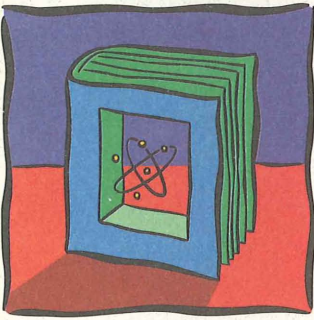
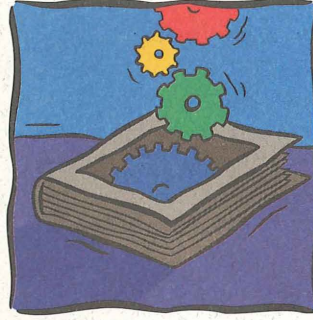
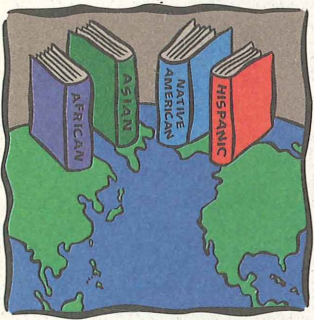
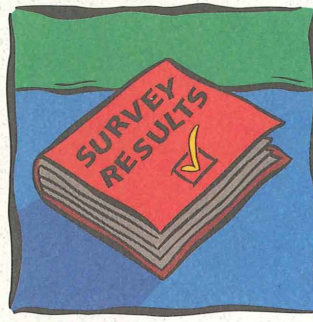
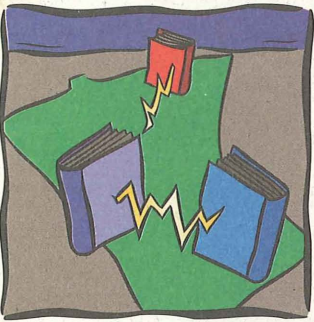


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Report to the Governor and 1993 Legislature

Minnesota Higher Education: Changing for the 21st Century

Minnesota Higher Education Coordinating Board

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Minnesota Higher Education Coordinating Board

January 1993

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The Higher Education Coordinating Board recommends that:



The Governor and 1993 Legislature increase support for need-based student aid through a reasonable, equitable sharing of the costs between taxpayers and students.



The Governor and 1993 Legislature support efforts to restructure public post-secondary education.



The Governor and 1993 Legislature support the increased development and use of telecommunications and other instructional technologies in higher education, with the emphasis on the creation of a statewide instructional network.



Minnesota's higher education systems and institutions, as well as the Coordinating Board, obtain information from their customers and use it for continuous improvement of the educational process.



The Governor and 1993 Legislature encourage and support increased commitments by Minnesota higher education systems and institutions to enrolling and graduating more students of color.



The Governor support and the 1993 Legislature enact a plan to enhance the transitions of students between education and employment with the goal of improving the quality of Minnesota's workforce preparation and development.



The Governor and 1993 Legislature support proposals that will strengthen the quality of science and technology education in Minnesota.



The Governor and 1993 Legislature support efforts by Minnesota's post-secondary systems and institutions to strengthen the prevention of sexual harassment and violence on campuses.

Report to the Governor and the 1993 Legislature

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The Imperative for Change

Higher education has been operating and will continue to operate in a climate of accelerating change. During the past decade, higher education has attempted to respond to significant enrollment and fiscal changes and demands for improved quality of services. Higher education is being recognized increasingly as a key strategic resource; yet, higher education is perceived as moving forward with little significant change.

Policymakers believe that higher education, in a period of shrinking resources and growing demands, must:

- devise new and better approaches to funding;
- revise the structure of post-secondary systems and institutions;
- demonstrate greater accountability for its performance and become more responsive to its customers;
- manage its resources more efficiently;
- integrate the benefits of increasing developments in the use of technology.

Proposals for change in eight key policy areas

This report presents the Higher Education Coordinating Board's proposals for changes in eight key policy areas. Of particular emphasis are proposed changes in:

- student financing;
- restructuring, including regional cooperation;
- instructional telecommunications; and
- quality improvement through customer feedback.

The remaining four recommendations focus on:

- access and success for students of color;
- workforce development;
- science and technology policy; and
- prevention of sexual harassment and violence.

Need to transform higher education

For the most part, the Board's recommendations call for changes within the current higher education framework. The new Coordinating Board authority to approve existing instructional programs, and new efforts by Minnesota's higher education systems to better manage their programs, should lead to greater cost-effectiveness and maintenance of quality. The Board believes, however, that while some changes are underway, they will not be adequate to meet the increased expectations and needs in the 1990s and beyond. Serious thought must be given to transforming, not simply reforming, higher education. One transformational change, for example, would be to move more of higher education from a traditional focus on teaching to one emphasizing and encouraging self-directed learning. During the next two years, the Coordinating Board plans to explore this and other models for major change with the goal of creating a culture for change in basic assumptions and practices.

The first section of this report presents the Board's recommendations to the Governor and 1993 Legislature. The second section highlights trends in participation and investment.

A companion technical report provides a detailed presentation of the status of Minnesota post-secondary education, summarizes policy issues studied by the Board during the biennium, and reviews programs administered by the Board. The Board's 1994-95 biennial budget request contains additional information on the Board's initiatives.

Serious thought must be given to transforming, not simply reforming, higher education.

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Trends

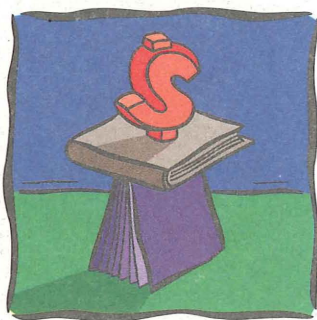
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Recommendation 1

Student Financing



The Higher Education Coordinating Board recommends that in order to help assure accessible, affordable higher education opportunities for students and families, the Governor and 1993 Legislature increase support for need-based student aid through a realistic, equitable sharing of the costs between taxpayers and students.

Specifically, the Board recommends that:

- The governor propose and the 1993 Legislature appropriate \$217 million for the State Grant Program in order to make full awards during the rest of Fiscal Year 1993 and Fiscal Years 1994 and 1995 under the Design for Shared Responsibility policy.

The State Grant funding proposal includes the following elements:

- deficiency appropriation of about \$3 million for Fiscal Year 1993 to offset an anticipated shortfall due to students registering for higher credit loads and to ensure full grant awards for all recipients.
- increased appropriation of \$63.7 million for the 1994-95 biennium to help ensure that needy students have the opportunity to pursue the education that can best meet their needs. This recommendation includes the following elements:
 - increase of \$19.2 million for the biennium to fund larger awards resulting from changes in the Federal Need Analysis.
 - increase of \$8.4 million to cover reductions in maximum federal Pell Grant awards.
 - increase of \$19.3 million to provide a more current reflection of the living and miscellaneous expense allowance at the 20th percentile of reported student expenses and to cover projected inflationary increases in 1994-95.
 - increase of \$800,000 to cover additional awards to students who receive grant aid over a longer period of attendance than possible previously.
 - increase of \$20 million to finance higher awards for students registering for larger loads than in past years.
 - increase of \$2.4 million to cover the cost of merging the Part-Time Grant Program into the State Grant Program.

Additional State Grant Program funding will be needed to offset likely increases in public system tuition and fees resulting from the Board's proposal. Further, the lack of necessary data has precluded for now a possible request to increase State Grant funding to cover increases in private college tuition cap values to reflect actual spending at comparable public institutions.

The Board urges the governor and legislature to continue to recognize the relationship between tuition and financial aid by increasing the State Grant funding to correspond to tuition and fee increases authorized in the budget process.

The Board further recommends that:

- The proposed increase in State Grant funding be financed by an increased allocation from the General Fund; however, if sufficient funds are not available, financing should occur by reducing the proportion of taxpayer funds for higher education allocated directly to the public systems and increasing the proportion of funds appropriated to students through the State Grant Program.

- The public higher education systems continue to constrain costs in a variety of ways, such as administrative efficiencies, increased cooperation and collaboration in the delivery of programs, and expanded use of instructional technologies.
- The governor and 1993 Legislature reaffirm the policy framework that relates, uniformly, tuition revenue to the cost of providing the instruction, and student aid funding to the price of attending higher education.

Rationale: Help ensure opportunity for all students

The Higher Education Coordinating Board's student financing proposal is based on several state policy goals, objectives, and principles—as well as the effects of fiscal realities facing higher education.

The proposal supports the state policy goals of access, quality, and efficiency. It supports the objective that financing Minnesota higher education should be shared in a realistic, equitable manner by taxpayers and students. The proposal emphasizes the need to help ensure that all students, regardless of their economic background, have an opportunity to pursue the education that can best meet their needs. The proposal assumes that higher education systems will need enough resources to maintain quality programs and services and prevent an erosion of quality. It also assumes that systems will need to operate efficiently in order to control expenditures and avoid need for significant growth in revenues.

Background

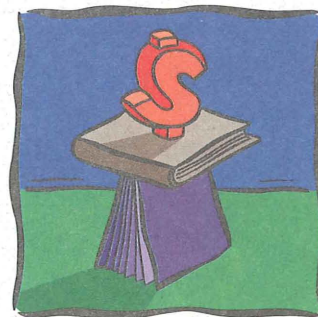
An integrated set of state finance and governance policies was adopted in 1983. The finance policies have three components. Average cost funding establishes a base level of instructional appropriations for each public system. The policy adjusts current instructional appropriations by changes in the total number of full-year-equivalent enrollments and changes in enrollments by level of instruction. The policy relates base instructional appropriations to student educational decisions. Final public system instructional appropriations are determined by the Minnesota Legislature and Governor. Current state policy provides that state taxpayers fund 67 percent of instructional appropriations at the University of Minnesota, the State University System, and the Community College System. At the Technical College System, state taxpayers are supposed to fund 73 percent of instructional appropriations. The remaining instructional appropriations are assigned to students as tuition. Public system governing boards set actual tuition rates.

The goal of the state's cost related tuition policy is to relate price to the cost of providing instructional services, specify a reasonable sharing of costs between the state and students, and treat students and systems equitably. Price is what students are charged in tuition and fees. Cost is the actual expenditures an institution incurs to provide instruction and includes expenditures for direct and support programs.

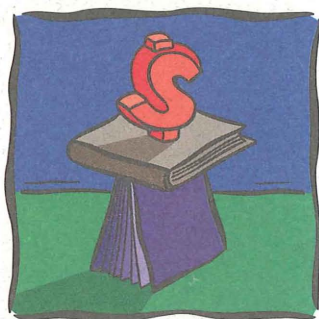
State Grant Program Serves Students with Greatest Financial Need

To help offset tuition increases for needy students, the state funds student financial aid programs. The largest Minnesota program is the State Grant Program. It is designed to serve students who choose to attend the institution, public or private, that can best meet their educational needs. State financial aid policy, embodied in the Design for Shared Responsibility, targets state grants to students with the greatest need and defines the responsibilities of students, parents, and government in paying the price of attendance (tuition, fees, living and miscellaneous expenses). All applicants, the primary beneficiaries of the education, are required to contribute 50 percent of the price of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the price of attendance is met by contributions from families, as determined by the Federal Need Analysis, and by the combination of federal Pell Grant and State Grant awards.

The 1983 legislation also clarified and strengthened the authority of the public governing boards to manage their systems. Minnesota's interstate tuition reciprocity agreements



The Board's proposal is based on several state policy goals, objectives, and principles—as well as current fiscal realities.



***The Board's proposal
gives priority to helping
ensure access to
educational opportunities
for students with
financial need.***

were preserved with some modifications.

The policies have eroded in recent years due largely to the effects of state budget problems. The 1991 Legislature altered many of the policies on subsidy levels for several items. Most governing boards responded to budget pressures by significantly increasing the percentage that tuition represents of instructional costs. In practice, the state now subsidizes about 60 percent, rather than 67 percent, of the cost of instruction, and tuition revenues as a percentage of the cost of instruction are not uniform across systems. In the Community College System, tuition revenue as a percentage of instructional expenditures has ranged from 36 percent in Fiscal Year 1984 to an estimated 38.6 percent in Fiscal Year 1993.

In the State University System, the percentages have ranged from 32.8 percent in Fiscal Year 1984 to an estimated 39 percent in Fiscal Year 1993. University of Minnesota percentages have ranged from 33.7 percent in Fiscal Year 1984 to an estimated 40.5 percent in Fiscal Year 1993. Tuition revenue in the Technical College System has ranged from 21.2 percent in Fiscal Year 1984 to an estimated 29.6 percent in Fiscal Year 1993. The Technical Colleges did not charge tuition until 1979.

The Design for Shared Responsibility has eroded because the level of funding for the living and miscellaneous expense allowance, already frugal, has not kept pace with inflation. As a result, the student share often is higher than the stated 50 percent.

HECB Proposal

The Coordinating Board's student financing proposal gives priority to helping ensure access to educational opportunities for students with financial need. It recognizes that in times of financial hardship the state should target its limited resources on helping students and families with the least ability to pay.

The components of the State Grant proposal are consistent with several principles and existing policies.

State financial aid policy coordinates the benefits of the State Grant Program and the federal Pell Grant Program. Thus, the Board supports increased funding for larger awards resulting from changes in the federal need analysis and increased funding to offset a reduction in the maximum federal Pell Grant.

Increase State Grant Funding to Offset Tuition Increases

The Board's proposal urges the governor and legislature to maintain the relationship between tuition and financial aid by increasing State Grant funding to help offset tuition and fee increases.

Further, the Board's proposal emphasizes the importance of supporting the student share of the price of attendance at 50 percent, a level that is "rigorous but reasonable." Recognizing inflation in the living and miscellaneous expense allowance and adjusting the allowance to provide a more current reflection of the 20th percentile of student expenses would help stop erosion in the allowance.

Last, the Board's recommendation reflects the best estimate of the cost of the legislative policy change to redefine full time for state grants at 15 credits, or equivalent. The policy was enacted to promote timely completion of studies and provide an opportunity for students to receive grant aid over a longer period of attendance. Preliminary data suggest the policy is working as intended.

The Board prefers that the State Grant proposal be financed by an increased allocation from the General Fund. If sufficient funds are not available, however, the Board recommends that the proposal be financed by reducing the proportion of taxpayer funds allocated for higher education that goes directly to public systems and increasing support for needy students served by the State Grant Program. The result would be a reduction in the state subsidy to institutions and a larger student contribution to financing the cost of instruction.

The proposal maintains the principle of taxpayers and students sharing in the cost of instruction, but recognizes that a reasonable sharing of costs in the current budget climate is not 67 percent state/33 percent student. It is 60 percent/40 percent, and if increased General Fund money is not available, the proportion could be about 57 percent/43 percent in Fiscal Years 1994 and 1995 under the Board's proposal.

State Subsidizes over Half the Cost for All Students

Even if the taxpayer/student subsidy relationship were altered, the state would continue to help make higher education affordable by subsidizing over half the cost of instruction—a benefit to all students regardless of their financial need.

The Board believes that students would benefit if the systems are successful in continuing to constrain costs through a variety of methods that enhance efficiency and productivity.

The Coordinating Board's proposal also reaffirms the policy framework that relates, uniformly, tuition revenue to the cost of providing instruction in order to help ensure fairness and equity. This policy guideline will help maintain the fiscal integrity of higher education financing.

Additional Rationale for Four HECB Proposals

Funding for State Grant Program

Recent changes in federal and state financial aid policies as well as uncertainty about the impact of new policies and funding levels will test the commitment of Minnesota policymakers to ensuring financial access to higher education. The Board's budget request for the State Grant Program addresses the fiscal effects of these changes in the federal Higher Education Act and Minnesota statutes and laws.

The State Grant Program is the foundation of Minnesota's student financial aid system. The Board's biennial budget request, however, also proposes some reallocation and increase in funding for other programs—in particular, an increase for the Non-AFDC Child Care Grant Program.

State Grant funding increases are due primarily to federal and state policy changes, inflation, and increased student registration loads. Funding these changes would be consistent with state financial aid policies, especially those designed to coordinate the benefits of federal and state grant programs.

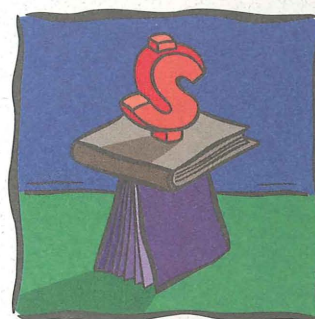
Although the proposal would provide more aid to more students than served previously, it does not represent a major windfall or improvement in student aid. The main effect would be to stop an erosion in assistance to needy students.

Increased Awards Due to Need Analysis Changes. The Higher Education Amendments of 1992 combined the federal Pell Grant need analysis with the Congressional Methodology formula used for all other programs to create a single need analysis, called the Federal Need Analysis. As a result of the changes, Minnesota's State Grant applicants are projected to receive an increase of \$9.6 million in each year of the 1994-95 biennium. The largest increase in awards is projected to be for low income, single independent students with no children. This is due to the removal of the \$1,200 minimum income expectation that Congressional Methodology placed on these students. Increased awards also are projected to be made in families and students with adjusted gross incomes over \$30,000. This is a result of eliminating equity in homes or farms from calculations of expected contributions in the need analysis.

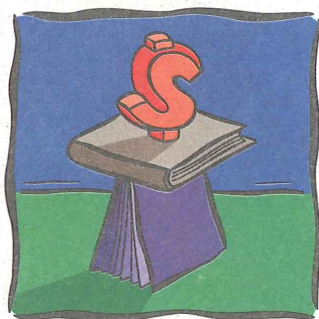
Reduction in Maximum Pell Grant. In fall 1992, Congress, facing a projected \$1.4 billion shortfall in the Federal Pell Grant Program, funded a maximum award of \$2,300 in 1993-94, down from this year's \$2,400 maximum. This reduction will have the most severe impact on low income State Grant recipients.

The Design for Shared Responsibility coordinates benefits from the federal Pell Grant and State Grant Programs. As a result, the state, if it wishes to support this policy, will need to appropriate \$4.2 million per year to offset Pell reductions.

Increase in Living and Miscellaneous Expense Allowance. The 1991 Legislature increased the living and miscellaneous expense allowance from \$3,456 in 1990-91 to \$3,750 in 1992, and \$4,033 in 1993. This increased the allowance from the 16th percentile benchmark to the 18th percentile in Fiscal Year 1992 and 20th percentile in Fiscal Year



Proposed State Grant increases are due primarily to federal and state policy changes, and inflation.



*Students are registering
for more classes, thus
requiring additional
State Grant funding.*

1993. The 16th percentile benchmark was based on a 1985 Board survey in which 84 percent of the State Grant applicants reported spending more than the state allowance, then \$2,750. The Board's 1992-93 biennial budget request had proposed going to the 25th percentile in both years of the biennium.

An analysis of 1989-90 federal survey data (National Postsecondary Student Aid Study) on expenses of students in 10 Midwestern states concluded that a more current reflection of the 20th percentile would be \$4,155 in 1992-93 rather than the \$4,033 used in the program. The Board recommends a budget adjustment of \$3.7 million in Fiscal Year 1994 and \$3.6 million in Fiscal Year 1995 in order to base the 20th percentile on the more recent survey. In addition, the Board proposes \$3.8 million in Fiscal Year 1994 and \$8.2 million in 1995 to cover inflation in living expenses at 3.6 percent each year. Under the Board's proposal, the allowance would increase to \$4,303 in Fiscal Year 1994 and \$4,458 in Fiscal Year 1995.

Although this level of funding would maintain the allowance at the 20th percentile, the Board continues to believe that the 25th percentile is the appropriate goal. Moving to the 25th percentile would require an increase of \$13.6 million in Fiscal Year 1994 and \$14.1 million in Fiscal Year 1995. Because the state has not been able to fund the allowance at recommended levels, the student share has been closer to 60 percent than to 50 percent of the price of attendance—and the Shared Responsibility policy is eroding due to insufficient funding.

Increased Funding Due to Larger Registration Loads. The 1991 Legislature established the definition of full time for State Grants at 15 credits per quarter or semester, or equivalent, effective July 1, 1992. The previous definition was 12 credits. For students attending less than full time, the price of attendance is prorated to the actual number of credits for which the student is enrolled. The change in definition was part of a funding package that included a substantial increase in the living and miscellaneous expense allowance and increased funding to help offset anticipated tuition increases. The purpose of the change is to provide a financial incentive for students to complete their education in a timely manner, to provide an opportunity for part-time students to receive grant aid over a longer period of time, and to make the State Grant definition of full-time consistent with the definition used for funding and academic policies. As a result, the Board projected that students continuing to register for 15 credits in Fiscal Year 1993 or increasing their registration level from 12 to 15 credits would receive substantial award increases. Without experience in using the new definition, however, it is difficult to project student behavior—and budget needs.

The 1992 Legislature directed the Board to make full Grant awards in Fiscal Year 1993. Language was adopted by the 1992 Legislature stating that if the Fiscal Year 1993 appropriation is insufficient to make full Grant awards, the Commissioner of Finance is to transfer up to \$4 million from appropriations to the post-secondary systems to the State Grant Program to cover the cost of prorating awards by credit. The Board also was given permission to request an appropriation in the 1993 session if, after the transfer, funding is insufficient to make full awards.

Preliminary data and analysis indicate that the policy change is working—students are registering for more classes than previously and the transfer of \$4 million to the State Grant Program will be needed. Further, an additional \$6 million might be necessary to make full awards during the rest of Fiscal Year 1993. However, the Board is requesting \$3 million because it anticipates reducing the projected deficiency primarily with unused reciprocity and part-time grant funds. Increased funding of approximately \$10 million in Fiscal Year 1994 and \$10 million in Fiscal Year 1995 will be needed to keep up with increased registration loads, due to the policy change and new proration method for part-time students. Board staff will continue to monitor experience with the policy change.

Increase to Cover Longer Periods of Attendance. The change in definition of full-time student will allow a student to receive State Grant aid over a longer period than possible previously. With full-time defined as 15 credits, a student registering for 12 credits per quarter will be able to receive a State Grant for 15 quarters, or five years, instead of

12 quarters, or four years, under the old definition. This change will cost about \$300,000 in Fiscal Year 1994 and \$500,000 in Fiscal Year 1995.

Increased Funding Due to Merging of Part-Time Grant Program into State Grant Program. The 1991 Legislature voted to repeal the Part-Time Grant Program at the end of the 1992-93 biennium and merge it with the State Grant Program. This year, students enrolled for three to five credits can apply for the campus-based Part-Time Grant Program. Next year, these students will need to apply for State Grants. The cost estimate to accommodate these students in the State Grant Program is \$1.2 million per year.

Other Factors. Additional State Grant funding will be needed if the public systems raise tuition to cover the reduction in institutional subsidies to finance the Board's State Grant proposal. An increase in tuition revenue of \$29.6 million in Fiscal Year 1994 and \$34.1 million in 1995 over current levels would be needed for this purpose. It is assumed that about 15 percent of each additional dollar in tuition revenue would be allocated to the State Grant Program to help needy students. Consequently, additional State Grant appropriations of \$5.2 million in Fiscal Year 1994 and \$6 million in Fiscal Year 1995 would be needed to help offset these tuition increases.

The Design for Shared Responsibility places a cap on the amount of tuition recognized at private institutions. The tuition caps are intended to reflect actual instructional expenditures at comparable public institutions. Instructional expenditures are financed by revenues from state appropriations and tuition. The current tuition cap for four-year private colleges has been \$7,663 since Fiscal Year 1991; the current private two-year cap is \$5,898. Data from the Department of Finance have not been available to consider adjustments in cap values based on public system instructional spending levels.

Financing the State Grant Proposal

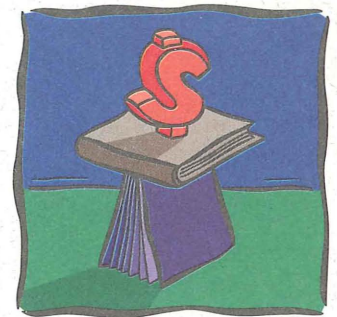
To finance its proposal, the Board recommends an increased allocation be made available from the state's General Fund. If sufficient funds are not available, financing should occur by reducing the proportion of taxpayer funds for higher education allocated directly to public systems and increasing the proportion of funds appropriated to students through the State Grant Program.

If no additional State General Fund money is available, direct subsidies to the public systems would need to be reduced by \$63.7 million. If public systems decide to increase tuition to offset subsidy reductions, tuition revenue as a percentage of instructional expenses could be 43 percent in Fiscal Years 1994 and 1995 in the University of Minnesota, State University System, and Community College System and 33 percent in the Technical College System.

Moving to these percentages to support the State Grant proposal would result in biennial tuition increases of approximately 8 percent in the University of Minnesota, 8 percent in the State University System, 8 percent in the Community College System, and 12 percent in the Technical College System. These percentages represent rough estimates based on estimated aggregate system instructional expenditure figures.

While tuition increases of this magnitude would add to the financial burden of students, they would not be overly onerous, especially if students are assured student aid increases. Students attending public institutions will continue to have more than half their cost of instruction subsidized by the state. National figures indicate that net tuition revenue (the amount after deducting student aid) per student in Minnesota is slightly above the national average. An analysis of participation rates among states suggests that Minnesota's tuition policies and practices have not affected enrollment negatively.

These figures assume stable funding for public higher education. If budget reductions are enacted, further tuition increases may be necessary to prevent the erosion of quality instruction and avoid the diminution of access due to such measures as enrollment caps. If this occurs, additional financial aid for needy students would be needed to offset tuition increases. Moreover, as the price of attendance continues to rise, further consideration will need to be given to the adequacy of the 50 percent student share in the state's financial aid policy.



*To finance its proposal,
the Board recommends
an increased allocation
be made from the state's
General Fund*

Continue to Contain Higher Education Costs

The Board believes that by continuing to constrain costs, higher education systems can become more efficient, improve quality, and maintain access to programs and services.

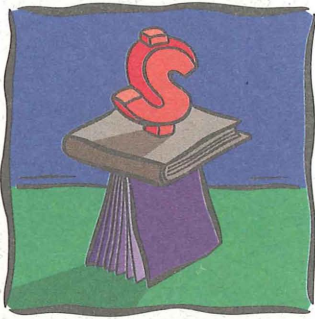
Constraining costs can be accomplished in a variety of ways, including administrative efficiencies, strong program management, cooperation and collaboration in the delivery of programs, efficient use of facilities and space, and expanded use of instructional technologies.

Reaffirm Policy Framework for Student Financing

As tuition revenue becomes an increasingly important variable affecting student and system financing, it is critical that it be derived in a fair and equitable policy framework.

State policy focuses on the aggregate level of subsidy to each system. Funding for student financial aid is tied to increases in tuition levels. Relating price to the cost of instruction treats all post-secondary systems and students equitably in terms of allocating state subsidies for higher education.

Reaffirming a tuition policy that ties price to the cost in a uniform manner will help maintain the fiscal integrity of higher education financing. The policy guideline will restrain the legislature from the temptation to make savings in state expenditures primarily by increases in tuition and restrain governing boards from overreliance on tuition as a source of revenue. The policy underscores the importance of a balanced and shared responsibility between taxpayers and students in financing higher education.



Reaffirming a tuition policy that ties price to cost in a uniform manner will help maintain the fiscal integrity of higher education financing.

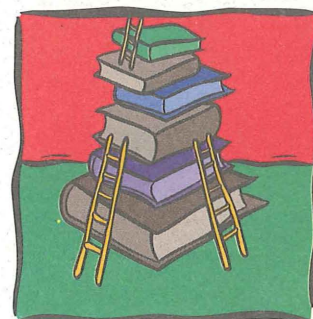
The Higher Education Coordinating Board recommends that the Governor and 1993 Legislature support efforts to restructure public post-secondary education.

Recommendation 2

Restructuring

Specifically, the Board recommends that:

- The Higher Education Board expedite planning to implement the three-way merger mandated by the 1991 Legislature, and the governor and 1993 Legislature support funding and necessary enabling legislation.
- The state's higher education systems continue to restructure and reallocate resources, including, when necessary, closure or administrative or programmatic consolidation of inefficient campuses.
- Metropolitan State University continue to evolve from an institution offering limited upper division programs into a more comprehensive four-year state university offering needed baccalaureate degrees in the Twin Cities region. Metropolitan State should:
 - add a broad range of sound, quality high demand baccalaureate programs and select masters degree programs that meet student goals.
 - make lower division programs available by collocating or merging with community colleges or with technical colleges at selected sites.
 - pursue ways of collaborating with a variety of established public and private institutions.
- The Coordinating Board be charged by the legislature to coordinate the development of a plan identifying appropriate sites for collocation or merger of Metropolitan State University with existing community college or technical college campuses, as well as cost estimates for the various options. The 1993 Legislature should appropriate \$100,000 to the Coordinating Board for this purpose.
- Cooperative planning among systems and institutions continue for upper division and graduate education in Rochester with periodic review starting in 1995 to determine the success of this approach and its applicability to other locations in Minnesota.
- The Coordinating Board, governor, and legislature monitor progress of Duluth Technical College and Duluth Community College Center to meet higher education needs in the Duluth area through cooperative planning and delivery of programs.



Rationale: Enhance educational opportunities, managerial efficiency

Restructuring of public post-secondary education is necessary to enhance the educational opportunities and managerial efficiency within limited state resources.

Of Minnesota's 66 public post-secondary campuses, 24 are located in the metropolitan corridor (the area extending from St. Cloud through the Twin Cities to Rochester) where already two thirds of the population lives and where the population will continue to concentrate; 42 campuses are located in Greater Minnesota where one third of the population lives and which is expected to continue to decrease in population.



The Higher Education Board needs to expedite development of plans to implement the merger.

The projected changes in future enrollment and the state's fiscal situation have renewed the urgency to review and adjust Minnesota's post-secondary education infrastructure and to reallocate resources to keep post-secondary education responsive to the changing needs of Minnesotans. Although some closures may be necessary, the primary goal is to consolidate and adjust sizes of institutions to be more productive and cost effective, while providing quality with an appropriate range of programs.

Merged Higher Education System

The 1991 Legislature authorized a new higher education board to oversee planning for a merger of the technical college, community college, and state university systems by July 1, 1995. Efforts to repeal the legislation were not adopted in 1992. Higher education must move forward to streamline its operation in order to meet the state's needs efficiently and effectively. The Higher Education Board started slowly and now needs to expedite the development of plans to implement the merger. Less than three years remain before implementation, and the Board must resolve many complex items, such as the development of a common management information system, the disposition of technical college property, and system personnel issues. The governor and 1993 Legislature should support necessary funding and legislation.

The legislation creating the new board is consistent with past and present HECB positions on restructuring. During the 1980s, the Board proposed that the public sub-baccalaureate systems, including the two-year campuses of the University of Minnesota, be combined into one system under one governing board.

The Board has long proposed that state governance of technical colleges be unified and strengthened by placing all technical colleges under the complete managerial authority of the State Board of Vocational Education.

In 1991, the Board recommended that public post-secondary education be restructured through several means, including a reduction in the number of state systems and the number of campuses by the year 2000. The Board also advocated restructuring through increased use of administrative structures within systems, regional strategic planning, and state-level consolidation of authority over technical colleges.

Restructuring and Reallocation

The University of Minnesota's efforts to restructure and reallocate resources, including the closure of the Waseca campus, demonstrate the kind of leadership that is needed if higher education is to deliver high quality, accessible programs. The Technical College System also has demonstrated progress through the regional administrative consolidation of several campuses. These consolidations have resulted in 18 administrative units rather than 34. All Minnesota's systems should follow these examples in order to enhance opportunities and efficiency.

Evolution of Metropolitan State

Evolution of Metropolitan State to a comprehensive four-year institution should foster the transition from lower to upper division studies, since both program levels would be available at the same location and would provide students with an attractive public baccalaureate option in addition to the University of Minnesota. Not all students enrolling in a community college intend to complete a baccalaureate degree. Approximately half, however, indicate at the time of initial registration an interest in a baccalaureate degree. Providing an expanded baccalaureate degree opportunity should improve student persistence to the baccalaureate degree.

Collocation and/or merger would improve cost-effectiveness, and should proceed in the 1994-95 biennium. It would provide access to basic support facilities, such as libraries and laboratories, which would not need to be duplicated by Metropolitan State. It would provide for flexibility in shifting programs within the region as needs evolve, further enhancing cost-effectiveness.

Collocation and/or merger would allow planning for any new facilities to be undertaken responsibly, avoiding waste and duplication. This is important because by the end of the decade population increases may require that additional facilities be built for Metropolitan State University.

Collocation or merger requires careful analysis, intersystem consultation, public input, and the reconciliation of controversial issues. The Coordinating Board could draw on existing databases, do additional research as required, hold public hearings, and work through existing channels to prepare its recommendations to the legislature. Expert consultants engaged to assist Metropolitan State University in site selection would be involved in engineering, land use, and traffic studies that

might cost \$100,000.

The expanded role for Metropolitan State University is responsive to changing conditions in the metropolitan area. The population of the area is increasing, renewed growth in enrollment is expected by the end of the decade, undergraduate enrollment at the University of Minnesota is stabilizing, and the need for upper division and practitioner-oriented graduate programs has been identified by both students and employers.

Expansion of Metropolitan State University is not intended to diminish the important roles and contributions of the region's other public and private institutions. In fact, collaboration between Metropolitan State and established public and private institutions in offering courses could improve service to students cost effectively.

Rochester Cooperation

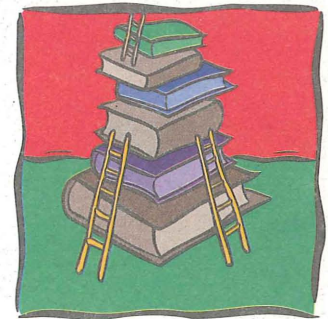
Meeting higher education needs in Rochester is occurring through the Rochester University Center, a cooperative effort of the University of Minnesota, Community College System, and State University System. The high level of cooperation is manifested in a new \$15.6 million facility jointly planned, paid for, and used by the three systems. Monitoring the cooperative approach in Rochester is important to evaluate whether it successfully meets higher education needs in the area and whether this model can work in other areas of the state.

Coordination in Duluth

In January 1992, the Coordinating Board recommended that Duluth Community College Center and Duluth Technical College be merged by July 1, 1995 into one two-year institution to meet the area's needs most effectively and efficiently. The 1992 Legislature supported the spirit of this proposal by requiring the two systems to work together in planning a new facility on the technical college campus to accommodate general education offered by the Community College System and technical education offered by the Technical College System on a single site. The two systems were directed to develop and implement an integrated administrative structure and coordinated program delivery for the technical college and community college center in Duluth. Periodic monitoring and evaluation of this approach is necessary to assess its progress and success.

Conclusion

Working together, Minnesota's post-secondary education systems can ensure access to quality opportunities with limited resources in a variety of ways, including increased use of telecommunications and other instructional technologies for program delivery, and regional strategic planning.



***Cooperative approaches
in Rochester and Duluth
should be evaluated and
considered for use in
other locations.***

Recommendation 3

Instructional Telecommunications



The Higher Education Coordinating Board recommends that the Governor and 1993 Legislature support the increased development and use of telecommunications and other instructional technologies in higher education, with primary emphasis on the creation of a statewide instructional network.

Specifically, the Board recommends that:

- The governor and 1993 Legislature appropriate \$641,725 for Fiscal Year 1994 and \$1,027,774 for the Fiscal Year 1995 to establish a digital higher education telecommunications network with DS-1 bandwidth linking 10 hub sites for instructional purposes.
- The governor and 1993 Legislature support an administrative/governance structure that has the Coordinating Board as the fiscal agent and a users' council of higher education system/ sector representatives to make management and governance decisions.

Rationale: Increase access and enhance efficiency of operation

Increased use of instructional telecommunications would expand access to post-secondary opportunities and enhance the efficiency of operations.

By linking higher education institutions in one region of the state to those in another, a state higher educational telecommunications network would increase the ability of institutions and systems to extend access to a variety of programs in many parts of the state. Such an educational telecommunications system would increase the efficiency, flexibility, and capacity to meet residents' needs and demand for broader educational opportunities without incurring the costs of maintaining institutions, faculties, or full-fledged campuses in every community.

As the demand for geographic access to post-secondary education has increased in Minnesota, institutions and systems have turned increasingly to new telecommunications technologies. The use of video technologies has become widespread in elementary and secondary education, and is increasingly common in post-secondary education with local and regional networks.

Telecommunications has been used to provide education in many areas of the United States. Some states, including Maine, North Dakota, and West Virginia have built statewide networks to provide education around their states.

Minnesota may have more distance education occurring within its borders than almost any other state. Most of this distance education, however, occurs in elementary-secondary education. More than 170 school districts participate in local and regional networks.

A wide variety of video technologies have been used to transmit distance education. The University of Minnesota, for example, uses microwave technology to transmit engineering courses in the Institute of Technology UNITE program. Several technical colleges, community colleges, and state universities are using analog video technology to transmit programming to neighboring institutions and schools through regional and local networks.

While there has been growth of local and regional networks, there has been no plan for a statewide network. There appears, however, to be a growing need for a state connection enabling the transmission of education across regions.

The Coordinating Board formed a planning group in fall 1991 to develop a plan for linking higher education institutions through a statewide connection. The group has two representatives (one from the system office and one from a campus) from the University of Minnesota, State University System, Community College System, and Technical College System. Representatives from the

Private College Council and the STARS Unit within the Department of Administration also are included in the group. The STARS Unit has been developing the telecommunications network for the rest of state government.

Digital Network Linking Hub Sites

The existence of current capacity in Minnesota along with the group's belief that most instructional video activity will occur at a regional level rather than be statewide, led to the proposal for a statewide network connecting regional clusters instead of a statewide net attempting to reach all campuses.

The proposed network for higher educational instructional telecommunication would provide a statewide interconnection of regional interactive instructional video networks. It would allow any site on a regional network to originate or receive programming from a site in another region. The interconnection would provide full time audio to and from all sites and voice activated or instructor-switched video. In other words, all sites would be able to hear all other sites at all times, and would see the instructor on the screen, or a speaker at another site.

The proposed system would be based on digital technology that transmits compressed signals; further, the system should have full DS-1 bandwidth capacity. This allows for audio, video, and data to be transmitted simultaneously on the same network. Consequently, it would allow multimedia classroom presentations that include the video/voice presentation of the teacher simultaneously with graphics and computer demonstrations. In addition, such a network would provide a transmission link for administrative data and student support functions among institutions in different regions.

Analog video technology and the rapidly emerging digital transmission technologies have become the current technologies of choice for those now constructing new networks for instructional transmission. The two technologies can be linked to create a blended network.

Analog technologies transmit a signal providing clear full-motion video capacity. Digital technologies are computer based, translating video images into bits of computerized digits that are then re-translated into video images at the receiving end. Each technology has some advantages and disadvantages.

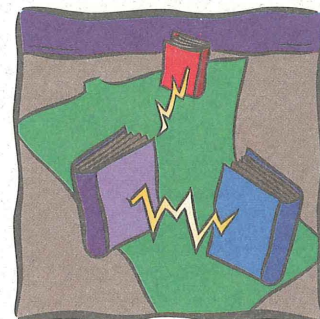
Analog transmission allows for a full motion video signal, like that received on home televisions. The regional networks are mostly analog. Digital technology transmits a compressed video signal of lower quality when there is substantial motion. Improvements in the ability to transmit motion through digital technology, however, are occurring at an increasing rate. Most experts believe that digital technologies will set the standard for the future. Consequently, products, equipment, and software that support digital technology are readily available on the market and undergoing constant improvement.

The proposed system would connect hub sites in each linked regional network. Ten hub sites would be phased in with additional hubs possible in future years.

The appropriation is targeted to cover transmission capacity equipment and system management. This includes funds for leasing equipment and transmission capacity for 5 sites during the last half of Fiscal Year 1994 and for all 10 sites in Fiscal Year 1995. The appropriation would support network activities, including those at hub sites as well as cover non-recurring engineering and installation costs and technical support from the telecommunications services provider.

Coordination/Governance of Network

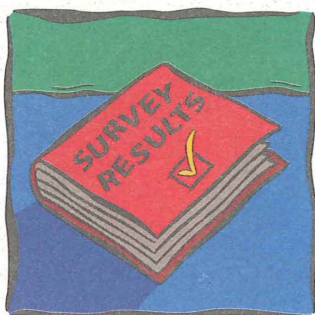
To eliminate the need for a new agency, the Coordinating Board would be the fiscal agent. Funds would flow through the Board, and the Board would be the formal employer of network personnel. Governance/management decisions would be made by a users' council composed of one system level and one campus level representative for each system and one from the Coordinating Board. The council would handle educational policy matters, determine priorities for channel use, and coordinate with campuses, K-12 education, regional educational telecommunications networks, and STARS.



The system would connect hub sites in each linked regional network.

Recommendation 4

Quality Improvement Through Customer Feedback



The Higher Education Coordinating Board recommends that Minnesota's higher education systems and institutions, as well as the Coordinating Board, obtain information from their customers and use it for continuous quality improvement of the educational process.

Specifically, the Board recommends that:

- Campuses/systems identify key customer groups.
- Campuses/systems survey a sample of customers (students, alumni, and employers) to gain information that can be used for continuous improvement.

Rationale: Use information from customers to improve quality

The proposal is not a totally new concept. It builds upon the work already occurring on campuses. Many campuses are surveying some customer groups. Many institutions follow up on recent graduates. In occupational programs, advisory committees made up of representatives from the industry provide information and advice.

In recent years, improving the quality of post-secondary education and increasing its accountability have come to the forefront both nationally and in Minnesota.

Federal law requires post-secondary institutions to disclose annually information on completion rates starting in July 1993. The Minnesota Legislature has directed the Coordinating Board to coordinate the implementation of a graduate follow-up system, starting with information on all graduates of sub-baccalaureate occupational programs in 1992-93 to be published in 1994. In 1991, the Coordinating Board, in partnership with the Minnesota Council for Quality and the Minnesota Academic Excellence Foundation, formed the Partners for Quality Initiative designed to encourage educational institutions to use the Baldrige Award Criteria as one way to apply the concepts of Total Quality Management (TQM) used in business and industry. Eight campuses piloted the customer satisfaction criteria in 1991, and nearly all found the criteria to be applicable to higher education. TQM focuses on continuous improvement and customer satisfaction.

The Governor's Commission on Post-Secondary Education in 1992 recommended that post-secondary campuses and systems identify key customers, seek their input, and design services to meet their needs. The Commission recommended specifically that campuses regularly and routinely survey alumni and employers to ascertain their satisfaction with the quality of education provided.

All these activities reflect the growing recognition that education's customers should be both informed and asked about the quality of education. On one hand, customers want to know more about the outcomes/expectations. On the other, campuses need to know more about what customers want and need in order to continuously improve. Much of what is being required at either the state or federal level looks at the former. What is needed to complete the cycle is a systematic approach to identify key customer groups and solicit and obtain information from them.

Identifying and Surveying Customers

During the past year, the Coordinating Board began an agency-wide process to learn and apply the concepts of Total Quality Management. Staff surveyed more than 100 agency customers and have used the responses to redesign and improve two processes - the Student Educational Loan Fund (SELF) loan process and the development of policy reports.

Additional processes for improvement have been identified and staff will work on those areas.

The Board has learned much from identifying and surveying key customers. The Board believes that higher education systems and campuses also could benefit from this approach. Administration,

faculty, and staff should design a process to identify the institution's (or program's) key customer groups. Once identified, they should determine how to systematically solicit feedback from those customers.

Surveys should ask not only general questions, but be designed to solicit information about specific areas that the institution has focused or is focusing on improving. Some questions might be asked by all campuses, but there should be an opportunity to tailor make some questions for the specific needs of a campus or program within that campus. Some questions may be relevant to customer groups—others should be asked to elicit feedback from specific groups. At times it may be useful to use existing survey instruments, either designed locally or one of the nationally developed instruments; in some cases, a campus may wish to create its own specific questionnaire. Either approach can be appropriate. The key is to provide useful information for the campus to use for improvement.

Some Principles

These recommendations are based on three underlying principles.

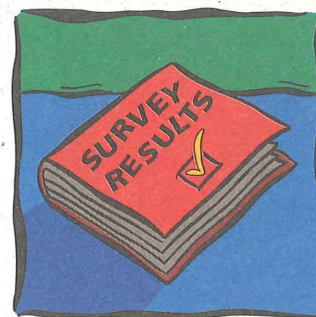
- 1. Improvement is the goal.** Like outcomes assessment, the purpose of this activity is to improve. If campuses are forced to comply, or if all campuses are asked to use a single format or set of questions, the process could be used for accountability - sorting, ranking, rewarding, or punishing—rather than for improvement.
- 2. The process should be voluntary.** Campuses should be encouraged, not required, to comply. A requirement is likely to be resisted and result in meeting the letter but not the spirit of the requirement. During the upcoming biennium, the Coordinating Board will promote the concept through conferences, seminars, and information sharing. Additional campuses interested in the Baldrige criteria and the Partners for Quality initiative will be invited to participate.
- 3. Data should be gathered, analyzed, and reported within the system or campus.** If the data are to be used for improvement, they will be most useful to those most involved with the programs or services. Requiring that information be reported to external groups - the public, the legislature, or Coordinating Board—would be contrary to the intent of using the data for continuous improvement.

Conclusion

The Coordinating Board intends to promote the use of customer feedback for improvement during the next biennium. The Board will sponsor conferences, seminars, and disseminate information about Total Quality Management in higher education. Individual campuses and systems must decide whether or not to commit to TQM.

Even if campuses do not adopt TQM, however, they will benefit by soliciting information and feedback from students, alumni, employers, and others served by higher education and using the information for improvement. Many campuses are engaged in these activities. HECB encourages all campuses to build on current practices in order to :

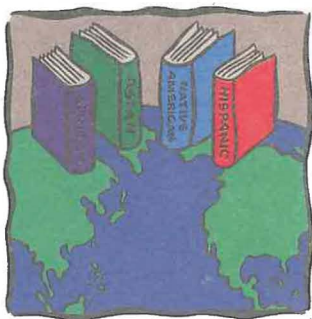
- consciously identify key customer groups
- use information gathered from the customers to improve the educational process.



The Coordinating Board plans to promote the use of customer feedback for improvement.

Recommendation 5

Access and Success for Students of Color



The Higher Education Coordinating Board recommends that the Governor and 1993 Legislature encourage and support increased commitments by Minnesota higher education systems and institutions to enrolling and graduating more students of color.

Specifically, the Board recommends that:

- Increased collaboration occur between post-secondary education staff and elementary and secondary schools to improve academic preparation, high school graduation rates, and transition to post-secondary education.
- The systems' chancellors and governing boards continue their efforts and funding of initiatives to integrate cultural diversity on campuses, including curricular revisions, enrollment and retention of minority students, hiring and retention of minority faculty and staff, successful completion of education programs by students, and improvements to campus climates. Especially critical is support for academic programming, student services, and a supportive, campus-based learning environment.
- Schools and colleges work together to recruit students of color to teaching and educate teachers to work in culturally diverse schools.
- The governor and 1993 Legislature support the Coordinating Board's request to maintain funding for the Summer Scholarship Program for Academic Enrichment.
- The Coordinating Board seek federal and state funding to support community-service learning projects, particularly those that include mentoring and tutoring programs focused on faculty and student involvement with the youth of the target community.
- The governor and 1993 Legislature support the Coordinating Board's request for increases in need-based financial aid.
- The Coordinating Board continue to seek public and private support for its efforts to inform parents of low income, disadvantaged, and students of color about the availability and affordability of higher education and need to plan for it.
- Minnesota support efforts by the Midwestern Higher Education Commission to develop a plan and implement a program to increase the number of tenure track faculty of color at Minnesota public and private colleges and universities.
- Appointing authorities make every effort to ensure that membership on boards with responsibility for education planning, policymaking, and governance reflect the cultural diversity of the state.

Rationale: Provide equity in education, promote social stability

Enrollment of students of color in Minnesota's post-secondary institutions increased 66 percent between fall 1983 and 1991, an increase which paralleled the growth in Minnesota's minority population. Despite the significant enrollment growth, high school graduates of color, overall, participate

in post-secondary education at a rate lower than white high school graduates.

In fall 1991, for example, the participation rate of majority students in Minnesota institutions was 45 percent, compared to 39 percent for students of color. Further, students of color, except for Asians, persist to their second year of higher education at lower rates than majority students. Despite ongoing efforts by the Minnesota's higher education systems and institutions to promote cultural diversity on campuses, further progress and success must occur.

Increasing minority access and success is not only an issue of equity in education, but represents a social imperative to preserve and enhance social stability.

Increased Collaboration

In order to assure access and success for students of color, it will be necessary to increase the number of young people of color who complete high school, and then work with high schools to improve the transition of these students to post-secondary education. Although the number of high school graduates of color has been increasing since the early 1980s compared to a decrease in white graduates, the dropout rate of students of color is about three times as great as for white students, and has been increasing since the early 1980s.

The Coordinating Board is involved in the activities of the Minnesota Minority Education Partnership, a collaborative effort of individuals committed to increasing the numbers of Minnesota students of color who graduate from secondary and post-secondary institutions. Efforts to serve students of color depend on collaboration by higher education with public schools, other colleges, and community agencies. Post-secondary institutions must team with school districts to raise the goals and expectations of minority students and to strengthen academic preparation.

Cultural Diversity

Current initiatives to promote cultural diversity by system chancellors and governing boards need to continue, even during times of fiscal constraints. It is crucial that the campus climate be friendly if students of color are to succeed. Special programs need to be in place that will make the learning environment less frightening for students during times they may be prone to failure. The systems' chancellors and governing boards should continue to monitor progress toward their stated goals.

Moreover, chancellors and governing boards should look beyond the immediate campus into their communities. If they are to succeed in creating campus-based learning environments conducive to quality learning by all students, they need to understand the support systems provided by the local community; they can be as essential to the quality of life for a diverse population as curriculum or retention strategies.

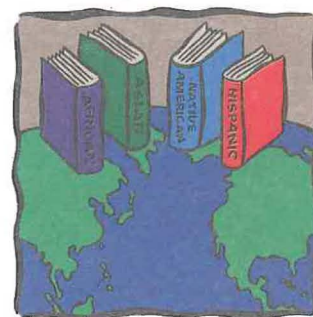
Recruiting and Educating Teachers of Color

Despite a general oversupply of teachers, Minnesota school districts recruit out of state to find teachers of color to diversify their teaching staffs. Nine percent of Minnesota elementary and secondary school students are from minority racial or ethnic backgrounds, but the current teaching force is less than two percent minority. The disparity is particularly acute in the Minneapolis and St. Paul school districts. In 1989-90, Minnesota prepared 56 new teachers of color, again less than two percent of all teacher education graduates. In addition to educating more teachers of color, teacher education must teach all students to work in culturally diverse schools and to succeed in teaching students of color.

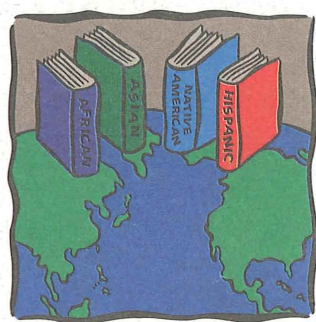
Over half of Minnesota's teacher education institutions report having directed efforts to increase the number of teachers of color. As the minority school population increases, it will be important to develop strategies and sustain funding for efforts that target the development of teachers of color. Incentives should be encouraged for people of color to enter teaching professions.

Summer Scholarship Program

Currently, more students in grades 7 to 12 apply for summer scholarships than there are funds. Because of this situation, limits have been placed on the family income level to qualifying students who wish to attend summer academic programs sponsored by post-secondary education institutions. The annual appropriation of \$214,000 has not changed since the program's implementation in 1986. Although the state's projected budget deficit may preclude funding increases in the 1994-95 biennium, it will be important, at a minimum, to maintain the current funding level. Efforts by the Coordinating Board and the Minnesota Minority Education Partnership have resulted in increased participation and awareness of summer enrichment programs for students of color and students of



Cultural diversity initiatives need to continue, even during times of fiscal constraint.



A strong financial aid program provides the foundation to ensure access and choice for all students.

low income families. However, many needy students have been denied access to these resources because of the underfunding of the program.

Community Service

Campus community service projects that include mentoring and tutoring programs for college students with elementary-secondary students can make a dramatic difference in the self-esteem, motivation, and progress in learning by the younger students.

The 1989 Minnesota Legislature created the Campus Community Service Grant Program to support and encourage college/university involvement in community-service learning projects with an appropriation of \$150,000 to the Higher Education Coordinating Board. Grants were distributed to 12 campuses; 2,360 students were engaged as tutors and mentors to youth at risk. Based on evaluations conducted by each campus, almost all the youth who received tutoring or mentoring made significant academic, personal, or social gains as a result of their interaction with the college students.

During 1992-93, Minnesota received \$150,000 in federal funds to support the Minnesota Higher Education Innovation Projects for Community Service Programs.

Future federal and/or state financial support will help encourage additional campus community service projects, many of which benefit students from minority or disadvantaged backgrounds.

Need-Based Aid

The state's need-based financial aid programs are designed to provide residents an opportunity to pursue a post-secondary education that can best meet their needs regardless of their economic circumstances. A strong state financial aid program provides a foundation on which to help ensure access and choice for students from all racial/ethnic backgrounds.

Information for Parents

As part of a statewide campaign to inform parents about the importance of academic and financial planning, the Coordinating Board has initiated an outreach effort that targets parents of students of color and lower income families. The project includes broad-based outreach through existing community organizations and a pilot program with the St. Paul School District. The outreach effort is supported by private contributions as well as state funds. Continued public and private support will be necessary to further develop the outreach program.

Tenure Track Faculty of Color

The Midwestern Higher Education Commission has developed a proposal, supported by private foundation funding, to address the underrepresentation of minority faculty in higher education. Despite intensified college and university recruitment efforts, the number of Ph.D. faculty of color entering the academic marketplace continues to decline. Moreover, the distribution of practicing faculty of color is uneven across academic disciplines. Thus far, a grant for \$80,000 has been provided to the Commission by the St. Paul Companies. The Higher Education Coordinating Board has agreed to serve as fiscal agent.

Diversity on Education Boards

In order to promote minority access and success in higher education, members of education boards must be sensitive to the background and needs of students of color. Thus, appointing authorities should strive to ensure that their selection of board members reflects the state's diverse cultures. Diverse membership alone is not enough to address the needs of students of color. Agendas of these boards need to consistently meet the dramatic demographic and cultural changes of society.

The Higher Education Coordinating Board recommends that the Governor support and the 1993 Legislature enact a plan to enhance the transitions of students between education and employment with the goal of improving the quality of Minnesota's workforce preparation and development.

Recommendation 6

Workforce Development

Rationale: Develop world-class workforce, compete globally

Workforce development will be a key strategic issue for Minnesota in the rest of the 1990s and the 21st Century. Meeting the challenge of developing a world class workforce will require substantial changes in current systems and practices.

There is a growing realization that a mismatch exists between what students learn in school and what employers need, and that this mismatch is affecting the nation's global competitiveness.

Further, the need to develop a more dynamic system of workforce preparation stems from a recognition that the current system of human resource development pays inadequate attention to the skills required to compete in a global marketplace. The existing system prohibits the use of some work strategies and makes it difficult, if not impossible, to use some of the newer technologies. As a result, the United States often trails other nations in product quality and efficiency.

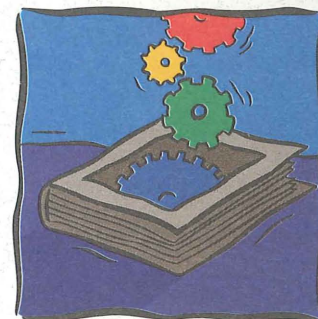
Improving the nation's competitive position will require workers to have a higher level of education and skills that more closely match those of other nations. Several concerns underscore the need for preparing a more dynamic workforce. In particular, the educational system needs to:

- give increased emphasis to preparing people adequately for work;
- instill in students a greater sense of careers and employment;
- more adequately address the needs of students not planning to attend college or those wanting to pursue college, but not seek a baccalaureate degree;
- increase the integration of technical preparation and liberal arts education;
- more closely relate academic preparation to work in a technological society;
- more adequately recognize and be more responsive to the changing nature of work;
- invest in the upgrading or retraining of the workforce.

Concerns emphasized in national reports

These concerns have been identified and emphasized in several national reports. "America may have the worst school-to-work transition system of any advanced industrial country... education is rarely connected to training and both are rarely connected to an effective job service function." That was the conclusion of *America's Choice: high skills or low wages!* prepared in June 1990 by the Commission of the Skills of the American Workforce, under the auspices of the National Center on Education and the Economy. The report argues that the United States is attempting to compete on the basis of low wages and low skills rather than high skills, with the result being a declining standard of living; foreign competitors are building their economies on higher skills and higher wages by insisting that virtually all their students reach a higher educational standard.

Another major national report, *What Work Requires of Schools*, published in July 1991, found that the United States never has devised a comprehensive method of developing the skills of youth to match the needs of the workplace. The report, by the U.S. Secretary of Labor and members of the



Secretary's Commission on Achieving Necessary Skills (SCANS), said that, unfortunately, more than half the students leave school without the knowledge or foundation skills required to find and hold a good job.

In August 1992, the National Governors' Association issued a report, *Enhancing Skills for a Competitive World*. It said that governors should expand options for non-college bound students, consolidate workforce training programs, increase investment in continuing education, and restructure the role of colleges and universities. The report emphasized that school counselors need to work more closely with non-college bound students to provide vocational guidance.

During their August conference, governors were told that expanded education reform efforts must include apprenticeship programs focusing on academic and job-related skills. Of particular importance, they were told, is the need to improve education and job opportunities for those students who don't intend to attend a four-year college.

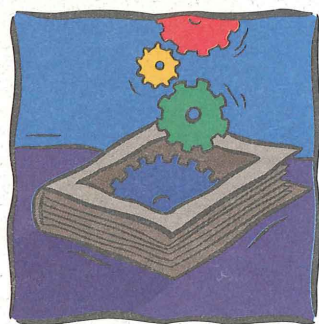
Recommendations for Minnesota

The Coordinating Board believes that Minnesota must develop policies to foster more dynamic workforce development by strengthening the links between academic preparation and workforce demands. The 1991 Minnesota Legislature directed the State Council on Vocational Technical Education to establish a task force on education and employment transitions. The task force is to develop a statewide plan for implementing programs for education and employment transitions. Following completion of the task force report in January 1993, the Coordinating Board will review it.

Under the law authorizing the task force, "education and employment transitions" is defined as those processes and structures that provide an individual with awareness of employment opportunities, demonstrate the relationship between education and employment, the applicability of education to employment, identify an individual's employment interests, and assist the individual to make transitions between education and employment.

Several states already have enacted laws and programs to advance workforce development, including Oregon, which may have the most far reaching plan; other states are Wisconsin, Indiana, Washington, and Texas. Wisconsin's School to Work initiative, passed in 1991, created a 10th grade "gateway assessment," (a certificate of initial mastery), mandated the development of tech prep programs in every school district, and created a statewide youth-apprenticeship program.

Enacting significant changes that enhance education to work transitions will be difficult, but necessary if Minnesota is to compete nationally and internationally. The governor and 1993 Legislature should support plans that lay the foundation for significant progress in workforce development.



***Minnesota needs to
strengthen links between
academic preparation
and workforce
demands.***

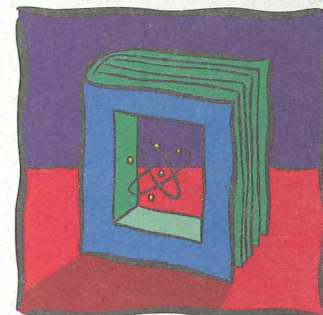
The Higher Education Coordinating Board recommends that the Governor and 1993 Legislature support proposals that will strengthen the quality of science and technology education in Minnesota.

Recommendation 7

Science and Technology Policy

Specifically, the Board recommends that:

- Post-secondary education develop programs and partnerships with elementary and secondary education and industry to improve mathematics and science education for all students, and to raise the number of students choosing science, technology, and mathematics majors and occupations.
- The governor and 1993 Legislature and broader community support the following four goals that contribute to a science and technology policy for Minnesota:
 - strengthen science and technology education at the primary and secondary level for competence, relevance, and world-wide competitiveness;
 - strengthen the capabilities of the state's higher education institutions in instruction, research, and training, particularly science and technology;
 - strengthen programs which provide technical and other skills for the workforce and assure a capability for them to adapt and function in the 21st Century;
 - increase public understanding of science and technology.
- The governor and 1993 Legislature continue to support the state's proposal for a \$10 million grant to the National Science Foundation's Systemic Initiative.



Rationale: Minnesota's future depends on excellence in science and technology

Science and technology are important to every citizen, both in an increasing number of occupations and in personal and public decisionmaking. Yet, as the Coordinating Board's statewide study of post-secondary access and needs pointed out, not enough Minnesotans are achieving higher levels of education needed in science, technology, or mathematics. There is particular urgency in increasing numbers of women and students of color who are prepared for scientific and technical careers.

One of the state's highest priorities should be excellence in science and technology. Whether it is to educate the research scientist for the future of the state, or for developing a technologically advanced workforce for the 21st Century, Minnesota's future depends on these disciplines.

Partnerships

Although higher education has a key role to play to increase learning in mathematics and science, a comprehensive approach also will require sustained efforts by elementary and secondary education, employers, and other stakeholders. A variety of stakeholders have been involved in developing *A Science and Technology Policy for Minnesota: An Agenda for Action* and a grant proposal to the National Science Foundation.

The Coordinating Board believes that academic expectations for students should be stated clearly and emphasized, particularly those that relate to higher achievement in science and math. Improvements are needed in teacher education and teaching strategies in science and math so that students master the material. Increased enrichment opportunities are needed for secondary school students; increased funding and full use of current capacity in undergraduate engineering programs are needed before new programs are added. Partnerships should be developed and provide information to high school and college students on the importance of science and math literacy in the 21st Century.

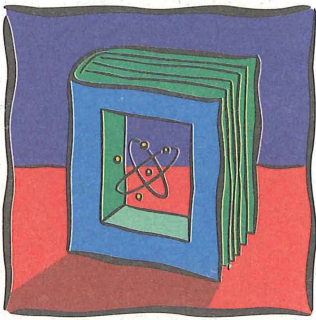
Agenda for Action

A proposal to shape the state's science and technology policy was an outgrowth of three policy development sessions in 1991 organized by the Hubert H. Humphrey Institute of Public Affairs. The education section includes four goals and 29 action items. The action items are given priority rankings, timelines, and assigned to various stakeholders. Follow-through on the goals and specific activities is critical for the state to improve science and technology education. The Higher Education Coordinating Board and Humphrey Institute on October 20, 1992 co-sponsored a meeting for key stakeholders in the state's educational community to assess progress in meeting the goals and activities.

National Science Foundation Grant

The major aim of Minnesota's proposal to the National Science Foundation is to implement new national standards for curriculum, assessment, and teaching of math developed by the National Council of Teachers of Mathematics. The proposal, developed under leadership of the Minnesota High Technology Council, involves cooperation from educators, businesses, the governor, and legislature. The Coordinating Board would be the fiscal agent.

The state and private funding sources will need to match the federal grant dollars; the state's proposal budgets \$4 million per year for five years; \$2 million from the National Science Foundation and \$2 million from business and government.



***The aim of the NSF
proposal is to implement
new national standards
in math education.***

The Higher Education Coordinating Board recommends that the Governor and 1993 Legislature support efforts by Minnesota's post-secondary systems and institutions to strengthen the prevention of sexual harassment and violence on campuses.

Recommendation 8

Prevention of Sexual Harassment and Violence

Specifically, the Board recommends that:

- The 1993 Legislature consider recommendations provided by the Coordinating Board based on its review of campus policies on sexual harassment and sexual violence, and professional education on violence prevention—and help effect any necessary follow-up action.

Rationale: Ensure campuses are safe and secure for students

Crime and violence were priority problems for the 1992 Minnesota Legislature, resulting in comprehensive education, law enforcement, and treatment strategies. As a result, higher education is required to increase protection for potential sexual assault victims and to improve the training of professionals who work with victims and violent offenders. The higher education community has a responsibility not only to ensure that campuses are safe and secure for students, but to provide leadership and set a good example for the entire community in preventing harassment and violence.

Campus Plans on Sexual Harassment and Violence

The 1992 Minnesota Legislature directed Minnesota post-secondary institutions to strengthen programs to prevent sexual harassment and violence. All public and private institutions participating in the State Grant Program must develop plans that include mandatory training and improvements in campus security. Each institution's plans must include: an evaluation of current security, education, and training programs that help protect people from sexual harassment and violence; a description of improvements that the institution is prepared to make within the next three years; and an implementation schedule and cost estimates.

Campus plans for security, education, and training will be reviewed for the 1993 Legislature by the Coordinating Board and the Attorney General's Office.

Implementation of campus plans likely will require additional funding which may be difficult to accommodate within existing higher education budgets. The projected state budget shortfall will make it difficult to obtain the additional funding. As a result, the governor, legislature, and higher education community will need to determine how to assure timely implementation of campus efforts to prevent sexual harassment and violence.

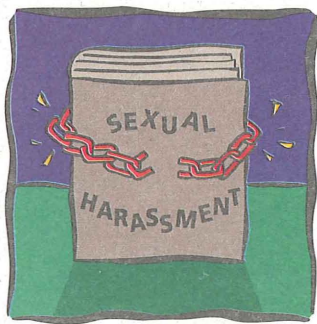
Sexual Harassment and Violence Policies

Since 1989, institutions participating in the state financial aid programs have been required to have a written policy on sexual harassment and sexual violence. The Coordinating Board is charged with coordinating policy development and periodically reviewing campus policies. The Board publishes a semiannual newsletter to share information among people in Minnesota post-secondary institutions who are working on the problems of sexual harassment and sexual violence. Statewide conferences to promote this legislation were sponsored by the Board in 1989 and 1991.

Amendments in 1992 require that the policies now address specific rights for victims of assaults that occur on institution-owned property. Institutions must provide sexual assault victims with assistance in pursuing complaints through the criminal justice system and internal grievance/disciplinary procedures.

Victims must be informed about these rights and about support services available through the





***The Coordinating Board
is to report to the
legislature by February
15 on the results of
mandated activities.***

Crime Victims Ombudsman and the Minnesota Crime Victims Reparations Board. Recent federal legislation also will require institutions to review their policies and procedures on sexual assaults. Sexual harassment and violence policies and procedures need to be reviewed against the new statutes. In January 1993, the Coordinating Board will request copies of institutional harassment and violence policies to review compliance with the added state requirements.

Professional Education About Violence and Abuse

The 1992 Minnesota Legislature charged the Coordinating Board with several activities to strengthen the training of education, health, human services, and law enforcement professionals about the extent and causes of violence and approaches to working with violent offenders and victims of violence.

The following occupations are named in the legislation: teachers, school district administrators, school district professional support staff, child protection workers, law enforcement officers, probation officers, lawyers, physicians, nurses, mental health professionals, social workers, and guidance counselors.

The legislation calls for:

- An inventory of existing post-secondary courses and programs on the extent and causes of violence and professional responsibilities toward victims and offenders.
- A survey of recent Minnesota graduates working in the professions named in the legislation to assess the adequacy of the education they received about violence.
- Recommendations to professional education programs to strengthen curricula about violence from a committee made up of representatives of post-secondary systems and licensing boards.
- Recommendations on the use of telecommunications for staff development from a committee made up of representatives of the Departments of Education, Health, Human Services, and Administration.
- Grants to post-secondary institutions for professional training about violence.

The Coordinating Board is required to report to the legislature by February 15, 1993 on the results of the course inventory, graduate survey, recommendations on curricula, and recommendations on telecommunications use.

Approximately \$115,000 will be available in spring 1993 for grants to institutions.

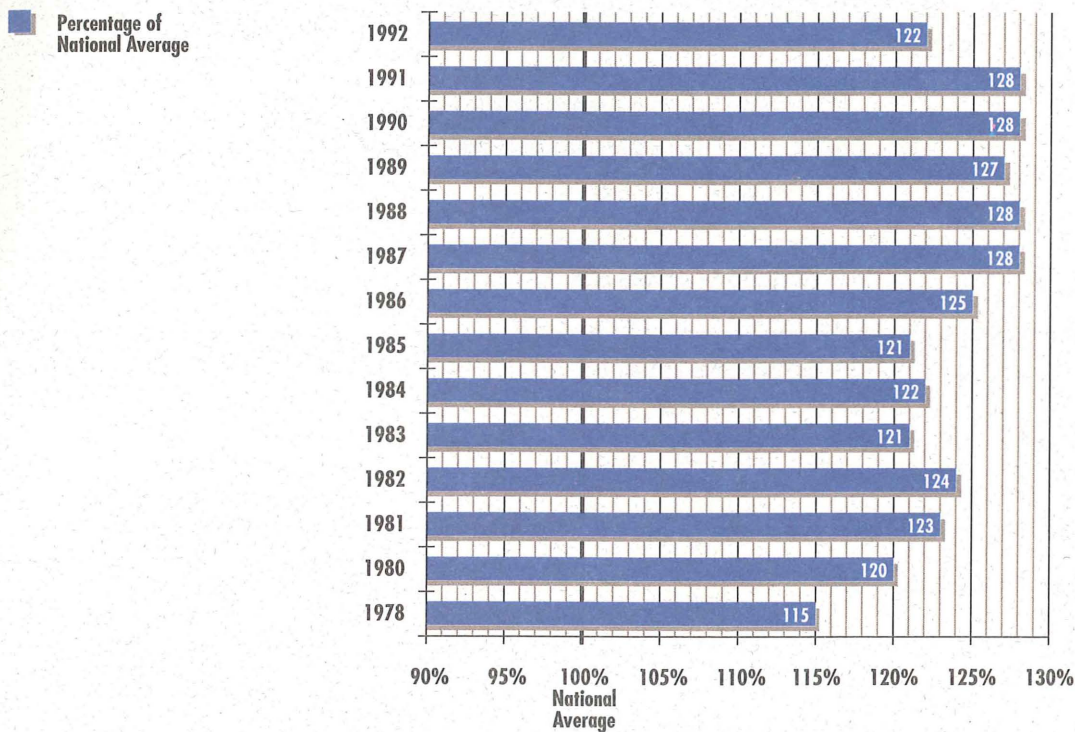
Participation

By virtually any measure, Minnesotans have high levels of participation in post-secondary education. In fall 1991, about 44 percent of Minnesota's high school graduates from the previous spring enrolled in a Minnesota post-secondary institution. The participation rate is approximately 57 percent when one adds high school graduates who choose to enroll in an institution outside Minnesota. Follow-up surveys of what happens to high school students a year after graduation indicate that about 68 percent have been involved in some type of educational activity. An estimated 89 percent of Minnesota high school graduates enroll in at least one post-secondary education course within six years of completing high school.

Minnesota's annual public full-time equivalent enrollment per 1,000 population was 40.1 in 1991-92, or 122 percent of the national average of 32.9, as shown in *Figure 1*. Minnesota ranked 11th nationally, down from its fourth place ranking in 1990-91.

Annual Full-Time Public Students Per 1,000 Population as Percentage of National Average

Figure 1



Source: Research Associates of Washington, *Financing Public Higher Education, 1978-1992*

Trends

By any measure, Minnesotans have high levels of participation in post-secondary education...

Minnesota's annual public full-time equivalent enrollment per 1,000 population in 1991-92 was 122 percent of the national average...

Headcount enrollment increased 14 percent between fall 1985 and 1991 despite decreases in high school graduates...

Headcount enrollment peaked in fall 1990 and declined in 1991 and 1992...

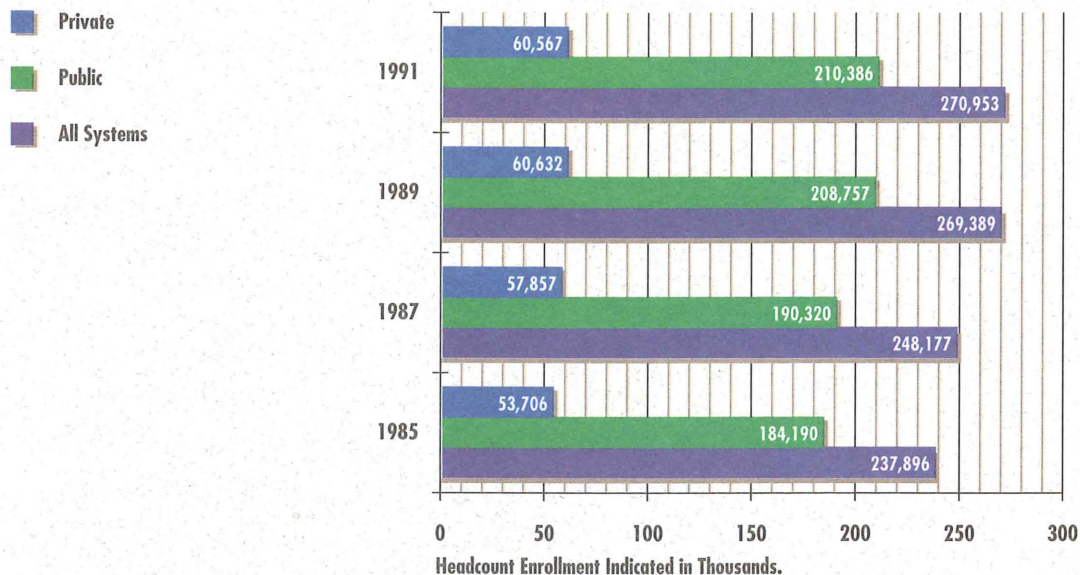
Post-secondary education enrollment continued to grow between 1985 and 1991, despite decreases in the number of high school graduates. Between fall 1985 and 1991, headcount enrollment increased by 13.9 percent, from 237,896 to 270,953, as shown in *Figure 2*. Enrollment in public institutions increased by 14.2 percent, and enrollment in private institutions increased by 12.8 percent.

Headcount enrollment, however, peaked in fall 1990 at 280,846, before dropping by 3.5 percent to 270,953 in fall 1991. Preliminary fall 1992 figures indicated a small decrease from the previous year.

As shown in *Figure 3*, 77.6 percent of the students attended public institutions in fall 1991,

Headcount Enrollment in Public and Private Post-Secondary Education Systems, 1985-1991

Figure 2



Source: Minnesota Higher Education Coordinating Board.

Distribution of Minnesota Post-Secondary Education Headcount Enrollment, Fall 1991

Figure 3



Headcount Enrollment Indicated in Percentages.

Source: Minnesota Higher Education Coordinating Board.

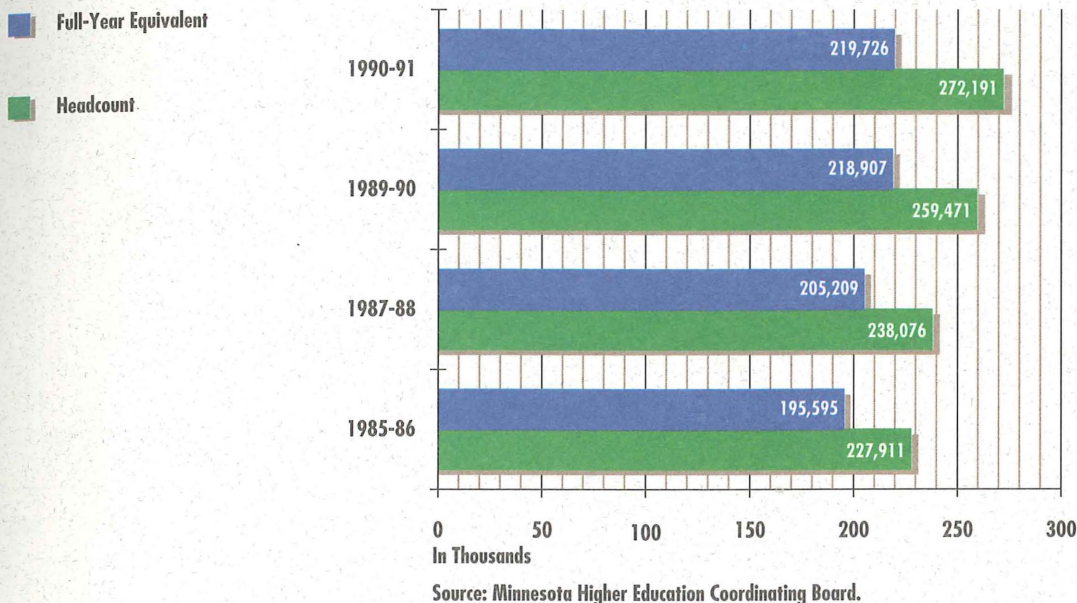
and 22.4 percent attended private institutions. The largest proportion, 22.9 percent, attended state universities.

Several factors contributed to the enrollment growth in the 1980s—increases in persistence of new entering students, growth in nonresident enrollment, increased participation of older students, and increases in students of color.

During the period, full-year equivalent (FYE) enrollments, like headcount enrollments, continued to grow.* Between 1985 and 1990, fall headcount enrollment increased 19.4 percent, while FYE for the respective years increased by 12.3 percent, as seen in *Figure 4*. These headcount figures are lower than *Figure 1* because they exclude private vocational schools.

Fall Headcount and Full-Year Equivalents (Excluding Private Vocational Schools), 1985-1990

Figure 4



77.6 percent of students attended public institutions in fall 1991 and 22.4 percent attended private institutions...

Between 1985 and 1990, headcount enrollment increased 19.4 percent and full-year equivalent enrollment increased 12.3 percent...

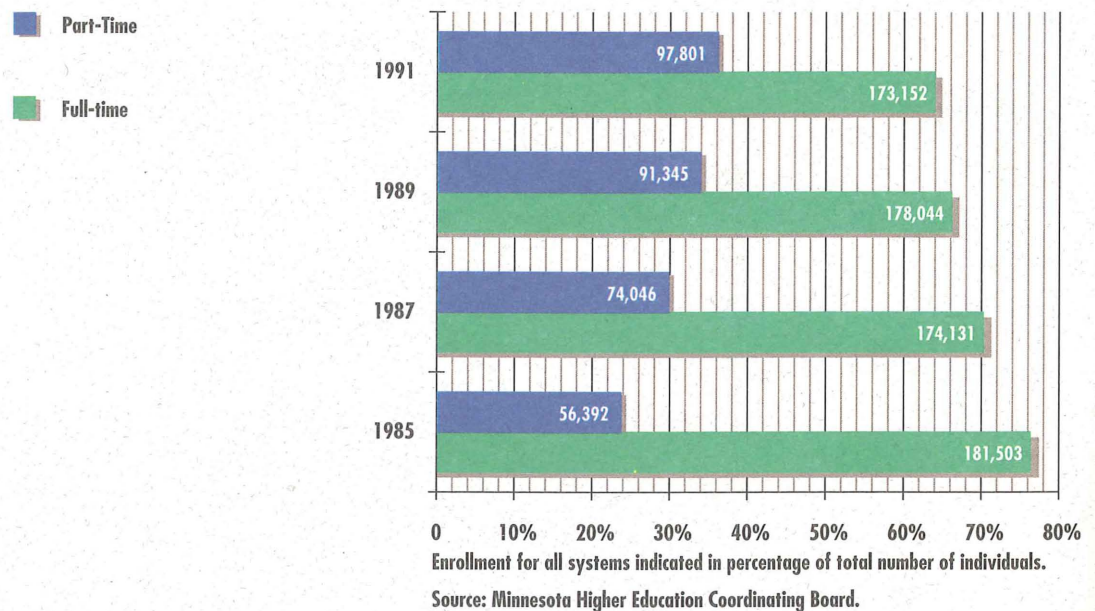
* Full-year equivalent enrollments represent the most accurate measure of instructional volume at an institution. State funding to institutions is based on FYE enrollments. Headcount enrollment represents the number of students on campus, including those attending full-time and part-time. FYE enrollment counts are calculated by dividing the total number of credit hours generated in that year by the normal full-time credit hour load at an institution. Average daily memberships (ADM) are counted for public technical colleges. They are based on clock hours of instruction. One ADM receives 1,050 hours of instruction.

Part-time enrollment continued to grow and peaked at 37 percent of total headcount enrollment in fall 1990, before dropping to 36.1 percent in fall 1991. Part-time enrollment made up 23.7 percent of total enrollment in 1985. Between fall 1985 and 1991, full-time enrollment decreased by 4.6 percent, while part-time enrollment increased by 73.4 percent, as shown in Figure 5.

Female enrollment continued to increase during the period. Between 1985 and 1991, the number of females increased by 21.3 percent, while enrollment of males increased by 6.4 percent. In fall 1991, females represented 54.2 percent of total enrollment, an all time high, as shown in Figure 6.

Full-Time and Part-Time Enrollment, All Systems, 1985-1991

Figure 5

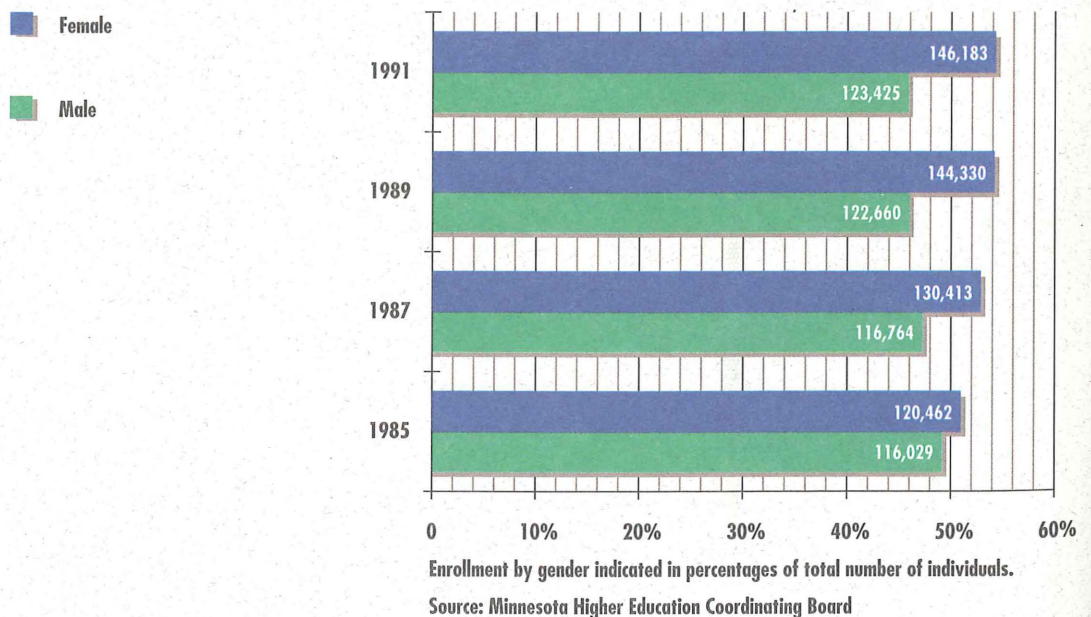


Part-time enrollment increased 73.4 percent between 1985 and 1991 while full-time enrollment decreased 4.6 percent...

Females represented 54.2 percent of total enrollment in fall 1991, an all-time high...

Headcount Enrollment by Gender, All Systems, 1985-1991

Figure 6

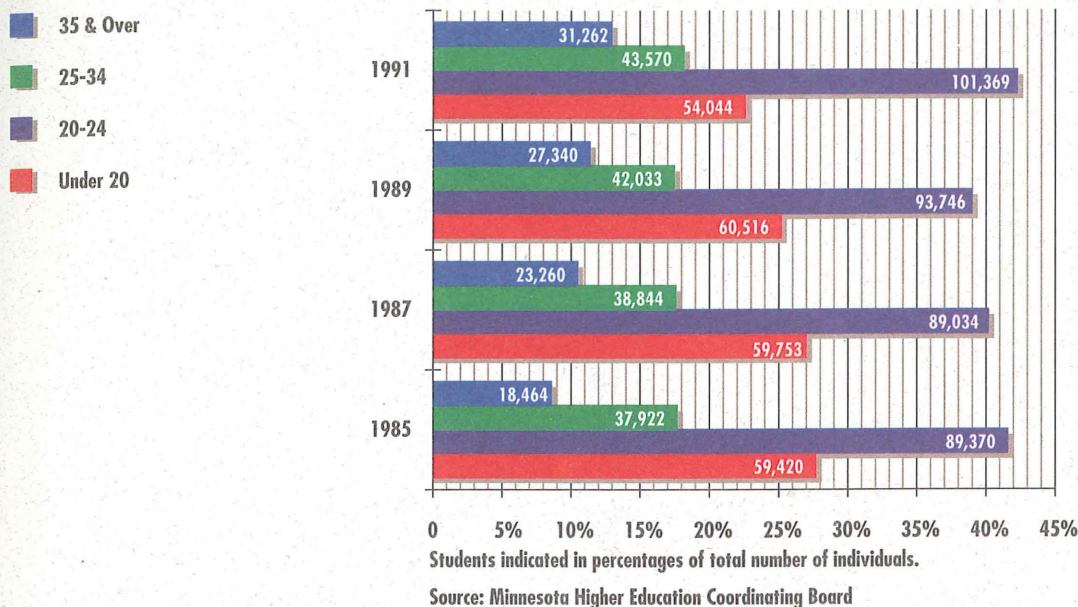


The proportion of older students enrolled in Minnesota post-secondary education continued to increase during the period. In 1991, 31.2 percent of undergraduate enrollment was 25 or older compared to 26.3 percent six years earlier. In 1991, 22.6 percent of the students were under 20 compared to 27.7 percent in 1985. Between 1985 and 1991, enrollment increased by 69.3 percent for students 35 and over, 14.7 percent for students 25 to 34, and 13.4 percent for students 20 to 24; enrollment decreased by 9 percent for students under 20, as seen in *Figure 7*.

Enrollment of high school students continued to grow under the Post-Secondary Enrollment Options Program, which began in 1985-86. The program allows high school juniors and seniors to attend post-secondary institutions tuition free. Enrollment in the program, as shown in

Age Distribution of Undergraduate Students, 1985-1991

Figure 7



The proportion of older students continued to increase during the latter half of the 1980s and early 1990s...

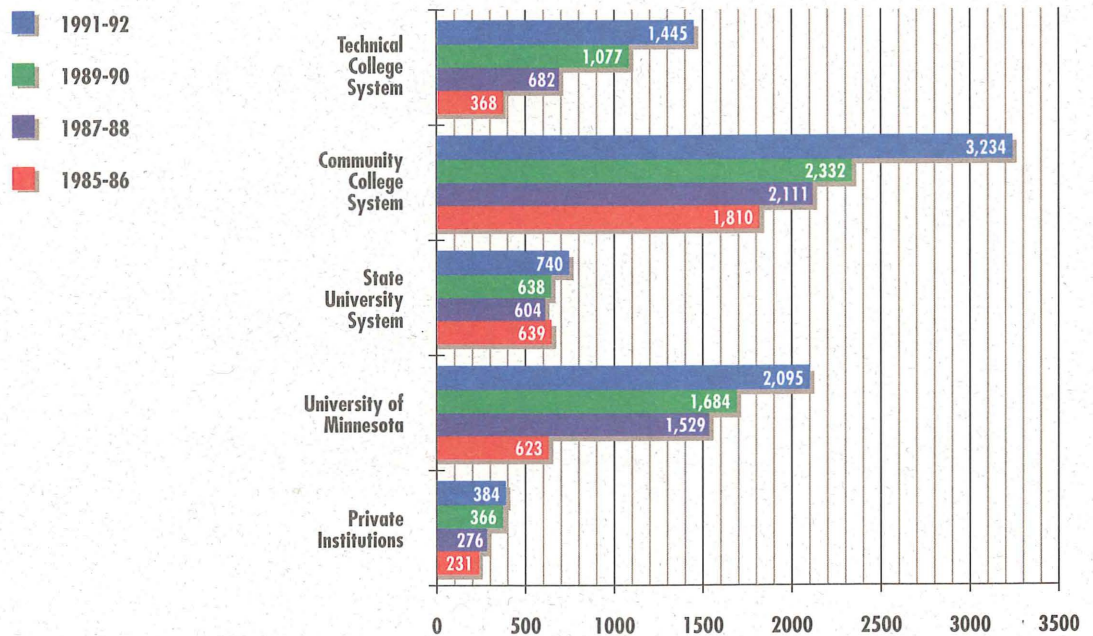
In 1991, 31.2 percent of undergraduate enrollment was 25 or older compared to 26.3 percent six years earlier...

Figure 8, increased by 52 percent between 1987-88 and 1991-92, from 5,202 to 7,908. During the period, enrollment increased by 66 percent in private institutions, 39 percent in the University of Minnesota, 23 percent in the State University System, 53 percent in the Community College System, and 119 percent in the Technical College System.

*Enrollment of students
in the Post-Secondary
Enrollment Options
Program increased
by 52 percent between
1987-88 and
1991-92...*

Post-Secondary Enrollment Options Program, 1985-1986—1991-1992

Figure 8

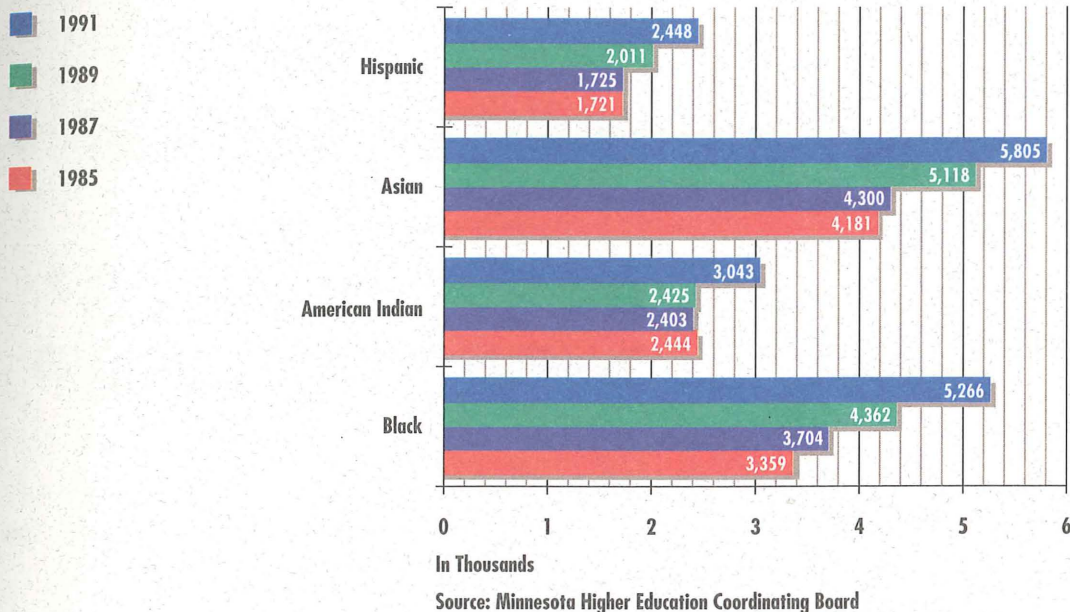


Source: Minnesota Department of Education

Enrollment of students of color increased by 41.5 percent between 1985 and 1991, as shown in *Figure 9*, while enrollment of white students grew by 12.7 percent. Minority enrollment as a percentage of total enrollment increased from 5.3 percent in 1985 to 6.5 percent in 1991. Between 1985 and 1991, enrollment increases were 39 percent for Asians, 25 percent for American Indians, 57 percent for Blacks, and 42 percent for Hispanics. These figures do not include students who were nonresident aliens or whose racial/ethnic background was not reported.

Total Headcount Enrollment by Racial/Ethnic Groups, 1985-1991

Figure 9



Enrollment of students of color increased 41.5 percent between 1985 and 1991...

Minority enrollment as a percentage of total enrollment increased from 5.3 percent in 1985 to 6.5 percent in 1991...

*Increased rates
of persistence
contributed to
enrollment increases
while the number
of new entering
students declined in
some systems...*

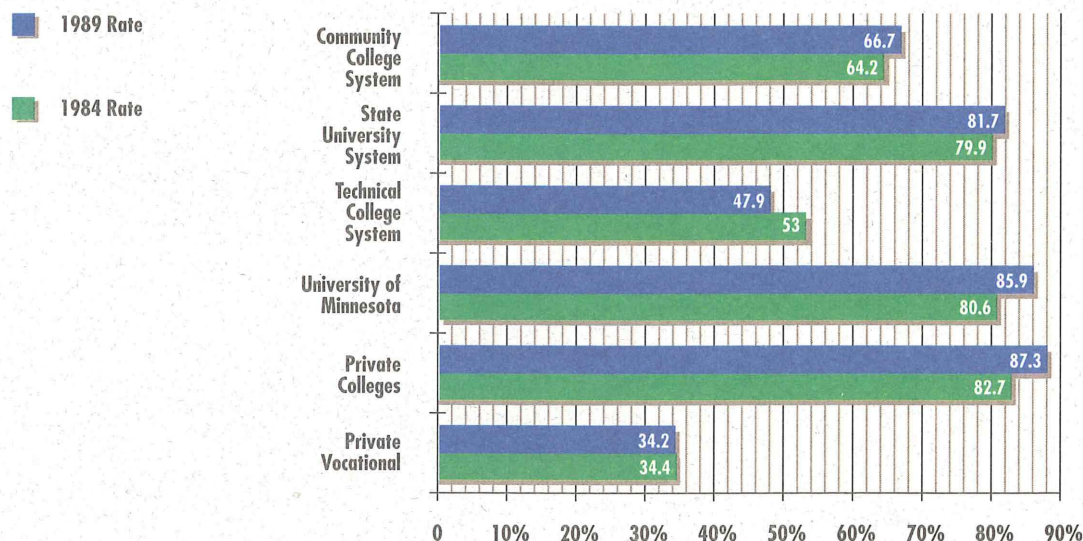
Increased rates of persistence, or continuation of studies, by full-time, new entering students contributed to enrollment increases at a time when the number of new entering students declined in some systems. *Figure 10* compares the persistence rates of full-time new entering students in 1984 and 1989 to the second year of attendance—fall 1985 and fall 1990.

Figure 11 provides a similar comparison for full-time new entering students in 1984 and 1987 to the fourth year of attendance—fall 1987 through fall 1990. These rates combine persistence within a system and persistence at institutions in other systems.

Comparison of persistence, especially between sub-baccalaureate and baccalaureate systems, is not always appropriate. Community colleges, which serve students transferring to bac-

Persistence to Second Year of Full-Time New Entering Students by System, Fall 1984 and 1989

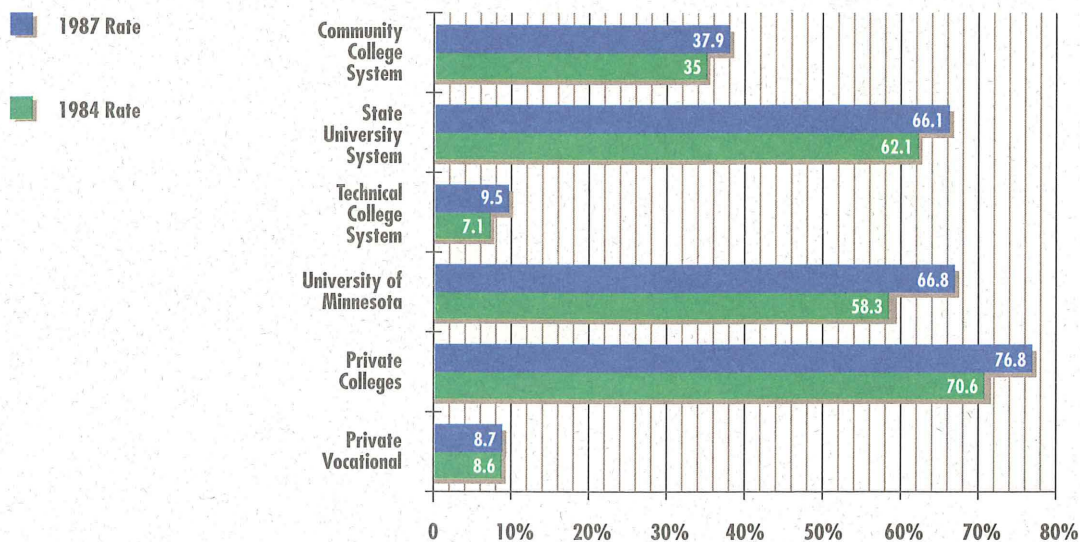
Figure 10



Source: Minnesota Higher Education Coordinating Board

Persistence to Fourth Year of Full-Time New Entering Students by System, Fall 1984 and 1987

Figure 11



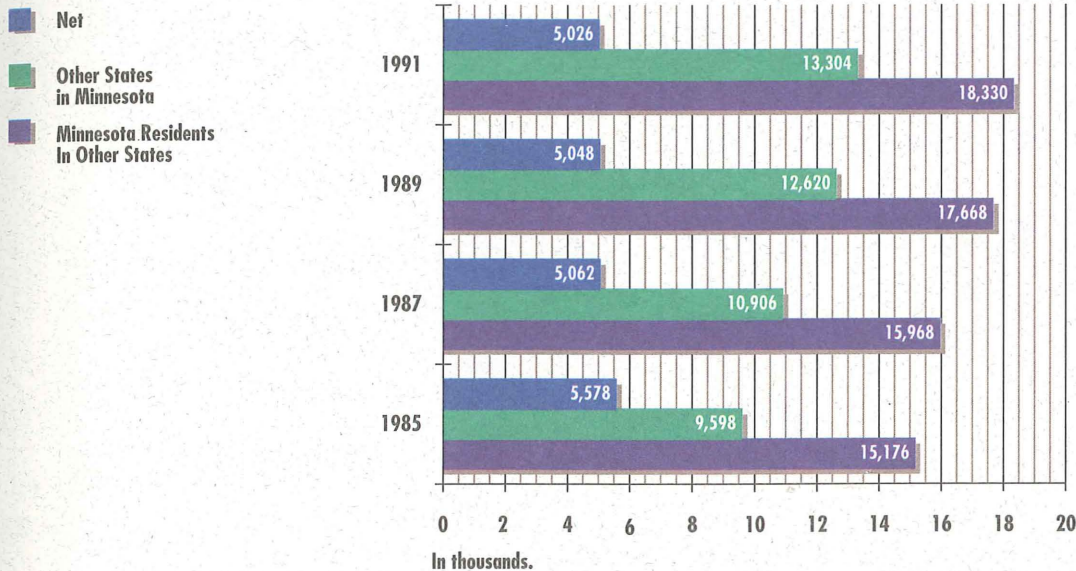
Source: Minnesota Higher Education Coordinating Board

calalaureate institutions, have a variety of programs that conclude in two years or less. Many students in these programs do not persist beyond the first or second year. Because virtually all programs at technical colleges and private vocational schools are of two years or less, many students do not persist beyond the second year.

Overall participation in tuition reciprocity programs by students from the Dakotas, Wisconsin, Minnesota, and Iowa increased by 28 percent, or 6,860 students, between 1985 and 1991. The number of Minnesota students attending institutions in reciprocity states increased by 21 percent; meanwhile, the number of students from neighboring states attending Minnesota institutions grew by 39 percent. The net outflow from Minnesota to neighboring

Interstate Tuition Reciprocity, 1985-1991

Figure 12



Source: Minnesota Higher Education Coordinating Board.

Overall participation in tuition reciprocity programs increased by 28 percent between 1985 and 1991...

The net outflow from Minnesota to neighboring states declined by 10 percent between 1985 and 1991...

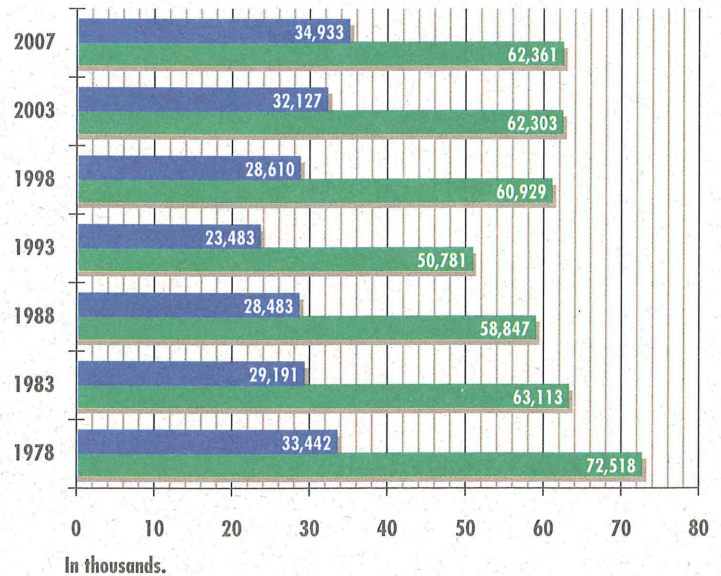
states declined by 10 percent, as seen in *Figure 12*.

The enrollment growth of the past decade occurred despite a decrease in the number of high school graduates. The number of high school graduates peaked at 72,518 in 1978, then declined by 32 percent to 49,569 in 1991. Following a low of about 49,289 in 1992, the number of high school graduates is projected to increase by 29 percent to 63,555 in the year 2000; this is 442 more graduates than in 1983, as seen in *Figure 13*. By the year 2007, 56 percent of high school graduates will be from the metro area compared to 46 percent in 1970 and 47 percent in 1991.

Actual and Projected Annual High School Graduates by State and Metro Area, 1978-2007

Figure 13

■ 7 County Metro
■ State



1978-1988 figures are actual graduates, 1993-2007 figures are projections.

Source: Minnesota Higher Education Coordinating Board.

The number of high school graduates peaked at 72,518 in 1978, then declined by 32 percent to 49,569 in 1991...

The number of high school graduates is projected to increase by 29 percent from 1992 to 63,555 in the year 2000...

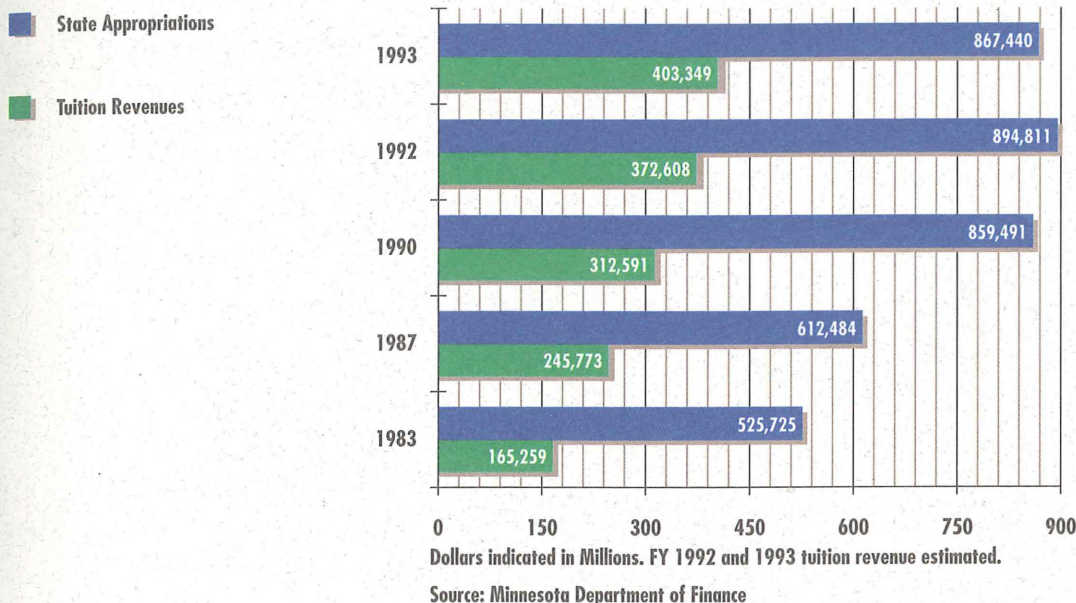
Taxpayers and students share the primary responsibility for funding Minnesota higher education. Taxpayer contributions are reflected in state appropriations to Minnesota's four public higher education systems and for student financial aid. Student contributions are reflected in revenue from tuition.

Total state appropriations to the four public systems increased by 65 percent between Fiscal Years 1983 and 1993, from \$525.7 million to an estimated \$867.4 million, as shown in *Figure 14*. Tuition revenue, however, increased by 144 percent during the period. In constant dollars, adjusted for inflation, state appropriations increased by 6.9 percent. Between Fiscal Years 1990 and 1993, constant dollar appropriations decreased by 12 percent. Tuition revenue increased by

Investment

State Appropriations and Tuition Revenues for Minnesota Public Systems in Current Dollars, FY 1983 -1993

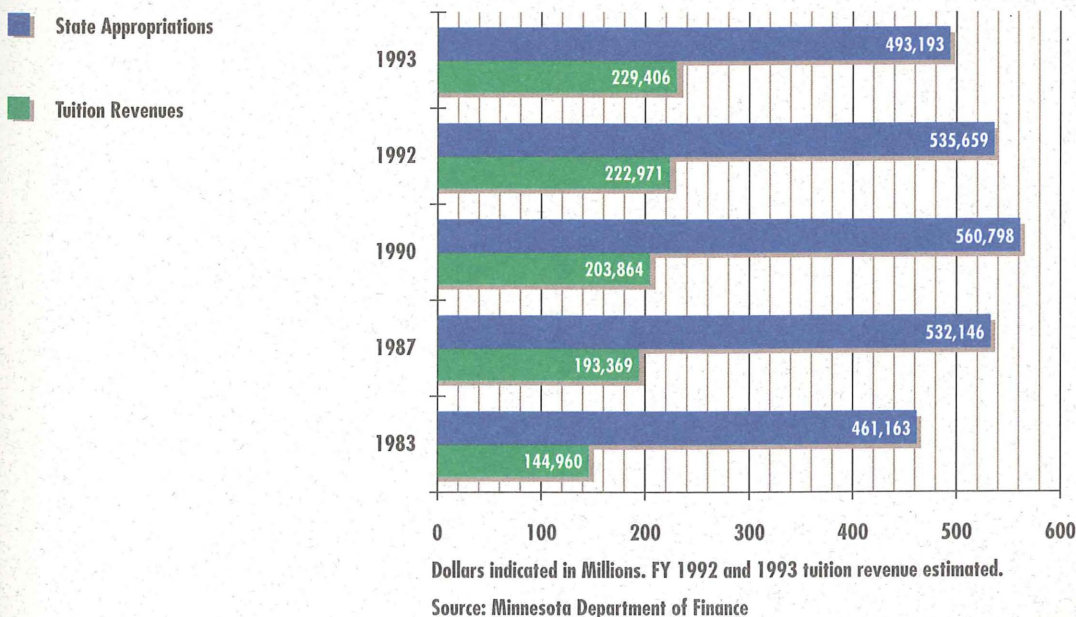
Figure 14a



Total state appropriations to the four public systems increased by 65 percent between Fiscal Years 1983 and 1993... tuition revenue, however, increased by 144 percent...

State Appropriations and Tuition Revenues for Minnesota Public Systems in Constant Dollars, FY 1983 -1993

Figure 14b



In constant dollars, state appropriations increased 6.9 percent, and tuition revenue 58 percent...

Between Fiscal Years 1983 and 1992, full-time enrollment grew by 9 percent; instructional spending increased by 81 percent in current dollars and 23 percent in constant dollars.

Average instructional expenditures per student in constant dollars increased in all four public systems, ranging from 1 percent in the Technical College System to 28 percent at the University of Minnesota...

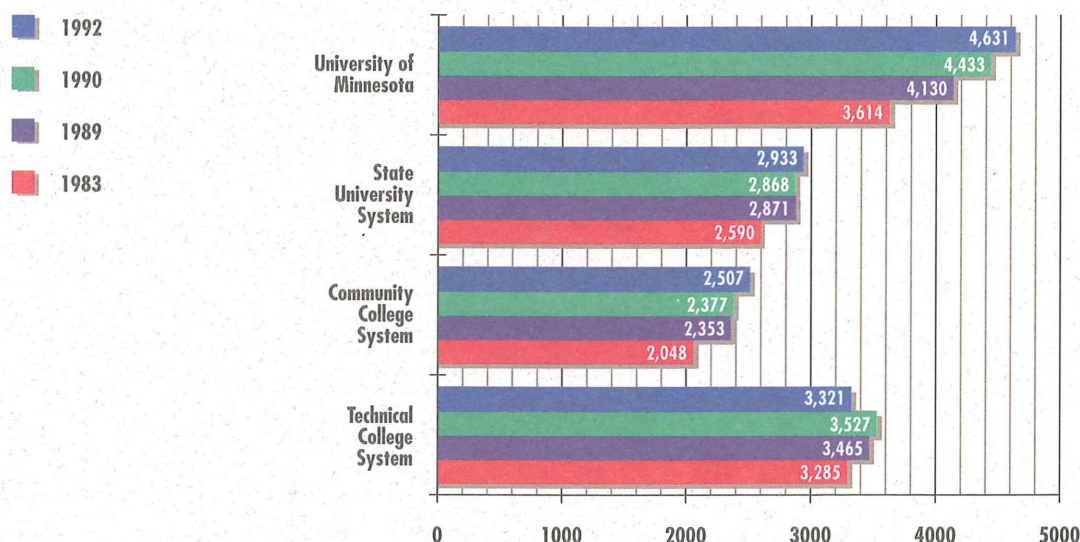
58 percent in constant dollars during the 10-year period. Full-year equivalent enrollment increased by 9.2 percent during the decade.

Between Fiscal Years 1983 and 1992, current full-time enrollments grew by 9 percent, while instructional expenditures increased by 81 percent in current dollars and 23 percent in constant dollars. Instructional expenditures are financed by revenues from state appropriations and tuition.

Average instructional expenditures per full-year equivalent student in constant dollars increased in all four public systems between Fiscal Years 1983 and 1992, as shown in *Figure 15* — 1 percent in the Technical College System, 22 percent in the Community College System, 13 percent in the State

Average Instructional Expenditures Per Full-Year Equivalent Student, Constant Dollars, FY 1983-1992

Figure 15



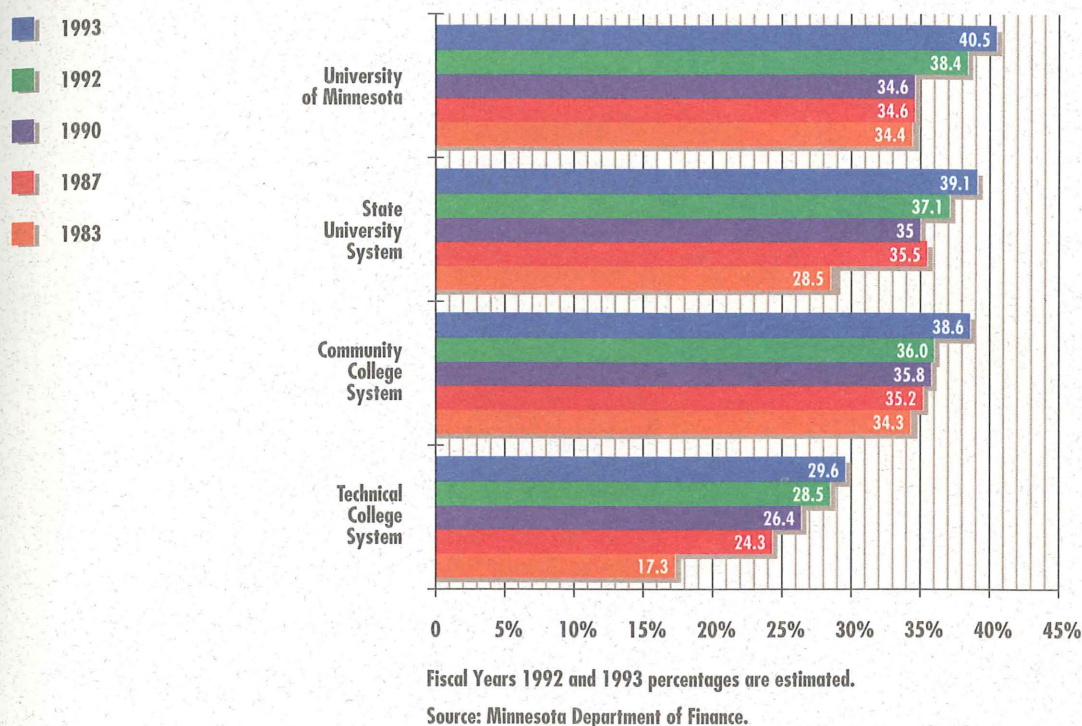
Source: Minnesota Department of Finance.

University System, and 28 percent in the University of Minnesota.

Tuition and fees are becoming an increasingly important source of revenue for instruction, as shown in *Figure 16*. In 1983, tuition revenue supported 17.3 percent of instructional expenditures in the Technical College System, 34.3 percent in the Community College System, 28.5 percent in the State University System, and 34.4 in the University of Minnesota. By 1993, tuition revenue made up an estimated 29.6 percent of instructional expenditures in the Technical College System, 38.6 percent in the Community College System, 39.1 percent in the State University System, and 40.5 percent in the University of Minnesota.

Tuition Revenue as a Percentage of Instructional Expenditures, Fiscal Years 1983-1993

Figure 16



Tuition and fees are becoming an increasingly important source of revenue for instruction...

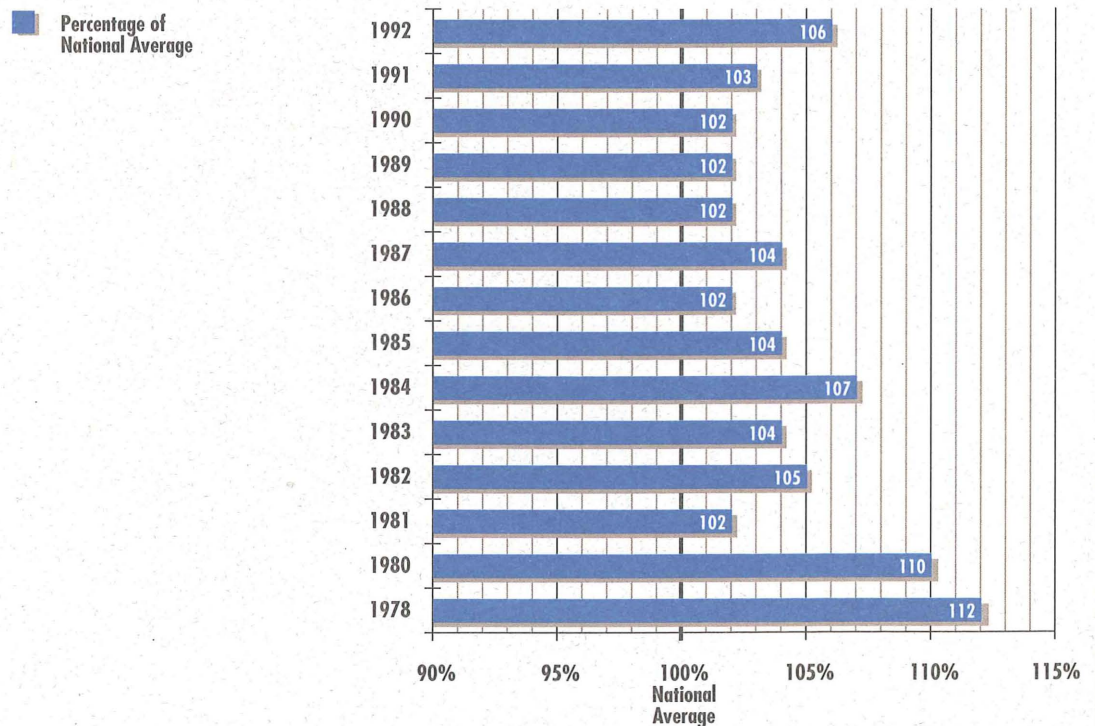
In Fiscal Year 1993, tuition revenue as a percentage of instructional costs ranged from an estimated 29.6 percent in the Technical College System to 40.5 percent at the University of Minnesota...

Minnesota's effort in supporting public post-secondary education ranks above the national average. Because of high enrollments, however, state support per student is only slightly above the national average. The state's effort in providing financial support for Minnesota post-secondary education in 1991-92 was 123 percent of the national average based on a measure that considers the amount of tuition revenue and appropriations provided per student and possible tax dollars available to spend.

Minnesota's appropriations and estimated tuition revenue, not including appropriations for financial aid, was \$6,279 per student in 1991-92, compared to the national average of \$5,912, as seen in Figure 17.

Appropriations and Estimated Tuition Revenue as Percentage of National Average, 1978-1992

Figure 17



Appropriations and estimated tuition revenue indicated in percentages.

Source: Research Associates of Washington, *Financing Public Higher Education 1978-1992*.

Minnesota's effort in supporting public post-secondary education ranks above the national average. Due to high enrollments, however, state support per student is only slightly above the national average...

Minnesota's appropriations and estimated tuition revenue, excluding financial aid funding, was \$6,279 per student in 1991-92 compared to the national average of \$5,912...

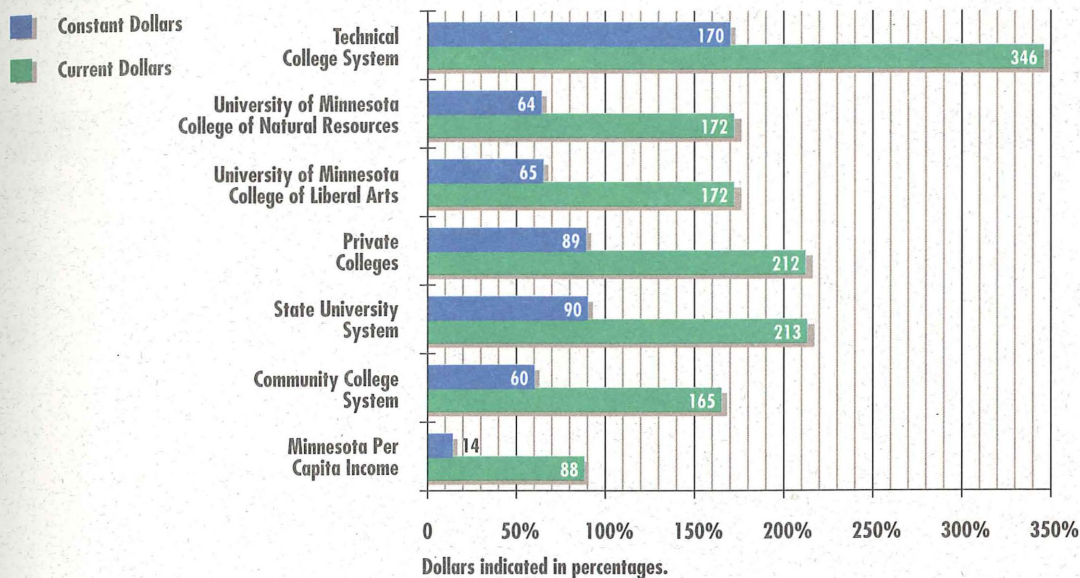
Estimated net tuition revenue per student (after deducting state financial aid) in Minnesota in 1991-92 was \$1,784, compared to the U.S. average of \$1,655. In Minnesota, this represents 11.2 percent of personal disposable income, compared to 10.1 percent nationally.

Price

Of concern to students and families is whether they will be able to afford the price of post-secondary education.

Percent Increase in Undergraduate Resident Tuition and Required Fees, 1983-1993

Figure 18

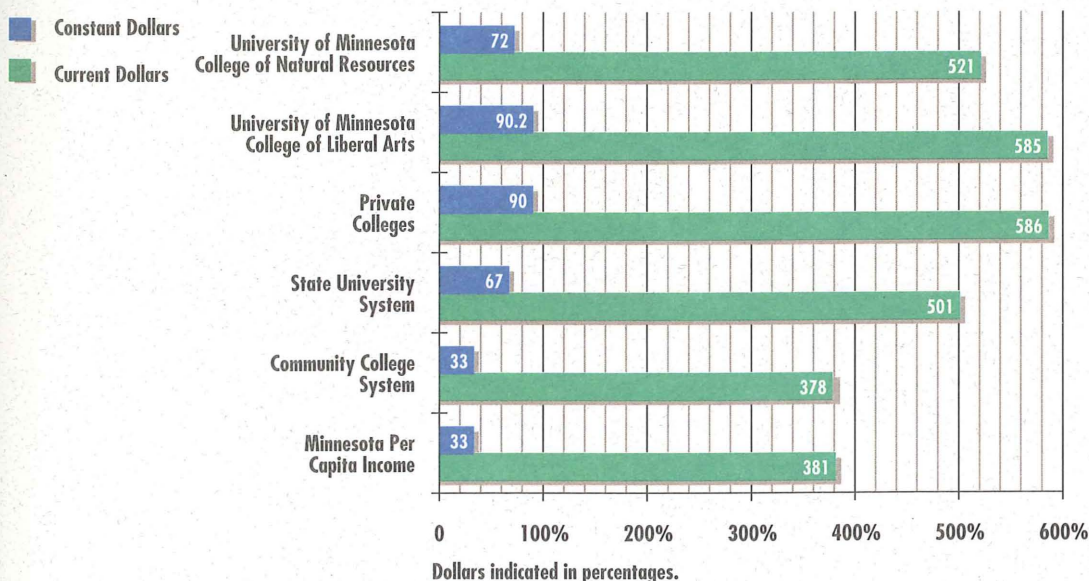


Source: Minnesota Higher Education Coordinating Board.

Estimated net tuition revenue per student (after deducting state financial aid) in Minnesota in 1991-92 was \$1,784 compared to the U.S. average of \$1,655...

Percent Increase in Undergraduate Resident Tuition and Required Fees, 1971-1993

Figure 19



Source: Minnesota Higher Education Coordinating Board

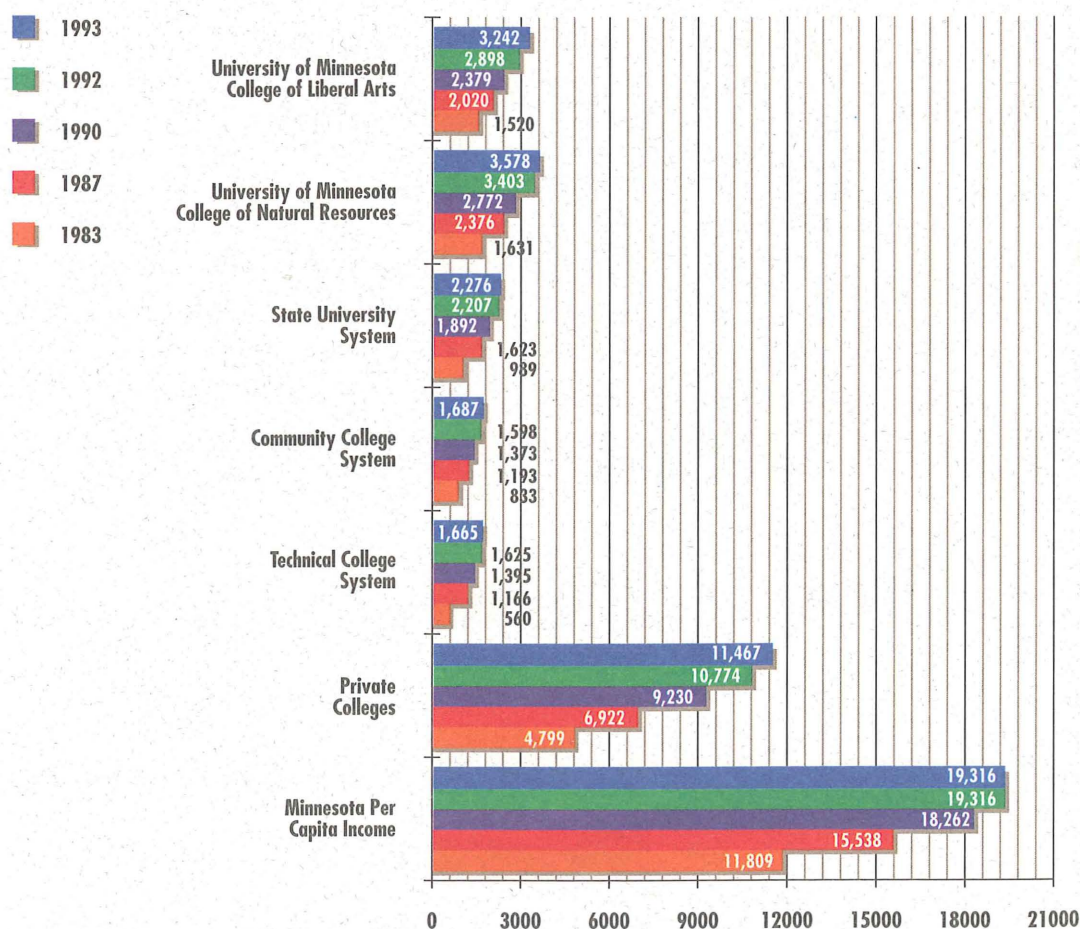
Between 1983 and 1993, tuition and fee increases greatly exceeded increases in Minnesota per capita income adjusted for inflation...

Between 1971 and 1993, constant dollar tuition and fee increases were somewhat more moderate compared to growth in Minnesota per capita income...

- Between 1983 and 1993, tuition and fee increases exceeded increases in Minnesota per capita income adjusted for inflation. Constant dollar per capita income increased by 14 percent. However, constant dollar tuition and fees rose by 64 percent in the University of Minnesota College of Natural Resources, 65 percent in the University of Minnesota College of Liberal Arts, 89 percent in private colleges, 90 percent in the State University System, 60 percent in the Community College System, and 170 percent in the Technical College System, as shown in *Figure 18*.
- Between 1971 and 1993, constant dollar tuition and fee increases were somewhat more moderate compared to growth in Minnesota per capita income, as shown in *Figure 19*. Per capita personal income in constant dollars increased by 33 percent, while tuition and fees increased by 72 percent in the University of Minnesota College of Natural Resources, 90 percent in the College of Liberal Arts, 90 percent in private colleges, 67 percent in the State University System, and 33 percent in the Community College System. The technical colleges did not charge tuition until 1978.

Tuition and Required Fees in Current Dollars, 1983-1993

Figure 20



Source: Minnesota Higher Education Coordinating Board.

Minnesota resident undergraduate tuition and fees vary in comparison to the national average, depending on the category of institution. Among public research universities, which include the University of Minnesota, Minnesota ranked 10th in 1991-92, at \$2,923, compared to the national average of \$2,404. Among public colleges and state universities, which includes Minnesota's state universities, Minnesota ranked 18th at \$2,041, compared to the national average of \$1,943. Among public community colleges, Minnesota ranked seventh at \$1,598, compared to the national average of \$1,053. Rankings are prepared by the state of Washington's Higher Education Coordinating Board.

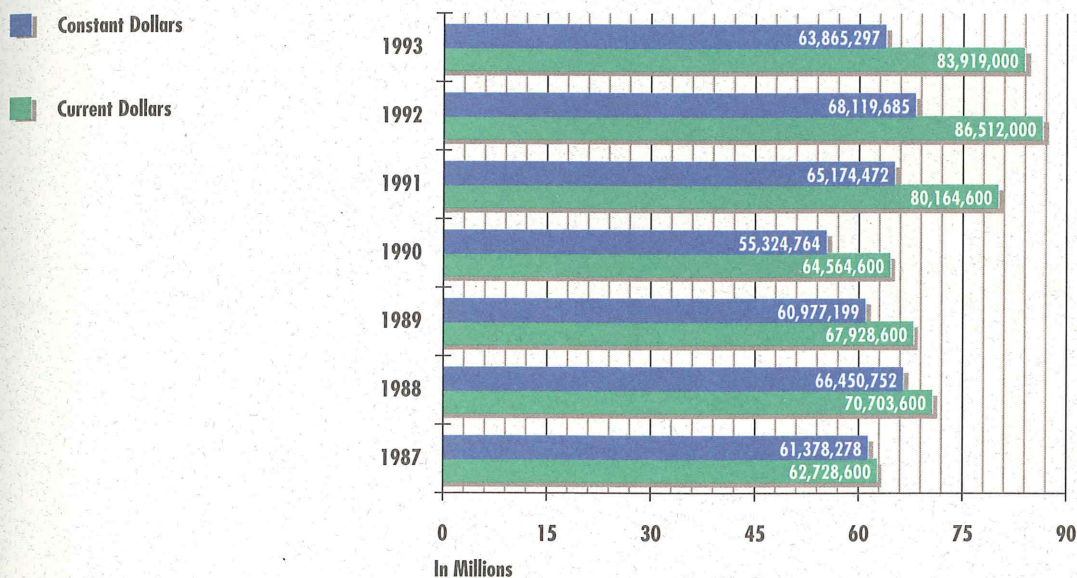
Financial Aid

To help offset tuition increases for needy students, the state has increased funding for financial aid. Between fiscal years 1987 and 1992, funds for state grant and work programs increased by 38 percent, from \$62.7 million to \$86.5 million, as shown in *Figure 21*. In constant dollars, the increase was 11 percent.

In Fiscal Year 1991, financial aid totaling \$638 million helped students and families afford the

State Appropriations to Student Assistance in Current and Constant Dollars, Fiscal Years 1987-1993

Figure 21



Source: Minnesota Higher Education Coordinating Board

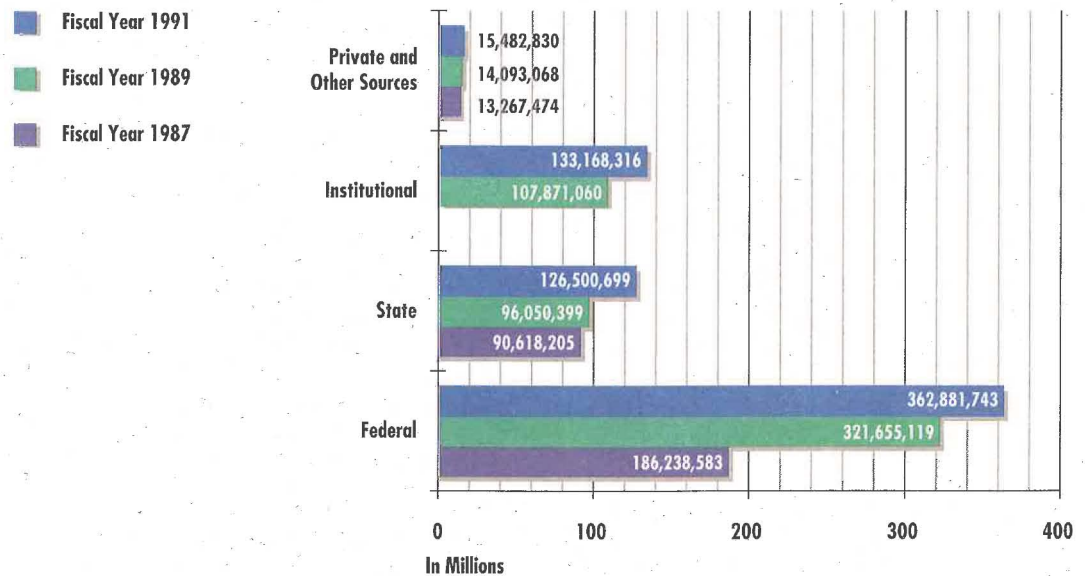
Between Fiscal Years 1987 and 1992, funds for state grant and work programs increased by 38 percent in current dollars and 11 percent in constant dollars...

institution of their choice. The \$638 million represented an 18 percent increase over the \$540 million received in Fiscal Year 1989. The largest source of funding in Fiscal Year 1991 was the federal government followed by institutions, the state, and private and other sources, as seen in *Figure 22*. Some comparisons with Fiscal Year 1987 are not available because it was not possible to verify data on student earnings.

In Fiscal Year 1991, 79,000 Minnesota students received \$109 million in federal Pell Grants compared to \$78 million in 1987. In Fiscal Year 1991, Minnesota students received \$219 million in federal loans, compared to about \$180 million in Fiscal Year 1987. Overall, from all sources, grants were the most prevalent source of assistance followed by loans, and student earnings, as seen in *Figure 23*.

Financial Aid by Source of Aid to Undergraduates, All Minnesota Institutions, FY 1987, 1989, and 1991

Figure 22



Source: Minnesota Higher Education Coordinating Board

***In Fiscal Year 1991,
79,000 Minnesota
students received \$109
million in federal Pell
Grants compared to \$78
million in 1987...***

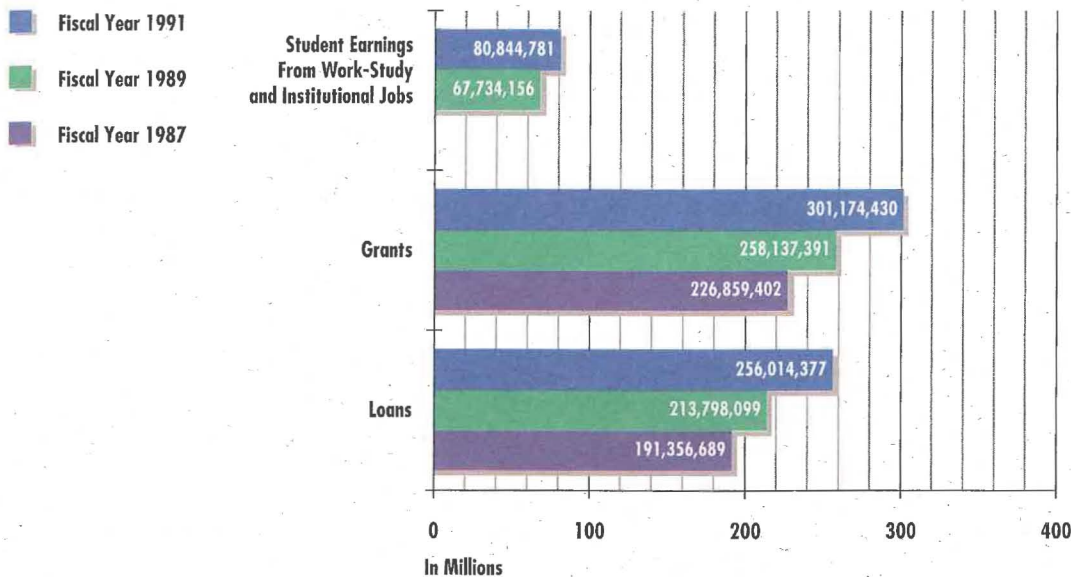
***In Fiscal Year 1991,
Minnesota students
received \$219 million in
federal loans compared
to about \$180 million in
Fiscal Year 1987...***

In Fiscal Year 1991, more than 85,000 state grant, loan and work-study awards were made. More than 200,000 federal grant, loan and work-study awards were made. Most students receive a package of grants, loans, and work-study from the state and federal governments, institutions and private sources.

Minnesota ranks high nationally in its commitment to need based scholarships and grants. In Fiscal Year 1992, Minnesota ranked seventh in total payments, and sixth in number of awards. The state ranked fifth in estimated grant dollars per undergraduate enrollment. Rankings are prepared by the National Association of State Scholarship and Grant Programs.

Financial Aid by Type of Aid to Undergraduates, All Minnesota Institutions, FY 1987, 1989, and 1991

Figure 23



Source: Minnesota Higher Education Coordinating Board

Minnesota ranks in the top 10 states nationally in its commitment to need-based scholarships and grants...

Of the \$993 million appropriated in Fiscal Year 1992 for post-secondary education, 90.2 percent funded operations in the four public systems and 8.7 percent funded student financial aid...

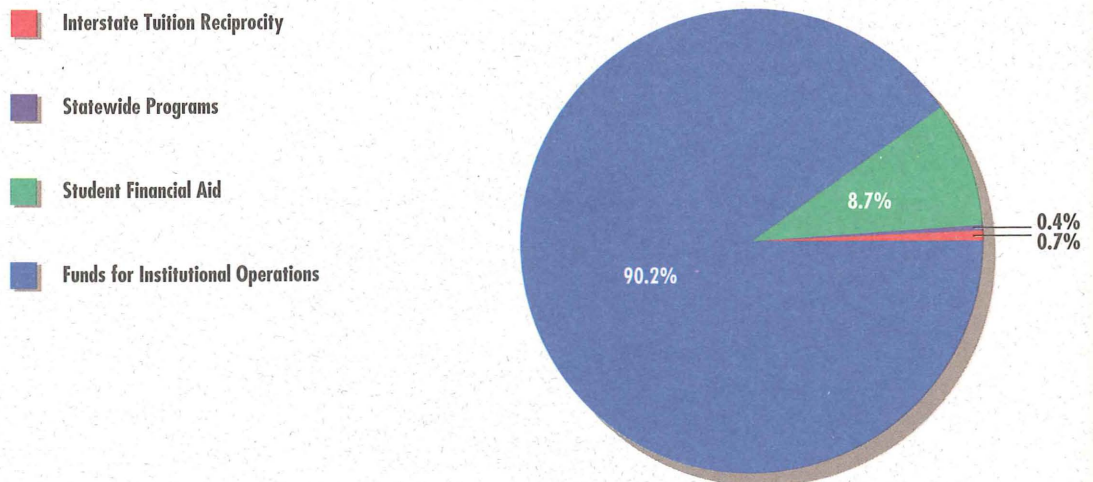
Relative Investment

Of the \$993 million appropriated in Fiscal Year 1992 for post-secondary education, 90.2 percent funded operations in the four public systems while 8.7 percent funded student financial aid, as seen in *Figure 24*. The remaining funds supported statewide programs and coordination such as the Coordinating Board, MINITEX, and interstate tuition reciprocity.

When both appropriations for institutional operations and financial aid are included, as shown in *Figure 25* the distribution is as follows: University of Minnesota, 46.1 percent; State University System, 19.7 percent; Community College System, 10.8 percent; Technical College System, 17.6 percent;

Relative State Investment in Post-Secondary Education by Function, FY 1992

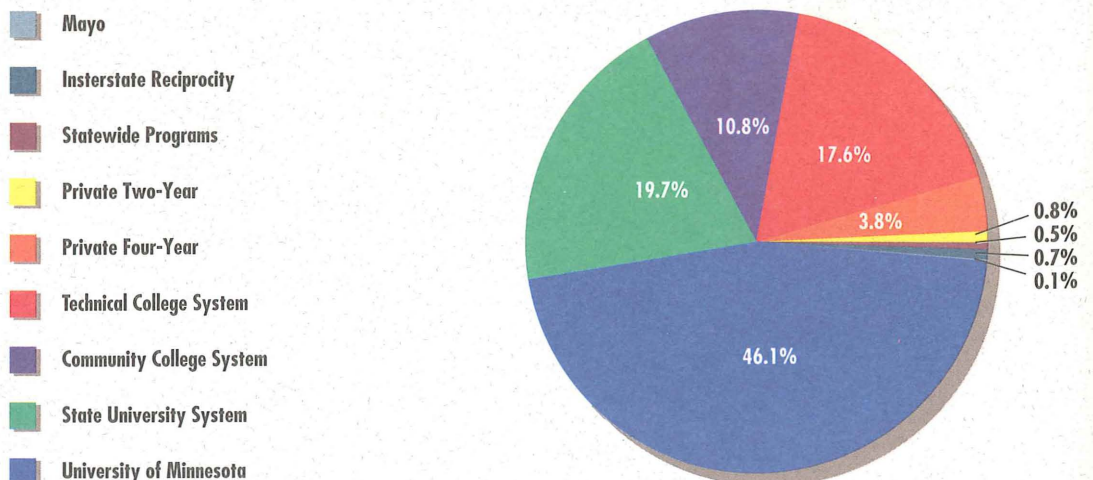
Figure 24



Source: Minnesota Higher Education Coordinating Board

Distribution of State Appropriations for Institutional Operations and Financial Aid, by System, FY 1992

Figure 25



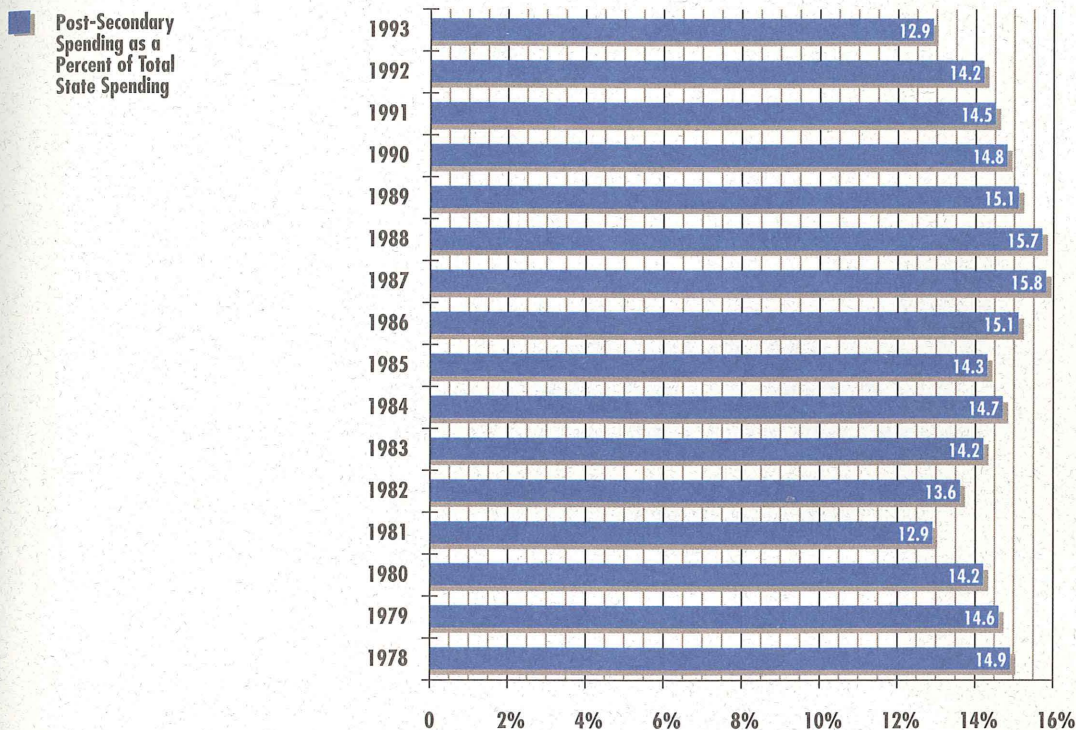
Source: Minnesota Higher Education Coordinating Board

cent; private four-year institutions, 3.8 percent; private two-year colleges, 0.8 percent; interstate reciprocity, 0.7 percent; Mayo Medical School, 0.1 percent; and statewide programs and coordination, 0.5 percent.

State post-secondary education spending as a percentage of state general fund spending has fluctuated since 1978, reaching a peak of 15.8 percent in Fiscal Year 1987 and dropping to 12.9 percent in Fiscal Year 1993, as seen in Figure 26.

Post-Secondary Spending as a Percent of State General Fund Spending, FY 1978–1993

Figure 26



Source: Minnesota Department of Finance

State post-secondary education spending as a percentage of state general fund spending peaked at 15.8 percent in Fiscal Year 1987 and fell to 12.9 percent in Fiscal Year 1993.

Investment Initiatives

Summary

Proposed Budget Increases

Activity	Fiscal Year 1994	Fiscal Year 1995
Minnesota State Grant Program	\$29,600,000	\$34,100,000
Non-AFDC Child Care Grants	70,000	70,000
MINITEX	855,000	855,000
Graduate Follow-up Program Audit	179,000	179,000
Metropolitan State University Planning	100,000	0
Higher Education Instructional Telecommunications Network	572,000	958,000

Rationale

The proposed biennial budget increases, listed above, support the Coordinating Board's agenda for change.

State Grant Increase. The proposed State Grant increases would respond to state and federal policy changes and to inflation in order to help assure accessible, affordable higher education opportunities for students and families with financial need.

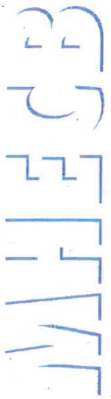
Non-AFDC Child Care Grants. The Board proposes to increase program funding from \$2.5 to \$3 million per year. Of this, \$430,000 per year would be available from reallocations in the Board's budget, and \$70,000 per year would be new funding.

MINITEX. The increased funding would support the integration of new telecommunications technologies to improve resource sharing, accommodate increased demand for services, and support collaborative collections development.

Graduate Follow-up Program. Higher education institutions are required to report follow-up data on their graduates. This budget request will enable the Board to audit the results to help ensure that institutions provide accurate information on their graduates.

Metro State Initiative. This funding would support the Board's leadership in developing a plan to effect the collocation or merger of Metropolitan State University with existing community college or technical college campuses.

Telecommunications Network. This funding would support the development of an instructional telecommunications network connecting 10 hub sites in linked regional networks. This funding would be supplemented \$70,000 per year in reallocated funds.



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