

Affordability

People understand that our colleges and universities are much more affordable than the University of Minnesota, private colleges and online universities.

Nevertheless, they remain concerned about affordability. Many people I spoke to are concerned about students being “priced out” of educational opportunity and, ultimately, out of a job.

Local economic impact

Most people I’ve met give huge credit to our colleges and universities for the important role they play ensuring the vitality of communities across our state.

People shared with me, in vivid detail, the kinds of partnerships with businesses and organizations that have been key to their community’s success, especially customized training and our willingness to pitch in and help solve local problems.

In summary, Minnesota is counting on us. Minnesotans don’t see us as the problem. They see our colleges and universities as the key to building the regional economies our state.

If we fail to meet Minnesota’s evolving workforce needs or are forced to close the doors to education, Minnesota will be in great jeopardy.

Our success is Minnesota’s success, and we are prepared to accept that responsibility.

The challenges

Beyond what I've heard from Minnesotans across our state, we also know there are well-researched critical challenges facing Minnesota and our colleges and universities.

Five critical challenges facing Minnesota

#1: Jobs. Many of the 215,000 Minnesotans without jobs don't have the education needed for the new economy. There are job openings, (for example, in precision manufacturing, nano-technology, and bio-technology) but not workers with the advanced skills needed to fill them. This is an important challenge, and we must help.

#2: The Workforce of the Future. 70 percent of all jobs in Minnesota in 2018 will require some postsecondary education. The workplace of the future will require more advanced technical and communication skills, greater capacity for critical and imaginative thinking, increased ability to work collaboratively in teams, more intellectual agility and preparation that is closer to the world of practice. These are important challenges, and we must help.

#3: Preparation of high school graduates. The number and nature of high school graduates may not keep pace with Minnesota's workforce needs. The number of Minnesota high school graduates will decrease 7 percent during the next decade. The diversity of Minnesota's high school graduates will grow. And the fastest growing high school populations have traditionally been the least prepared for college. This is an important challenge, and we must help.

#4: Declining state resources. As we all painfully know, Minnesota has a long-term structural budget problem.

#5: Greater Minnesota. Some areas of greater Minnesota are at risk as a result of population declines, making it difficult for many businesses to find skilled workers.

Challenges to our colleges and universities

As you well know our colleges and universities are also facing critical challenges. Let me focus on four of them.

#1: Dramatic cuts in state support. There has been a 48 percent cut in real dollars on a full-year equivalent student basis since 2000.

#2: The shift of the cost from the state to students. The reduction of state support has shifted the cost of college from the state to students. 2002: 66 percent state vs. 34 percent tuition; 2013: 39 percent state versus 61 percent tuition. It is not that the cost of higher education in our system has been rising; it's who pays the cost that has changed.

#3: New kinds of students. Savvy students are demanding high-tech ways to learn. Within a decade, students of color will be nearly one-fourth of Minnesota's high school graduates. First generation college students will continue to grow as will the number of students from families with very modest financial means.

All these changes will require new strategies to effectively serve the increasingly diverse and technologically sophisticated students and to ensure their success.

#4: We need to manage rising costs. The costs of technology, increased government regulations, utilities and health benefits. Competition for top faculty and staff will increase.

If we do not make some changes, the costs will grow way beyond our resources. In short, we are facing tectonic changes and challenges.

Surviving the perfect storm

This is a perfect storm, but it's even worse than that. It is a perfect storm that's not going away. In the face of these challenges, the greatest risk is the risk of business as usual. I'm going to repeat that – the greatest risk is the risk of business as usual.

Business as usual won't allow us to meet the critical challenges facing Minnesota. Business as usual won't allow our colleges and universities to meet the critical challenges they face. Business as usual won't keep the educational doors of opportunity open for students. To paraphrase Albert Einstein, "We cannot solve our problems with the same thinking that created them."

So, we will need to think in new ways. Continuing to cut budgets and grow revenue as we have done over the past decade may be necessary, but it is not sufficient.

We need to do much more than that:

- **Redesign.** We need to **redesign** the ways we do things – focusing on outcomes and incentives; be willing to challenge traditions and conventions.
- **Empower.** We need to **empower** our colleges and universities, our faculty and staff, to be innovative and entrepreneurial. We need to unleash the full creative potential of our faculty and staff to better serve students, their communities and Minnesota.
- **Partner.** We need to **partner** in new ways – working statewide for the greatest impact with others who share our passions and our values. We need to get the right people together around the right questions to drive the right solutions.

The strategic framework

Redesign, empower, partner – These are the tools that will allow us to achieve new heights of service and quality.

Redesign, empower, partner – These are the foundation for what I'm calling our "strategic framework."

David Campbell, one of the world's leading industrial psychologists and a long-time guru at the Center for Creative Leadership, put it very simply in the title of one of his books:

"If you don't know where you're going, you'll probably end up somewhere else."

Why have a strategic framework? First and foremost, it will help us make choices to focus our energies and scarce resources on our core mission. We cannot do everything. We cannot be all things to all people. Second, it will help us answer the following questions to create a strategic framework that will give us focus. Borrowing from Jim Collins, the questions are:

1. **What are our core obligations to Minnesota?**
2. **What can we collectively be the best at?**
3. **What are we deeply passionate about?**
4. **What fuels our economic engine? (i.e., what will ensure long-term financial sustainability?)**

And third, a strategic framework will help us energize and engage internal and external stakeholders as we work together to find solutions to the challenges we face together. The answer to these questions, which I call the Minnesota State Colleges and Universities Strategic Framework, entails three fundamental commitments.

- 1. To ensure access to an extraordinary education for all Minnesotans**
- 2. To be the partner of choice to meet Minnesota's workforce and community needs**
- 3. To deliver to students, employers, communities and taxpayers the best value and most affordable option**

Answers to the strategic questions

Do the three commitments in this framework answer the strategic questions?

- 1. Do these three commitments meet our core obligations to Minnesota? Yes.**

Our colleges and universities were created to provide access to an extraordinary education, meet workforce and community needs, and deliver the highest value. They are the heart of what we do.

- 2. Can we be collectively best at these three things? Yes.**

There is no doubt in my mind that we provide both access and an extraordinary education. I've worked with faculty in some of the finest institutions in the world, and I am completely confident that our faculty can deliver an absolutely extraordinary education. Their passion and commitment to students is unparalleled.

Our presidents, faculty and staff are committed to being the partner of choice to meet Minnesota's workforce and community needs – it's in their DNA – and we can better at this than anyone else.

We can develop the strategies needed to deliver the best value and most affordable option to the people of Minnesota.

- 3. Are we deeply passionate about these three things? Absolutely.**

From my conversations with faculty, staff and our presidents, I can tell you first hand that they are passionate about students and deeply rooted in their communities.

They deeply believe that education is the key to personal lifetime success and healthy communities. They put in very long hours to make these dreams come true for those who study in our care and those who hire our graduates.

- 4. If we meet these three commitments, will they lead to long-term financial sustainability? Yes.**

During the years ahead, a greater and greater share of our revenue will depend on serving students well and meeting the needs of business and community partners.

The strategic framework I am suggesting emphasizes the quality of our product (education, completion rates, customized training, and partnerships with communities and businesses to help them solve their real-world problems) and controlling price to produce the best value and most affordable option.

Over the months ahead I will be working with our presidents to develop a more formal financial analysis that models the sustainability of this approach.

Next, let me explain a little more about the elements of this strategic framework and give you a sense of some of the work I think we need to do to meet these three commitments.

Please remember that much of this work lies ahead of us.

The priorities moving forward will emerge from consultation with the Leadership Council, with faculty, students and staff. But, let me give you some initial thoughts.

First Commitment

1. Ensure access to an extraordinary education for all Minnesotans

What do we mean by “an extraordinary education?”

An extraordinary education is assessed not by looking at the quality of our freshmen, but by looking at the quality of our graduates: their capacities and skills, the rate at which they pass accreditation exams, secure employment or get accepted to advanced degree programs. Feedback from employers is critical.

An extraordinary education means graduates who have the capacity to adapt to the four or more careers they are likely to have over their lifetimes; think independently and critically; resourcefully applying knowledge to new problems; and work effectively across cultural and geographic boundaries

An extraordinary education enables student to achieve their objectives and prepares them to learn for a lifetime.

How will we do it?

Consider some of the ideas currently on the table. We might...

- Rethink the classroom experience to infuse every learning experience with project-based active learning.
- Bring learning closer to the world of practice.
- Develop thoughtful measures of learning outcomes and deliver programs that enable graduates to meet those standards.
- Increase collaboration among faculty across our colleges and universities to create the best possible courses and share them across the system. Turn loose the best minds to develop the best courses.

What do I mean by “access?”

We must say to every Minnesotan, “We have a place for you.” We must be the place of hope and opportunity serving all Minnesotans. Access means that students from all backgrounds and levels of preparation are welcome and will succeed. We believe in the potential of all students – not only those in the top 10 percent of their high school class. We will provide programs that meet their needs at times and places that allow them to be successful. College will be affordable for students from families of modest financial means.

How will we do it?

Keep tuition as low as we reasonably can, striking the right balance between access and quality. Provide the student support services that will ensure that all students will succeed. Increase the flexibility with which students can access courses and programs at a distance, in the evening, on weekends and over the summer.

2. Be the partner of choice to meet Minnesota’s workforce and community needs

What do I mean by “partner of choice?”

As I mentioned earlier, Minnesota needs a substantially better-educated workforce if our state is going to be competitive in the global economy. That will require not only an extraordinary education by 21st century standards but more strategic partnerships and more targeted ways to solve problems and create opportunities.

Being the partner of choice means we are the first call for businesses and communities when they need our help. It means they trust us to deliver an education that will enhance the skills and knowledge of employees. We have ongoing relationships that make us an inextricable part of the ongoing conversation. We scale up local solutions to become statewide strategies.

How will we deliver the workforce of the future for Minnesota?

An extraordinary education is part of the answer. Some of the ideas are all about partnership. Partner with K-12 to increase the number of college-ready students. I have already begun working with Department of Education Commissioner Cassellius to do just that.

We will partner with the Department of Employment and Economic Development and businesses to identify workforce needs and forge a statewide plan to meet those needs. We need plans both for each region and for each sector (e.g., health care, precision manufacturing, financial services, bio-tech). We will partner with DEED, workforce centers and businesses to enable more people to more easily update skills and prepare for new careers. I am working with DEED Commissioner Mark Phillips on these projects. We must dramatically increase retention and shorten time to completion of certificates and degrees, reduce the income and racial gaps in completion rates. We know we're on the right track when businesses in communities across the state have our faculty, and our colleges and universities on their speed dial.

3. Deliver to students, employers, communities and taxpayers the best value and most affordable option.

Taxpayers and students demand and deserve the best return on their investment dollar. Minnesota State Colleges and Universities will deliver that return.

What do I mean by "highest value/most affordable?"

We create value for students by providing an extraordinary education at an affordable price and preparing them for work, careers and what's next.

We deliver value to employers by collaborating with them to educate students who are knowledgeable and prepared to meet workforce needs now and into the future and helping them solve real-world problems. We add value to communities and taxpayers by providing a high return for the public investment and providing students who keep communities strong.

How will we deliver the highest value at an affordable cost?

Among other things, we must aggressively reduce costs. Some of the ideas on the table include: put shared services on steroids to substantially reduce administrative overhead costs. We must also increase collaboration with the University of Minnesota, with private colleges and with others to reduce costs. Redesign our e-education strategy to develop better courses that can be shared across colleges and universities, and serve more students in more cost-effective ways. As we develop statewide academic plans to meet workforce needs, we must identify the places where we can reduce unnecessary duplication, and use existing infrastructure more efficiently. This is just a sampling of the ideas that have surfaced.

Moving ahead

In conclusion, advancing this strategic framework will require enormous energy and creativity. We must make tough choices. We must think differently and work together differently; and we must lead in more

strategic ways. We need to **redesign** the way we do things. We need to **empower** our colleges and universities, our faculty and staff, to be innovative and entrepreneurial. We need to **partner** in new ways. The biggest risk we face is the risk of business as usual.

Making this strategy pay off for Minnesota will require leadership and action, patience and tenacity. It will require detailed plans and thoughtful consultation. But most of all, it will require us to work smart and work together. As difficult as this will be, the opportunity is equally high. We will have succeeded when every economic development initiative across Minnesota involves at least one of our colleges or universities; when all businesses and communities turn to us first for solutions to pressing problems; and when graduates return to us in greater numbers for the cutting-edge skills to remain at the top of their professions.

We will declare victory when every Minnesotan has the ability to attend – and graduate from – one of our colleges or universities, and when higher education is within reach of all families. And we'll celebrate when the Minnesota economy returns us to prosperity. Given this defining moment in our state's history, consider the ideas I've shared with you today as a call to action.

For you, our board, to help us set the right priorities. For our presidents to lead new, innovative of serving students and their communities, and for faculty and staff to deliver both an extraordinary education and extraordinary ideas to our partners.

Minnesota is counting on us. I look forward to our discussion this afternoon and to the discussions over the weeks and months ahead with faculty, students and staff.