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AT THE CROSSROADS:

HIGHER EDUCATION IN MINNESOTA

A REPORT OF THE COMMISSION ON POST-SECONDARY EDUCATION

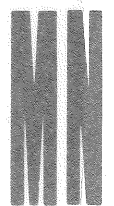
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PLANNING

CHARGE TO THE COMMISSION ON POST-SECONDARY EDUCATION

"The charge to the Commission is to review Minnesota's higher education resources; determine its future needs; and to plan, coordinate and set in motion an integrated, efficient, effective, and economical system which will educate, prepare, and assist post-high school students to become contributing members of society."

Governor Arne H. Carlson

August 6, 1991

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**AT THE CROSSROADS:
Higher Education in Minnesota**

Report of the Commission on Post-Secondary Education

January, 1992

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EXECUTIVE SUMMARY

Six months ago, Governor Arne H. Carlson called together the Commission on Post-Secondary Education, chaired by Connie Levi. He charged the 20 commission members to review current resources, determine future needs and plan an integrated, efficient and effective system of post-secondary education. He further suggested that we look at issues of quality, accessibility and affordability.

To guide our thinking, we developed the following vision:

To be a world leader in high quality post-secondary education programs for the intellectual and economic advancement of the customer and all the citizens of Minnesota.

The Commission held eight meetings and visited more than 70 campuses, where we talked to students, educators, policy makers and citizens.

Our Findings

- Minnesota has a good post-secondary education system, one that has served us well in the past. But it needs significant changes if it is to continue to help us maintain our competitive advantage. This good system must become better.
- Minnesota's economic survival depends on a well-educated work force, as does its quality of life.
- In the future, higher education will be expected to better meet the needs of its customers with the same or fewer resources. To meet this challenge, the higher education system will need to contain costs and increase productivity.
- Basic assumptions about the way higher education is structured, administered, and delivered need to be re-examined. To live within its budget, higher education must focus its efforts and resources on its primary mission.

Our Recommendations

We have organized our recommendations into five areas: 1) Serving the Needs of the Customer, 2) Providing and Promoting Quality,

3) Redefining Access, 4) Leveraging Change through Funding and Other Policies and 5) Clarifying Missions and Creating Structures to Enhance Quality, Access and Customer Needs.

SERVING THE NEEDS OF THE CUSTOMER

Post-secondary education must focus on the needs of its customers, including students, employers and society as a whole. This is a revolutionary concept, because it implies that those who best know what is needed are not the providers, but the users of the products and services. Post-secondary education traditionally has provided the educational services that best serve the administrators, faculty and others within the system. Looking at every function and process within higher education as being driven by the needs of its customers will profoundly change the way higher education defines and goes about its business.

We Recommend:

- Each system and each campus should define its major internal and external customers, actively seek their input and design educational services and processes that meet their needs. Systems should report on these efforts to the 1993 Legislature.
- The Governor should include, in his 1994-1995 biennial budget, funds to support a Minnesota Quality in Education Award similar to the national Malcolm Baldrige Award.

PROMOTING AND PROVIDING QUALITY

Quality should be determined by the customer and be stated in customer outcomes. It should not be defined by inputs, nor equated with additional dollars. Quality is not exclusivity -- an open door institution can provide a quality education. Quality should be viewed not as a destination, but as a journey.

Definable and measurable outcomes should be used to measure progress. These outcomes should be based on world-class standards or benchmarks, focusing primarily on student knowledge and skills. Higher graduation rates, improved retention of students of color and higher rates of job placement

are examples of possible state goals. Customer views and expectations can help to determine these goals.

We Recommend:

- Each system, campus and program should develop quality indicators which are measurable, customer-defined and stated as outcomes. Each public system should develop the indicators by Fall 1993 and ways to assess their attainment by Fall 1994.
- Development and implementation of these plans should be linked to future resource allocations. The Higher Education Coordinating Board (HECB) should review and comment on the indicators and plan for assessment and report to the Legislature before any incentive or performance funds are allocated.
- Policy makers should articulate state goals for post-secondary education and direct the systems to find ways to measure and report progress toward them.
- A sample of alumni and employers should be surveyed to assess the degree to which they are satisfied with the quality of their education. The survey should be designed by HECB, in cooperation with the systems. Survey results should be reported to the Governor, Legislature and the citizens of Minnesota biennially. This information also should be available to prospective students.
- The HECB's program review process should require campuses to identify their customers and develop outcomes and indicators of attainment.

REDEFINING ACCESS

There are several kinds of access beyond geographic access. We also are concerned also with psychological access; access to programs that meet the special needs of students, and logistical access to programs that meet the needs of the consumers and enable them to complete those programs as quickly as they are able. Financial access is also of concern. Cost-containment strategies are necessary if the dream of higher education is to remain within the economic reach of all Minnesotans.

We Recommend:

- Financial access should be maintained with cost containment strategies, tuition levels and financial aid that will keep post-secondary education affordable for students and their parents.
- Cultural access should be improved with policies and practices that help underserved populations feel at home and be successful.
- Student choice should be maintained and expanded. Important options such as the private college system and reciprocity agreements with other states should be maintained.
- A telecommunications master plan that takes a regional approach should be developed by each system. Planning should be coordinated by the HECB to expand and redefine geographic access through telecommunications, making efficient use of resources and coordinated planning.
- Until a facilities utilization survey is completed, no new campuses or buildings should be constructed. As access is redefined, the need for additional bricks and mortar will diminish.
- Campuses should remove barriers to timely completion of programs. An annual report on progress in this area should be made to students and policy makers.

LEVERAGING CHANGE THROUGH FUNDING AND OTHER POLICIES

The way resources are allocated sends a powerful message about what is valued and what will be rewarded. If the goal is high-quality, accessible post-secondary education that meets the needs of the customer as efficiently as possible, then a funding formula should be devised to encourage those goals and outcomes. Other state and system policies also should encourage and reward quality performance.

We Recommend:

- **The Governor should recommend and Legislature should allocate funds to conduct a policy audit to see if state policies are working.**
- **The Task Force on Future Funding should develop a formula that is not based solely on enrollment.** The formula should include performance and incentive funds that will reward quality outcomes and encourage innovation.
- **All systems should develop admission policies that encourage and reward preparation and achievement.** We endorse the preparation standards developed by the University of Minnesota and the State University System as a first step. The two-year systems also should develop and publicize a set of preparation recommendations. Students meeting the preparation standards or recommendations should be granted a tuition reduction as an incentive for planning and working hard in high school.
- **Remedial or development education should be offered only at the two-year institutions.** No college credit should be given for any remedial or development course. The cost of remedial education for recent high school graduates should not be paid with post-secondary funds. The K-12 system should provide the remediation or be charged for those costs.
- **Financial aid should have a component for performance as well as need, while recognizing the special needs of various groups of students.** Some scholarships should be based upon academic performance or demonstrated improvement in performance.
- **High school graduation standards now being developed by the State Board of Education should be more rigorous than the current standards.** The 80 percent of all high school graduates who will enroll in post-secondary education courses should

graduate with the knowledge and skills need to successfully complete college-level work.

- **Cooperative partnerships between K-12 and post-secondary education should be developed.** HECB and the Department of Education should develop a plan and process to improve communication between all levels of education.
- **The HECB's Parent and 8th Grade Information Campaigns should continue so secondary students, their parents and the high schools understand both the academic and financial expectations and ways to achieve them.**

CLARIFYING THE MISSIONS AND CREATING A STRUCTURE TO ENHANCE QUALITY, ACCESS AND MEETING THE CUSTOMER'S NEEDS

Mission: We cannot overstate the need for clear and clearly differentiated mission statements. Individual campuses should have mission statements that recognize the unique needs of the area served and the strengths of the campus within the overall mission of its system.

Campuses must know who their customers are and what needs they must meet. No campus can or should be expected to meet all the educational needs of the citizens of Minnesota.

We Recommend:

- **The directive of the 1991 Legislature requiring systems to eliminate programs not within their mission should be retained and enforced.**
- **Campus mission statements should be developed that allow and encourage quality-driven niches of excellence within the overall mission of the system.**

Structure: Like funding, structure is a means to the goals of quality and access. It is not an end in itself. We think a structure should encourage innovation, meet customer needs and allow for decision-making at the lowest level possible while not losing sight of the state's needs.

We suggest dividing the state into higher education regions, similar to the economic development regions. Each region would have a combination of institutions from technical to baccalaureate, and students would be better served by a better-coordinated array of curricular offerings and services. Institutions could become more efficient by sharing staff and support services. Most important, unique quality-driven niches or centers of excellence could be created in each region, based upon the strengths of the campuses with the region, regional needs or needs identified by the state.

Governance for all public institutions except the University of Minnesota could shift to a central state authority. That body would have responsibility for making overall policy, selecting senior administrative staff, making resources allocations, collecting data and evaluating the quality outcomes.

The governing body must be committed to combining centralized governance with decentralized management. It must insist on setting high standards, but resist trying to standardize what institutions do. In an era of scarce resources, the governing board must assure that there are rewards for higher productivity.

We Recommend:

- **The HECB, in consultation with the Higher Education Advisory Council, should develop a plan to create post-secondary education districts throughout the state. Each region would have a Board of Advisors appointed to represent the needs and interests of the customers. A companion Board of Providers, composed of the heads of all campuses within the district, would be created to implement the regional delivery of services.**
- **A board should be created to govern all public two-year institutions and the state universities. The board should allow the regional administrative structures to develop programs and services to meet the needs of the region and the board should assure that the state's needs are being efficiently met.**

CONCLUSION

The Commission has completed its work and has issued a final report that provides more information on our findings and recommendations. It is now up to the Governor, the Legislature, the Higher Education community and the citizens of Minnesota to further discuss our recommendations and develop ways to implement them.

Commission Report

Introduction.

Minnesota's higher education system is at the crossroads. A system with a national reputation for educating high percentages of its residents is in danger of slipping into mediocrity. A state that has been sheltered from many of the national economic downturns, in large part because of the diversity of its economy, its well-educated work force and the quality of life that have resulted from a strong educational system, may lose its competitive edge. A state that has been a leader in providing financial aid to preserve access and choice may be pricing itself beyond the ability of all but the wealthiest to afford.

A sense of confusion about the future direction of post-secondary education and frustration with the current situation exists among policymakers and educators. Policymakers are frustrated with the slow progress on long-term issues -- mission differentiation, transfer of credit and program duplication and proliferation. Educators are frustrated with the lack of clear policy directives and the increasing number of legislative mandates and interference in management. The result has been a plethora of activity -- studies, reports, task forces, groups, councils and even a new governing board.

With all that is going on, many people have asked, why is a Commission needed? We might have agreed with that sentiment at first but as we (a group of lay citizens) have studied, listened, discussed and visited campuses, we have concluded that the number of activities is precisely why this Commission is necessary. A lot of activity is going on in post-secondary education, but it lacks a central focus, a vision, or a consensus as to where we as a state need to be going.

Policies and practices seem to have been created to respond to certain issues or a perceived problem but with little attention to whether or not the sum of these individual parts equals a coherent whole.

We believe we can provide a service to the Governor, the Legislature, the students, the post-secondary systems, and most important, the citizens of Minnesota by pointing out the apparent discontinuities and suggesting ways to reclaim a singular vision of higher education and what it can, should, and must be in the decade ahead.

State policies in place for many years are being reviewed. Policies and practices designed to increase access have come under scrutiny. In its 1983 report, our predecessor, the Commission on the Future of Post-Secondary Education, chaired by former governor, Elmer L. Andersen, recommended that campuses reach out to serve the under-served populations in ways and locations convenient to them. Campuses responded and the number of part-time students and off-campus sites and centers grew dramatically. In 1991, the Legislature expressed concern about this growth and adopted funding policies to limit or discourage off-campus program offerings. The state's funding policies, in particular Average Cost Funding and the one-third of cost tuition policy, have been challenged.

The unwritten policy of geographic access - that all Minnesotans should have a post-secondary institution within 35 miles of their home - has been questioned.

A decade of debate about the governance of the technical colleges and community colleges resulted in many proposals directed at the Legislature and the Technical College System, but no action.

In 1991, historic changes in the structure and governance of post-secondary education were proposed and enacted into law by the Legislature. The new Higher Education Board, which will merge and govern the state universities, the community

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colleges, and the technical colleges in June of 1995, has been met both with enthusiasm and resistance. While the interim Higher Education Board and its chancellor work to implement this three-way merger, new administrative structures are being implemented within and among the three higher education systems. The Technical College Board has voted to put the 34 campuses together to form 13 administrative units. In communities with both a technical and community college, the Legislature has directed the campuses to consolidate administrative personnel as well.

At the onset of our work, we reviewed the charges of many groups, boards and task forces focused on studying, modifying or making recommendations concerning issues in post-secondary education. There are three efforts looking at higher education funding: the Average Cost Funding Task Force, the Task Force on Future Funding, and a study linking funding to system missions and student outcomes. Two groups are working on issues related to transfer. The systems were each asked to report on ways to improve and measure improvement in graduation, retention and transfer. Many groups meet regularly to discuss and resolve issues of mutual concern including the Higher Education Advisory Council, the "No Name" committee, Inter-system Planning Group and the Inter-system Council.

We consciously have not duplicated nor interfered with the work of these groups. Many of them must focus on specific issues and tactics; we have chosen to focus on a broader view of post-secondary education, its needs and future.

The Scope of Our Report.

We are a citizen commission and it is to the citizens of Minnesota that we address this report. We are not educational "experts" and we do not have all the answers. Our strength is the ability to look afresh at some of the issues and from a lay perspective, articulate the hopes, concerns, and expectations of our peers, the citizens of Minnesota. We believe in the

important role that education has played and will continue to play in the social and economic well-being of the state and its citizens.

In creating the Commission on Post-Secondary Education, Governor Arne H. Carlson charged it to "review Minnesota's higher education resources; determine its future needs and plan an integrated, efficient, effective and economical system of post-secondary education." At our first meeting, Governor Carlson further elaborated on our charge. He suggested that we look at quality, accessibility and affordability, and he expressed concern about graduation and retention rates.

To learn more about these and other issues, the Commission met twice a month from August through November. We heard presentations from the state demographer and the state economist, from the chancellors of the systems, individual faculty and faculty organizations, and from students. We also listened to the ideas and suggestions of campus presidents, educational "experts" and concerned and well-informed lay persons. Commissioners made more than 70 campus visits where we talked to administrators, faculty, and students, and visited classrooms, laboratories, libraries, student centers and bookstores. We reviewed many reports, articles and other sources of data.

Our report is intended to be strategic, long-term and policy-oriented. We have not concentrated our efforts on the details of how to implement our recommendations; that is best left to the many other actors in post-secondary education. We have tried to look beyond the next year or two and think about what Minnesota, the nation and the world will be like. We have tried to anticipate our needs in the next decade and indeed, the next century. We have focused on policy development, not on management, of post-secondary education.

As we have deliberated over the past few months, five general areas emerged. Subsequent chapters will address our findings and recommenda-

tions, but we have agreed that the scope of this report will include these five areas:

Meeting the needs of the customer. This is the primary focus of our report and should be the primary focus of post-secondary education. The concept of "customer" as it relates to higher education is new and rather foreign, but we note that the Total Quality Management (TQM) concepts begun in business and industry are beginning to be applied in education.

The commission discussed the use of the terms "customer" and "consumer". Rather than worry too much about the differences, we have decided to use the word customer to mean all those individuals, groups, organizations and constituencies that need and use the services and products of higher education. In that way, students are customers, but so are employers, taxpayers, and society in general.

Quality. Quality should be determined by the customer and be stated in clearly defined outcomes. Quality should not be defined by inputs, nor equated with the need for additional dollars. Quality is not exclusivity - an open door institution can provide a quality education. Quality is an ongoing process. It is not a destination, but a journey. In later chapters we will discuss some possible indicators that could be used.

Access. There are several kinds of access, beyond geographic (which is changing due to technology). We are concerned also with psychological access: access to programs that meet the special needs of students, and with logistical access to programs that meet the needs of students enabling them to complete a program as quickly as they are able. Financial access is also of concern. Education, especially post-secondary education, is the vehicle for people to achieve their dreams. Minnesotans have always believed that, and we heartily agree, but we are concerned that we have not been good stewards of that opportunity. A system that controls costs is necessary if the dream of higher

education is to remain within the economic reach of all Minnesotans.

Funding and Other Policies As Levers for Change. The way resources are allocated sends a powerful message about what is valued and what will be rewarded. If the goal is a high quality, accessible post-secondary education that meets the needs of the customer as efficiently as possible, a funding formula should address those components. Likewise, other policies can be used to promote the desired goals and outcomes.

Mission and Structure. There are three distinct missions that need to be carefully clarified and met. They are technical/occupational education, general and transfer education, and baccalaureate education. Any structure must keep those distinct missions in place. Clarity of mission is essential; campuses must know who their customers are and what needs they must meet. No campus can or should be expected to meet all the educational needs of the citizens of Minnesota. A structure that preserves and protects distinct missions is essential.

Like funding, structure is a means to the goals of quality and access. It is not an end in itself. We think a structure should provide an environment that encourages innovation and meets customer needs. It should allow for decision-making at the lowest level possible while not losing sight of the state's needs.

"We have focused on these areas: customer needs, quality, access, funding, mission and structure."



Our Vision.

Every organization needs a vision of where its wants to go to guide it. The vision should be broad, should stretch the limits of the organization and should be simply stated. We offer this vision for the post-secondary education enterprise in Minnesota:

"To be a world leader in high quality post-secondary education programs for the intellectual and economic advancement of the customer and all the citizens of Minnesota."

The words in this brief vision statement need explanation.

We have chosen the words "world leader" because the global competition requires that we compete not just with the citizens of South Dakota, North Carolina or Texas, but with those in Japan, Germany and many other nations.

We have already described our view of "quality", stating that it is measured by outcomes and defined by the consumers and customers of post-secondary education.

We use "post-secondary education" and "higher education" interchangeably. Higher education connotes a certain level of attainment, not just a function of age. Community education and adult education are not part of what we are talking about. However, we do include technical-vocational education within our definition. Both public and private institutions are included in our definition. We are talking about those programs of study found at post-secondary education institutions, not the many training and development activities located within businesses. We are aware of their number and importance, but exclude them from our definition because they are outside the purview of our charge.

The terms "intellectual and economic advancement" were included in that order because we believe that while education is and should be viewed as an investment in our long term economic success, there are other important personal and societal reasons for wanting a strong educational system.

We have used the words "all the citizens" because we believe that whether or not an individual attends college, all Minnesotans will be helped by a high-quality system of post-secondary education that helps Minnesota to maintain the quality of life for which it is known. We also have referred to all the citizens because we know that post-secondary education is the means for social, economic and political equity for many groups and individuals.

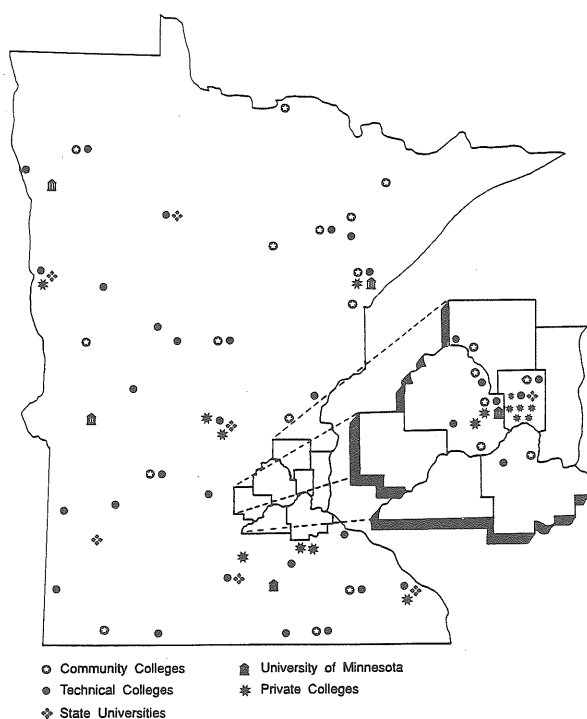
If higher education is the vehicle for attaining individual dreams, it is also the vehicle for society to attain its dreams. As Minnesota continues economic, social, and political pre-eminence, we believe our vision statement contains the key elements -- world class, high quality, customer driven, intellectual and economic advancement -- that can serve as guideposts.

If those within higher education as well as its customers believe in this vision, it can be a powerful motivator.

Making the Case for Change.

We begin from a position of maintaining our competitive advantage. We have identified these strengths: a system of post-secondary education that has been a major contributor to the economic and social success of Minnesota. It is an extensive system of campuses and programs that has assured geographic access to Minnesotans from all corners of the state. In addition to geographic access, a strong financial aid system has helped to promote financial access and provide opportunities for choice. State policies like tuition reciprocity with bordering states have further increased the institutions and programs available to Minnesotans.

Location of Higher Education Institutions



Source: Higher Education Advisory Council

Minnesota is fortunate to have a good mix of public and private institutions. The private liberal arts colleges make a significant contribution. Minnesota's private colleges enroll 26 percent of all degree-seeking undergraduates and confer 31 percent of all Bachelor's degrees. Likewise, the private trade schools in Minnesota are national models of integrity. Diversity in the types of institutions and programs offered is a strength.

The high regard for higher education that the citizens of Minnesota have is another strength. It is demonstrated both in the very high participation rates of Minnesotans and their willingness to support higher education expenditures that per capita are about the highest in the nation.

We have met many faculty and administrators who are knowledgeable and dedicated educators. They are people who care about students and believe in the importance of higher education. In our campus visits we have seen programs that are very high quality; some have a national reputation.

We are encouraged by recent policies and actions of the systems. The University of Minnesota's Access to Excellence and internal reallocations, the higher preparation standards developed by the University and the State University System, the Community College System's student success initiative and the Technical College System's course restructuring and campus administrative consolidation are examples of individual system initiatives. On an intersystem level, many cooperative ventures, including joint degrees, transfer agreements, shared student support services and the start toward mission differentiation are positive steps in meeting the needs of the consumers.

In summary, Minnesota has a good post-secondary education system, one that has served us well in the past but it needs significant change to continue to help us maintain our competitive advantage. This good system can and must become better.

***"Change
may very
well be the
only
constant in
our lives."***

**Q-7: Quality on
the Line**

Minnesota State
University
System

Why Change? Changing conditions impose a sense of urgency. The nation and the world are changing and higher education must change with it. Many of these reasons will be further elaborated in subsequent chapters describing our findings, but we want to include some of the most compelling issues here.

The World is Changing. Today's world is vastly different from that of even two years ago. We have seen the demise of communistic socialism throughout Eastern Europe. The Union of Soviet Socialist Republics is no more. As the Soviet Union is dismantled, the Western European nations are forming an economic union and stand poised, on January 1, 1993, to become the largest economic union in the world. The nations of the Pacific Rim have demonstrated that they are major players in the world's economy.

The social and political changes in the world are just as great. Change is occurring not only in Eastern Europe, but in South Africa and the Middle East, to give only a few examples. Environmental issues extend beyond national even continental boundaries. We are a part of global society. Citizenship in this society requires an understanding of global issues from a multicultural perspective.

Our Nation is Changing. Currently, the United States is still in an economic recession. The federal government continues to struggle with an enormous national debt and a trade deficit that continues to grow. Social problems - drugs, AIDS, health care costs, increasing crime and violence, the decay of the cities, growing poverty, a declining middle class, and inadequate education systems - threaten the promise of the American Dream.

In the past the United States was able to be a world economic leader because it possessed all the ingredients for economic vitality: land and natural resources, capital for investments, leading technologies, and an educated and well-trained

workforce. Today, land and resources are no longer as important; telecommunications provide instantaneous access to the capital market worldwide; and process technology rather than just the development of new ideas and products has become increasingly important. The remaining advantages for the United States continue to be a well-trained and educated work force and creation of new technologies and processes to mass-produce high-quality products and services. Many states have realized this and have invested heavily in education.

Minnesota is Changing. More than many other states, Minnesota's economic survival depends on a well-educated work force. Our climate and the distance from major markets are disadvantages that have been overcome by the advantages of our well trained citizenry. Those same citizens have helped this state to be a model for government, social programs, arts and cultural endeavors - all the things that enhance Minnesota's quality of life.

The economic forecast for the foreseeable future is not very optimistic. A shortfall of more than \$350 million is projected for the current biennium. Department of Finance estimates a budget shortfall of as much as \$1.2 billion for the 1994-95 biennium. To put that number in perspective, we would note that it is over 200 million more than the current annual appropriation for all of higher education. Even if this forecast were to be overly pessimistic, it is unlikely that there will be much additional money available in the state treasury. Human services and K-12 education, which now receive more than 60 percent of the state budget, have needs that are likely to require any new funds.

Post-Secondary Education Must Meet the New Needs and Conditions. We believe there is a need to stop escalating costs so higher education remains within the financial ability of all who wish to attend. We are concerned not only about the low-income

segment of society, but the middle class as well. The middle class is shrinking; yet a large middle class is what distinguished this nation in the past and enabled its citizens to enjoy a high standard of living.

Higher education will be expected to better meet the needs of its customers, with the same or fewer resources. To meet this difficult challenge, cost containment and increased productivity will be needed. Basic assumptions about the way higher education is structured, administered, and delivered need to be reexamined. To live within its budget, higher education must reexamine its fundamental purposes and focus its efforts and resources on its primary mission. This means that the mission of each system and campus must be examined. Systems and institutions should, in concert with their customers, decide what is their fundamental mission.

The Commission was impressed with the work of the Pew Foundation's Higher Education Research Program. A provocative article with an equally provocative title, "An End to Sanctuary" suggested that an explicit examination of academic purposes is the critical first step.

Not only must the nation's colleges and universities achieve substantial savings, they must do so in a manner that acknowledges what business they are in -- who they seek to serve and why. The questions of purpose and design that have gone unasked for so long must now be addressed. What ought to emerge from this process is a set of institutions, each with a more focused mission. Each able to benefit from the timely introduction of new people, methods, and facilities made available through the divestment of those programs and services that no longer fit.

Our Findings.

Our findings are based on our reading, presentations made to the Commission, responses to questions posed to the post-secondary systems or to others and our campus visits. Our recommendations are grounded in these findings. Thus we view these findings as building the case for our recommendations.

We have organized our findings by topic, but note the interrelatedness of many of them. Our recommendations are based on the mosaic created by, and the cumulative effect of these findings.

Minnesota's People. The age structure of Minnesota's population is changing. Like most states, Minnesota is experiencing the effects of an aging population. The high school Class of 1992 is the smallest in many years. By the end of the 1990s, the traditional age pool of potential college students will be only slightly higher than at the beginning of the decade. The Baby Boom generation will continue to be the dominant age group. The "Boomers" are now between 27 and 44 years of age. As they move into middle age, their behavior will have a major impact on higher education. As they move beyond the prime non-traditional age (25-39) for attending college, the number of non-traditional students may decrease. However, the state's work force increasingly will be made up of middle aged workers, which may increase the need for older adults to return to college for additional education, training and retraining.

Minnesota's population distribution is changing. The corridor from St. Cloud to Rochester is experiencing the greatest growth, while some rural areas are experiencing decline, especially in northeast and western Minnesota. The decline outside the metropolitan corridor is manifested in fewer elementary and secondary students. One of every three high school graduates now is from Greater Minnesota. By 2005 the number will drop to one in four.

"Basic assumptions about the way higher education is structured, administered and delivered need to be examined."

"Enrollments in the 1980's grew dramatically. More than two-thirds of the increased enrollments were students over age 25."

Persons of color comprise a small percentage (six percent) of the total population but the numbers are growing faster than the national average, especially in the youngest age groups. For example, more than half of the students in the Minneapolis schools are students of color. Students of color are over-represented in the high school dropout population and under-represented in the college student population. Increasing social problems affecting children and families are becoming evident in the K-12 system now. Many of our children are part of what one national study called the "forgotten half," those who do not go on to post-secondary education nor receive adequate skills to enter the work force. In Minnesota, the percentage of the forgotten children is smaller than one-half.

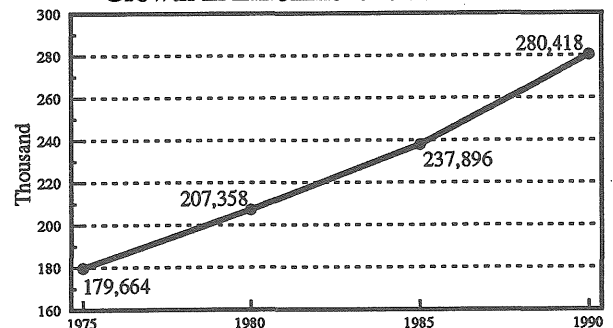
In the past, the forgotten half was ignored by the educational system, but those people will be needed for the economic well-being of the country. It is important to remember that while not all citizens need or want a four year college degree, most will require some education and training after of high school and throughout their working lives. It is estimated that three-fourths of all the jobs in the year 2000 will require less than a Bachelor's degree. However, they will require some post-secondary education.

Inequality of income is increasing in terms of geographic regions, race, age and educational level. Average incomes are highest in the metropolitan area; the gap between metropolitan and rural residents is widening. There also is an increasing gap between the rich and the poor with fewer persons comprising the middle class. The number of elderly people living in poverty has decreased, while the number of children living below the poverty level has increased. For these children and their parents, post-secondary education looks remote.

Minnesotans As Students. It is difficult to talk about Minnesota's people without talking about its students because so many Minnesotans have been, are, or will be college students. That is our first finding, one that may be self-evident: There are a lot of students.

Enrollments during the 1980s grew dramatically. Fall headcount enrollments grew from 234,000 in 1983 to 280,000 in 1990, an increase of 20 percent. The greatest increases were at the community colleges, which grew 45 percent and the state universities 37 percent.

**Many More Minnesotans Are Attending College
Growth in Enrollment 1975-1990**



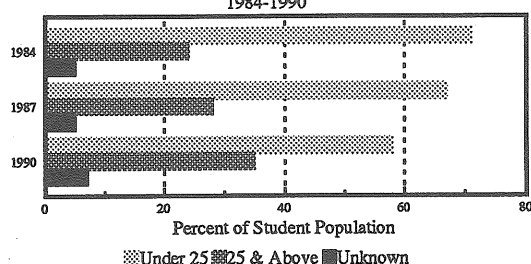
Source: MN Higher Education Coordinating Board

Students are older; in Fall 1990, nearly 40 percent of all students were 25 or older. More than two-thirds of the increased enrollments were due to increases in students over age 25, mirroring both increases in their numbers and increases in their participation rates. These older, "non-traditional" students have become the norm rather than the exception on many two year campuses.

Another group of "non-traditional" college students are those from the lower half of the high school class. About 58 percent of Minnesota high school graduates attend a post-secondary institution immediately following graduation, a percent that is almost identical to the national average. However,

what makes Minnesota's number more significant is that 91 percent of Minnesota 9th graders graduate from high school, compared with 71 percent nationally. In addition, many more students will begin post-secondary education after a brief delay. As many as four of every five high school graduates attempt post-secondary education within six years of graduation from high school.

Students Are Older
Age Distribution of Students
1984-1990



Source: MN Higher Education Coordinating Board

These high attendance rates are not the same for all types of students. Some groups - minorities and economically disadvantaged still are not participating at the level of the white, middle and upper class groups. Their retention and graduation rates also lag behind their white, economically advantaged counterparts.

Students are dropping or stopping out and attending part-time. The number that complete a program within the traditionally specified time is decreasing. Students are in college for many reasons; not all intend to get a degree, but most are there at least in part for job training, retraining, updating of skills, or career advancement. Many are unable or unwilling to discontinue work while in college, resulting in more part-time attendance and longer time to completion. They are incurring more debt or working more or both and, taking longer to complete

an education. More are non-traditional students, balancing work and family responsibilities with school. In sum, there are many reasons why students are taking longer to graduate; some beyond the control of the institutions. However, students also told us of not being able to get the classes they needed, of inadequate advising and counseling and of a lack of information that would help them to make informed decisions about possible careers early in their college education. These are factors that colleges (and secondary schools) control and have a responsibility to provide.

Students As Customers. Students are one of the primary customers of post-secondary education. Education should be designed to meet their needs. We do not believe that they should determine the curriculum, but they can help determine how that curriculum and related services are delivered. One example, documented in the first M-SPAN Study of the Metropolitan Corridor, conducted by SRI International, is in graduate education. There is a growing demand for practitioner-oriented graduate education. Non-traditional working students want and need class offered at times and in blocks that are very different from that of traditional-age, full-time, residential students. Courses should be made available to meet the needs of the student - not the faculty, the administration, nor the custodial staff.

Students told us they want more opportunities to be in smaller classes where they can interact with faculty. Research shows that active and interactive learning is far more likely to result in knowledge that is not only retained but applied to new situations. Some types of teaching and learning can occur in very large lecture classes that could be videotaped, freeing faculty to spend more time teaching other smaller classes.

There is inadequate academic advising and not enough career counseling. Students need to be given the information to be wise consumers so they

"There are many reasons why students are taking longer to graduate - some beyond the control of colleges. But there are factors that colleges can improve."

make choices about courses and programs that best meet their individual interests, needs and abilities. We are dismayed that job placement rates are unknown except the technical colleges and occupational programs at the community colleges.

We learned of legislation that requires the development of uniform consumer information for all occupational and vocational programs, and for those four-year programs that result in licensure, certification, or require an examination for entry into the profession. This is a good first step toward an informed consumer.

Students As Products. In addition to being customers, students also are products of the education system. Other customers (employers, taxpayers, society) have needs and expectations of graduates of post-secondary education that also must be met.

Some states have attempted to ensure that the educational product meets those needs by mandating a common single assessment, often a standardized test, be given to all college students. New Jersey spent more than \$10 million to develop a test. Florida requires all college sophomores to take and pass a test before they are being admitted as a junior.

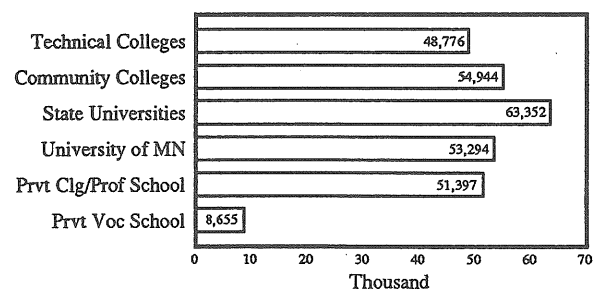
But expectations are not all the same for all types of students. There is no one measure that can be appropriate for the diverse group of students entering and leaving post-secondary education. However, individual systems, campuses and programs can develop standards. Institutions in states like Virginia and Missouri have done so, largely in response to state mandates. A portion of funding for higher education in Tennessee is linked to achievement of stated outcomes.

Many traditional-age students are graduating from high school without adequate preparation for even freshman-level college work, but more than four out of five will enroll in a post-secondary institution within six years of graduation. Preparation requirements that clearly outline what constitutes

adequate preparation for college-level work, are now in place at the University of Minnesota and will go into effect in the State University System in 1994. The standards will increase the level of preparation attained by high school students. That already has begun to happen at the University of Minnesota. In Fall 1991, 72 percent of entering freshmen met all the standards, compared with 30 percent of a sample of entering freshman in 1985.

The K-12 system is moving toward outcome-based education, which defines a set of outcomes rather than a set of courses for graduation. On the other hand, the post-secondary institutions require a prescribed set of courses as preparation for college. Outcome based education will require more communication, coordination and articulation so students don't get caught in the middle.

Where Students Go:
Enrollment by System 1990



Source: MN Higher Education Coordinating Board

Minnesota's Economy. Minnesota's economy has outperformed the U.S. economy in job growth and real output as measured by the GNP. In part this is due to a well diversified economy that has served as a cushion against severe downturns in specific sectors. The growth however, cannot be fully explained by differences in industry mix or by employee compensation and capital stock, nor by proximity to markets. Rather, a major force has been what the

state economist terms "Minnesota's knowledge industry". This industry has two important facets: the education/training function and the information/research component. Both have been and will continue to be critical to Minnesota's economic viability.

While the state's economy is better than that of many states, personal income growth is stagnant. It has decreased for males and increased for women. Families have maintained their standard of living by having two wage earners and by having fewer children.

Post-secondary education continues to be an avenue for upward income mobility, especially for women. In 1986 males with four-year college degrees earned 1.68 times males with only high school degrees. Women college graduates' earnings in 1986 were twice that of their counterparts with only a high school degree.

The economy in some rural areas of Minnesota continues to decline. By the end of the 1980s, three of Greater Minnesota's major economic activities had declining number of jobs -- farming, forestry, and mining. Only the service industry had increased. Cash incomes in Greater Minnesota are about 35 percent below those in the urban corridor. However, the M-SPAN II Report issued by the College Board observed, "If cash incomes are low, psychic incomes are high." In interviews, residents of Greater Minnesota consistently remarked on the outstanding quality of life that living outside the Metro area afforded them.

If the state's economy and personal income slows and grows at lower rate than the past decade, the state revenues will slow as well. The tax revenues will not keep up with increases in state spending like those of the 1980s.

The outlook for the 1990s is a decade of fiscal restraint. All parts of state government will need to provide the necessary services with fewer dollars. Post-secondary education cannot expect to be

exempt from this revenue diet.

We need to grow a larger economic pie so that all segments of society can prosper. Education can play a key role. It and the economy have a symbiotic relationship. They depend upon each other for growth and prosperity. Money spent on post-secondary education and training is an investment in the future of Minnesota and her people. By educating citizens that are the producers, creators, and researchers of products and services for a world economy, Minnesota's colleges and universities will ensure their own economic vitality.

State Financing. Post-secondary education has received about 19 percent of the state budget through out the 1980s. Minnesota is fourth in expenditures per capita for higher education. However it is second in number of students per capita. Because of high enrollments, Minnesota's spending per student is only average compared with other states. Another way of stating this is that each Minnesota taxpayer is being asked to support more students than taxpayers in other states and more students than in the past.

The current funding formula is based on a system of average costs that is solely determined by enrollment, providing no incentives or rewards for improved outcomes. This funding mechanism, known as the Average Cost Funding policy, appears to have encouraged enrollment growth as the main strategy for increasing revenues. The formula also provides no incentives for systems to graduate students; in fact, there are disincentives. If students must enroll for an additional year because of poor advising, lack of courses, or poor preparation, the system receives an additional year's funding and the students' cost increases commensurately.

Average Cost Funding is one of three inter-related financing policies adopted by the state in 1983. Shared Responsibility is the second policy that divides the responsibility for the students' share of post secondary education cost among the student, the

"The outlook for the 1990's is a decade of fiscal restraint. Money spent on post-secondary education and training is an investment in Minnesota and its people."

parents, and the state and federal government. Students are expected to pay one-half of the costs of attending college. This can come from savings, work or loans. Parents are expected to contribute up to 50 percent depending upon family assets and income. The government then provides the remainder, first through the federal Pell Grant and then the through the State Grant Program.

Cost-Related Tuition is the third policy. It bases the state appropriation on the assumption that students will pay a fixed percentage of the cost of their education. Originally set at 33 percent, the student share has increased as systems have raised tuition to cover shortfalls in state appropriations. In the technical colleges, where costs of instruction are higher due to the special purpose facilities, equipment, and smaller student to faculty ratio, the student share is 27 percent.

This means that the taxpayer provides nearly two-thirds of the cost of instruction for each student attending a public institution. This two-thirds subsidy does not differentiate between the rich or poor or among different types of students -- lower division, upper division, graduates, full-time, part-time,

employer-subsidized and so on. Nor does it differentiate among students attending college for avocational or recreational purposes; those who intend to complete a degree or course of study; or those who are there for job retraining or career advancement. This is a critical question that merits further consideration.

The Post-Secondary Systems and Resources. Post-secondary institutions often are the cultural and social center of a community. They also are viewed as economic development centers in and of themselves. Many times an institution is the largest employer in the town and the faculty and students contribute to the town's economic base. At times, economic reasons have superseded educational reasons for the location or continuation of an institution.

Not enough funds have been devoted to equipment and the infrastructure. For example, the University of Minnesota estimates \$300 million in deferred maintenance. The library is at the heart of an academic institution, yet all the systems told us about inadequate library holdings.

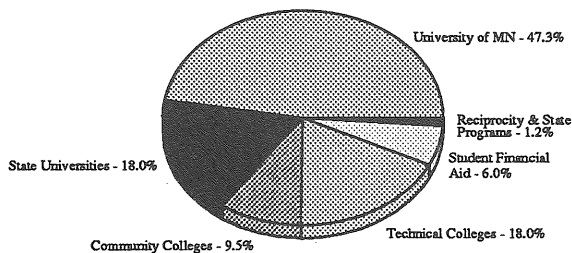
Some facilities are not always fully utilized. In our campus visits, we found campuses that were nearly vacant on some days of the week. Some campuses are under-utilized, others are at and beyond capacity.

Human resources often are not considered. Education is people-intensive: education must invest in those human resources. Staff development and other opportunities for updating and renewal are often not a priority of institutions.

There is a serious lack of data about costs by program, service and type of student. Information we received about the number, location and enrollment in the 3,900 programs offered raises concerns about unnecessary duplication and inefficiencies.

The role of the University of Minnesota as a land-grant institution and the sole research university in the state, merits some specific comments. The University of Minnesota occupies a unique role in

How State Higher Education Dollars Are Spent;
Distribution of State Appropriations
Fiscal Year 1990



Source: MN Higher Education Coordinating Board

Minnesota's total higher education system. Improving the academic reputation must be the primary goal of the University. We support the University's "Access to Excellence" plan to focus the University and its resources. As the University engages in its internal reallocation, people must understand that to ask the University to be and do all things for all people will prevent it from achieving excellence.

Post-secondary systems and individual institutions have not always focused on what they do best and they alone can do. In the 1990s, the resources for systems and institutions to try to be all things to people simply will not be available. At a system level there appears to be some recognition of this, but more work on mission differentiation needs to occur. The legislatively defined mission statements and the mandates to transfer or eliminate programs outside that mission is a good step.

Within each system, a serious examination of the number of programs and the duplication of programs must occur. The University's reallocation efforts can serve as a model for other systems. We don't need, nor can we afford, to offer every program or major on every campus within a system.

System Missions/Structure. System missions are not clear enough nor are they different enough. The Legislature in 1991 enacted mission statements that provide more clarity concerning program offerings. These mission statements however, do not address other components of mission: type of student, the product, or the commitment of the state. A mission statement should help an institution or system focus on what it alone can do or what it can do best. A succinct mission statement should articulate not only what an institution will do, but what it won't do.

There is no one best structure or system of governance; each has its advantages and disadvantages. The current structure makes it difficult to be innovative, accountable, and to meet the needs of regions and of students as they move from system to

system. It also has resulted in unnecessary duplication and competition between campuses within miles or sometimes just across the parking lot from one another. It does allow for more focused and differentiated missions - with each system finding a unique niche and providing programs to a specific set of students.

A single board for three of the systems will remove authority and accountability from the three current boards and locate it in one single board and administrative structure. It may be able to bring some efficiencies to the system. Unless carefully done, it could be contrary to the site-based management approach of K-12, or the trend in business to grant decision-making authority at the lowest level possible. To be effective, it must combine centralized governance with decentralized management.

The Faculty. In discussions with faculty, we found no explicit rewards for excellence in teaching. It is a part of promotion and tenure decisions, but the recognition of excellent teachers seems to be left to a few awards given annually and the psychic reward and gratification received from individual student compliments. The transmission of knowledge and helping people to learn is a complex art, a form of scholarly endeavor that is not sufficiently recognized.

We found Ernest Boyer's book, Scholarship Reconsidered: Priorities of the Professoriate, to provide a helpful way for us to view the work of the faculty. Boyer suggests that colleges and universities recognize many forms of scholarship as having value. This view recognizes the importance of faculty research and of service that integrates and applies basic research, but recognizes also that not all faculty are best at basic research. Faculty should not be rewarded primarily for research, nor penalized for the time and effort spent in being excellent teachers. Faculty at all Minnesota post-secondary institutions are first and foremost teachers. The University of Minnesota's Twin Cities campus, which has important

"Colleges and universities [must] break out of the tired old teaching versus research debate and define ... what it means to be a scholar."

Ernest Boyer

roles in research and service as part of its land-grant mission, also has teaching as a primary function.

The faculty is the single most critical component in providing higher education. The investments in this critical human resource are simply insufficient. Staff development funds seem to be primarily funded with "soft" money from foundations and other external funds. Faculty told us that good teaching, for the most part is a learned, not innate, skill. They say they emerged from graduate school far more ready to do research than to teach. Experienced faculty serving as teaching mentors; opportunities to talk with other faculty members about good teaching; and workshops and conferences that focus on the art of good teaching were mentioned by faculty as being very useful, but not readily available.

Like students, the faculty are getting older. All the systems indicated that the average age of their faculty has increased. In the Community College System, 71 percent of the faculty in 1989 were age 45 or over. The State University System indicated a similar trend. Nearly 30 percent of the faculty at the University of Minnesota plan to retire within the next 10 years. So technical college faculty can remain current in their fields, periodic opportunities to work in business and industry are essential. There is a need to respond to two needs. First, there is the need for staff development and renewal opportunities for faculty who have been teaching for many years, but have years of service remaining prior to retirement. Second, the need to begin now to plan for the large number of faculty retirements that are likely in 10-15 years.

These upcoming retirements can be viewed as an opportunity to create a more diverse faculty. Currently, the faculty is overwhelmingly white and predominantly male. As opportunities to replace retiring or other faculty arise, systems should hire faculty who are more representative of an increasingly diverse student population.

The Role of State Policymakers. State policy makers have reflected the views of their constituents concerning post-secondary education. They have been supportive by providing resources to educate more students per capita than all but one other state. They have helped to provide not only access but choice through reciprocity agreements with other states and a state financial aid system that is recognized as being one of the best in the nation.

They have built an extensive system of post-secondary institutions, throughout the state. Ninety-five percent of the residents of Minnesota have a post-secondary institution within 35 miles of their home.

Policymakers also have proposed and enacted many policies for higher education over time. Some of them are conflicting and counterproductive. Some decisions are made for economic or political rather than educational reasons. Often the policies and mandates are reactive rather than forward-looking, and focused on short term issues rather than on a vision and goals for the future.

The failure of the systems to make hard decisions has resulted in a trend toward management rather than policymaking. "Too much micro management by policymakers" was a theme we heard again and again. As one Commission member said, "They have been asking the systems to account for rather than for accountability."

The Role of Higher Education in Society. This is perhaps our most important set of findings; we will use them to summarize and reiterate the crucial role we believe post-secondary education has played and must continue to play if our state is to move forward into the 21st Century. First and foremost, the role is teaching - economic development is secondary, an outcome of an effective educational system.

Education for a Strong Economy. There are many economic reasons for supporting a strong system of post-secondary education. As we have

already discussed, one of our greatest assets is a well-educated work force. Most jobs in the future will require some post-secondary education for entry in to the workforce and will require additional education and training or retraining to advance or keep current in an ever-changing world.

The important role of research in creating and maintaining a strong economy must not be forgotten. Institutions of higher education are, in this nation, the primary centers for research. This is a critical role for the University of Minnesota.

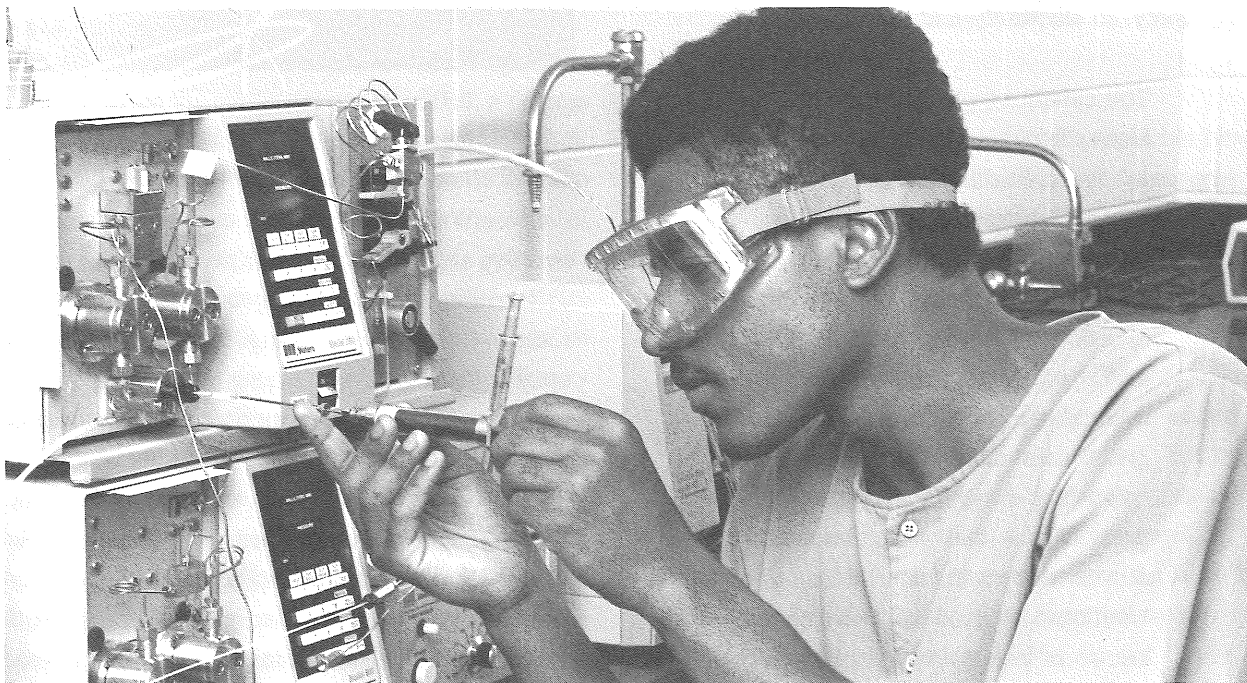
At major research universities, like the University of Minnesota, the reputation of the institution is largely driven by the number of research dollars garnered by the institution. Much of the research agenda of the University is driven by the federal government (which funds most of the research) and the interests of the faculty. The needs of the state for particular type of research are not the prime consideration. Basic and applied research should be consistent with the mission of the system. State needs should be an important consideration.

Education for a Progressive Society.

Research is more than a tool for economic development. It is the source of much of our information and data on human issues and institutions. This information not only explains human behavior and the human condition, but provides solutions to the social, psychological, political, and moral problems facing our society.

Higher education is far more than training for a job or career; it is preparation for life itself. Thomas Jefferson said it best when he wrote, "Although I do not believe that the human condition will ever advance to such a state as that there shall no longer be pain or vice in the world, yet I believe it susceptible of much improvement... and the diffusion of knowledge among people to be the instrument by which it is to be effected."

Education for an Informed Citizenry. The strength of our democratic form of government lies in the ability of its citizens to make informed decisions for the benefit of individuals and society at large. In a complex and interdependent world, citizenship



"A college would be foolish to promise happiness, but it can teach a student to seek fulfillment."

Roland Dille

means more than just casting a vote for those who will represent all the citizens. It requires an understanding of economic and eco-systems, an appreciation for the past and the lessons it teaches the current generation, knowledge and understanding of cultures different from our own, as well as the diversity of racial, ethnic and cultural groups within our own society. The ability to form and defend one's beliefs, to evaluate the legitimacy of data and information presented, to apply moral and ethical judgements are all requirements for world citizenship.

Education for Personal Fulfillment.

Finally, there are benefits of a college education that are somewhat intangible and difficult to categorize or measure. The ability to appreciate the beauty of art; the understanding gained from being able to communicate in a second or third language, the joy of being able to create a work of art or a piece of furniture, or the satisfaction of performing well in one's profession or job are in part what defines us as human. Education illuminates and enhances our humanness.

As President Roland Dille, Moorhead State University, so eloquently told us:

The culture of our colleges, in its history books, in its novels taught, in its political science classes, traces - indeed celebrates - the struggle to find order in chaos, the affirmation of human dignity, the sacrifices of heroes, the creation and change of institutions devoted to the public good. It celebrates the great ideas that have moved us, however slowly, forward, and the great works that have inspired, moved and given us serenity. It testifies to the good that follows the choice of reason over impulse, or the long view to the short view. It

makes us skeptics and gives us faith. It helps us recognize our common humanity even as it teaches us to take joy in our diversity. Finally, by awakening in us a sense of possibilities it makes us good citizens.



Our Recommendations.

We have organized our recommendations into five areas: 1) Serving the needs of the customer, 2) Providing and promoting quality, 3) Redefining access, 4) Leveraging change through funding and other policies and, 5) Clarifying missions and creating structures to enhance quality, access and customer needs.

Serving the Needs of the Customer. Post-secondary education must focus on the needs of its customers. This is a revolutionary concept, not because of the business world term, "customer," although its use is unsettling and uncomfortable for many within

academe - but because it implies that those who know best what is needed are not the providers but the users of the products and services. Post-secondary education traditionally has designed and provided the educational services that the administrators, faculty and others within the system think is best. We are suggesting that instead, those processes be designed to meet the needs identified by the customers of that service.

This focus on the customer is one of the basic tenets of Total Quality Management. While TQM is new to post-secondary education, there are institutions and systems that are applying its principles that can serve as models. Oregon State University and the North Dakota University System are two leaders; in Minnesota, the University of Minnesota-Duluth, Hutchinson Technical College, the University of St. Thomas, Anoka-Ramsey Community College, and Winona and Southwest state universities are learning about and applying TQM and serving as pilot sites in a cooperative project with the Minnesota Council on Quality. The institutions are piloting the use of the seven Baldrige Award criteria with the goal of developing a Minnesota Quality in Education Award.

Once the customers are identified, a process to receive input from customers concerning their needs should be developed. Systems could develop something like the technical colleges' system of advisory committees, made up of people within an industry and other community interests. They advise each college and each program within a college on what a program should include. The advisory committee group helps define the curriculum. They do not decide how to teach the curriculum -- that is the area of expertise of the faculty.

Indicators of how well the system is meeting customer needs should be developed and expressed in terms of outcomes. The outcomes should be developed based upon the needs of the various customers and much information can be gathered

from customer satisfaction surveys, for example. In this way, students and employers, and also former students can provide valuable feedback and information that will help to improve post-secondary education.

Customers also exist within education. Some examples of internal customers are the faculty, who might be viewed as customers of the dean, or the president, the customer of those who collect information and develop reports needed for effective decision-making.

Looking at every function and process within higher education as being driven by the needs of its customer will profoundly change the way higher education defines and goes about its business.

We Recommend:

- Each system and each campus should define its major internal and external customers, actively seek their input and design educational services and processes that meet their needs. Systems should report on these efforts to the 1993 Legislature.
- The Governor should include, in his 1994-1995 biennial budget, funds to support a Minnesota Quality in Education Award similar to the national Malcolm Baldrige Award.

Providing a Quality Education. There is a link between customer focus and quality that makes it difficult to talk of one without the other. We have already said that quality is defined by the customers. It incorporates processes as well as outcomes. It is not measured by inputs, but recognizes the need for adequate inputs. Some of the inputs necessary for quality should be mentioned. Faculty are a key to quality. Faculty who are committed to and receive

"If it works, [Total Quality Management] would turn a culture that has often been indifferent to the needs of students into one that puts student success at the top of the agenda."

John Kostouros

"Access without quality does not keep faith with Minnesotans who count on higher education for better lives."

"Decisions for Minnesota"

Higher Education Advisory Committee, 1991

support and rewards for excellence in the classroom are essential. Libraries and equipment are vital, again, not as a measure of quality, but because they are resources integral to the mission of post-secondary education.

Definable and measurable outcomes should be used to assess progress toward quality. These outcomes should be based on world class standards or benchmarks. Many will focus on student knowledge and skills. Quality indicators focused on student knowledge -- what students should know and be able to do -- could be developed in basic skills, general education and the specific program or major.

Other outcomes should focus on the degree to which state goals are being met. Higher graduation rates, improved retention of students of color or data on job placement are examples of possible state goals. Customer expectations can help to determine these goals. Cost-containment features might be an expectation of students and the taxpayers (two customers) for example.

Customer views of the educational services are another source of information. Surveys of current students, alumni and employer satisfaction should be used as another indicator of quality. The diversity of students and programs makes this an essential and yet manageable method of getting information that can be used to define and measure attainment of quality.

While much of this information should be gathered and used internally for the purpose of improvement, a report on progress toward goals should be required as an accountability tool.

We Recommend:

- Each system, campus and program should develop quality indicators which are measurable, customer-defined and stated as outcomes. Each public system should develop the indicators by Fall 1993 and ways to assess their attainment by Fall 1994.

- Development and implementation of these plans should be linked to future resource allocations. The Higher Education Coordinating Board (HECB) should review and comment on the indicators and plan for assessment and report to the Legislature before any incentive or performance funds are allocated.
- Policymakers should articulate state goals for post-secondary education and direct the systems to find ways to measure and report progress toward them.
- A sample of alumni and employers should be surveyed to assess the degree to which they are satisfied with the quality of their education. The survey should be designed by HECB, in cooperation with the systems. Survey results should be reported to the Governor, Legislature and the citizens of Minnesota biennially. This information also should be available to prospective students.
- The HECB's program review process should require campuses to identify their customers and develop outcomes and indicators of attainment.

Maintaining and Improving Access and Choice. For many years, access has taken on geographic connotations, with policies and practices providing more than 65 public campuses throughout the state. Access needs to be redefined to include the provision of affordable educational services that meet the needs of different customers, through a variety of means.

Financial access. We have a social responsibility to provide opportunity for a post-secondary education for all the citizens of the state. Access means adequate financial aid for low-income students and for middle class it is a price that is

within the reach of parents and students.

Choice is closely related to financial access. The diversity of types of institutions, public and private, is a strength that should be retained. The private colleges and trade schools serve many Minnesota students at almost no cost to the taxpayer. Financial aid to students represents about 6 percent of the state's budget for post-secondary education; private college students receive about one half of that financial aid appropriation.

Logistical and Psychological Access. Today's diverse student body needs programs and services offered at times and locations and using different delivery methods suited to adults and traditionally under-served populations. Colleges need to do more than actively recruit students of color and other under-served groups; they must provide support services and a comfortable and supportive atmosphere where those students feel welcome and can be successful.

Geographic Access Re-defined. The traditional view needs to be redefined. Students no longer need to drive to a collection of buildings, known as a campus, to receive educational services. Long-distance education through the use of interactive technologies, computer assisted learning and one-way transmission of information via satellite or video cassette are some of the approaches.

The library, currently viewed as the heart of the academic institution, may become less a collection of books and other printed materials, and more an electronic information network linking resources and users all over the state. These are not future possibilities; many are reality today in Minnesota. As technology becomes more widespread, integrated planning for its use will be essential. We cannot allow information access to be bound by institutional, system or even state boundaries.

Regional Access. In today's world, a regional view of access should be adopted. Within a geographic region, Minnesotans should have access

to a range of programs offered at a campus, or through telecommunications.

We Recommend:

- **Financial access should be maintained with tuition levels and financial aid that will keep post-secondary education affordable for students and their parents.**
- **Cultural access should be improved with policies and practices that help under-served populations feel at home and be successful.**
- **Student choice should be maintained and expanded. Important options such as the private college system and reciprocity agreements with other states should be maintained.**
- **A telecommunications master plan that takes a regional approach should be developed by each system. Planning should be coordinated by the HECB to expand and redefine geographic access through telecommunications, making efficient use of resources, and coordinated planning.**
- **Until a facilities utilization survey is completed, no new campuses or buildings should be constructed. As access is redefined, the need for additional bricks and mortar will diminish.**
- **Campuses should remove barriers to timely completion of programs. An annual report on progress in this area should be made to students and policymakers.**



Leveraging Change through Funding and other policies. State policies need to be developed to encourage or at least not discourage post-secondary systems and campuses and students from accomplishing the stated goals. State policies often are developed piecemeal on an as-needed basis without considering the total effect of all the disparate policies. A policy audit is a crucial first step in determining how well the current collection of policies are meeting intended goals. The work of the Education Commission of the States (ECS) and a model developed for ECS by the National Center for Higher Education Management Systems (NCHEMS) provides one useful approach.

A funding formula should be designed to encourage and reward quality or the achievement of goals. It should not be solely enrollment driven. It should focus resources on the primary role and purpose for higher education -- teaching and learning -- but also should ensure that the infrastructure and libraries and equipment are maintained. Policies should include incentives for efficiency and cost-

containment. We are concerned that increasing tuition for all students will be seen as the easy way out -- a way to get more revenue without having to produce greater efficiencies with the resources already allocated. However, some types of differential tuition based on type of course, student, or level should be considered and explored.

Policies and practices that encourage and reward student preparation and achievement also should be developed. The effect such policies will have on behavior should not be underestimated. State policies and a funding formula should include incentives for systems to change, not just for students to perform. One example: if an expected outcome requires that all students be proficient in a second language, the system should not be allowed or rewarded simply for putting the requirement into place. It also must shift resources to assist students to achieve the outcome.

A second area to be expanded is awarding credit to students who demonstrate attainment of the required knowledge and skills, regardless of where, when or how the knowledge and skills were learned. Credit and degrees should be awarded for competence rather than course completion and for learning rather than time spent.

We Recommend:

- **The Governor should recommend and Legislature should allocate funds to conduct a policy audit to see if state policies are working.**
- **The Task Force on Future Funding should develop a formula that is not based solely on enrollment. The formula should include performance and incentive funds that will reward outcomes and encourage innovation. It should encourage asset maintenance as well.**

- All systems should develop admission policies that encourage and reward preparation and achievement. We endorse the preparation standards developed by the University of Minnesota and the State University System as a first step. The two-year systems also should develop and publicize a set of preparation recommendations. Students meeting the preparation standards or recommendations should be granted a tuition reduction as an incentive for planning and working hard in high school.
 - Remedial or development education should be offered only at the two-year institutions. No college credit should be given for any remedial or development course. The cost of remedial education for recent high school graduates should not be paid with post-secondary funds. The K-12 system should provide the remediation or be charged for those costs.
 - Financial aid should have a component for performance as well as need, while recognizing the special needs of various groups of students. Some scholarships should be based upon academic performance or demonstrated improvement in performance.
 - High school graduation standards now being developed by the State Board of Education should be more rigorous than the current standards. The 80 percent of all high school graduates who will enroll in post-secondary education's courses should graduate with the knowledge and skills need to successfully complete college-level work.
 - Cooperative partnerships between K-12 and post-secondary education should be developed. HECB and the Department of Education should develop a plan and process to improve communication between all levels of education.
 - The HECB's Parent and 8th Grade Information Campaigns should continue so secondary students, their parents and the high schools understand both the academic and financial expectations and ways to achieve them.
- Clarifying the Mission.** We cannot overstate the need for clear and clearly differentiated mission statements. The mission statement should be the point from which all planning and activities flow. The system mission statements need further differentiation and clarification. Individual campuses should have mission statements that recognize the unique needs of the area served and the strengths of the campus, within the overall mission of its system.
- We Recommend:**
- The directive of the 1991 Legislature requiring systems to eliminate programs not within their mission should be retained and enforced.
 - Campus mission statements should be developed that allow and encourage quality-driven niches of excellence within the overall mission of the system.
- Creating a Structure to Enhance Quality, Access and Meeting the Customers' Needs.** We are concerned with promoting quality standards and programs, a more sophisticated approach to access and a customer orientation to managing our institutions.

"Don't just tinker at the margins: it will only ensure that higher education limps through the decade."

Susan B. Stine

Policy
Perspectives

Our recommendations concerning the structure of post-secondary education, therefore, come out of these concerns.

Structure is a means to the other changes we have recommended. Structure is important as a vehicle to promote quality, access, efficiency and a customer focus. The 1990s will bring changes in the way post-secondary education is organized in Minnesota. The new Higher Education Board, established by the 1991 Legislature, has been given the mandate to create a new organization to replace the technical college system, the community college system and the state university system by July 1, 1995.

We believe the focus should shift to how institutions can operate to best serve their customers within the regions where they operate. We suggest dividing Minnesota into higher education regions, similar to the economic development regions. Each region would have a combination of institutions from technical to baccalaureate, and students would be better served by a better coordinated array of curricular offerings and services. Institutions could find new efficiencies in sharing staff and support services. Most important, quality driven niches or centers of excellence could be created in each region. These centers of excellence would be determined by the needs of the region and could mesh with other economic development activities in the areas. Examples include environmental studies and related fields in the Brainerd-Bemidji area, agriculture and agribusiness in the southwest area of the state or medical technology in the metro corridor. These are just a few possibilities; individual regions would be able to identify a far more complete list. Centers of excellence also could be developed to meet state needs, building programs where the state has a competitive economic advantage, to draw students from all over the state.

We are impressed with the cooperative approach underway in Rochester. There, all four

public systems and several private colleges work together to provide needed educational services. An appointed regional board like the Greater Rochester Area University Consortium could articulate the needs of the consumers. The regional board along with a companion Board of Providers composed of individual campus heads could engage in cooperative planning and delivery of programs and services that meet the need of the region. All public institutions within a region would belong to the regional consortium; private institutions would be encouraged to participate as well.

Governance, for all public institutions except the University of Minnesota, meanwhile could shift to some central state authority, with responsibility for making overall policy, selecting senior administrative staff, collecting data, evaluating the quality of outcomes, and making resource allocations both to the campuses and the regional structures.

We think that the Higher Education Coordinating Board could be reconstituted to play this role. The three distinct missions (occupational education, general and transfer education, and baccalaureate education) could be preserved even as the current boards yield to a single authority.

It is also possible that the new Higher Education Board could evolve into this role, but we wonder why we need to start over, when we already have an agency we could reshape into this new responsibility.

Regardless of which board becomes the vehicle, we believe that any reorganization that centralizes policy and resources must be structured very carefully. The governing board should concentrate on state-level policies, institutional missions and resources, and avoid managing from the center.

If institutions are expected to build their programs and services around the needs of their students and communities, they can't be run from St. Paul.

It will be critical to create and sustain environments for entrepreneurial development and innovation. Faculty and administrators will need to practice more teamwork than is typical now.

This will occur only if the members of the governing board are committed to combining centralized governance with decentralized management. They must insist on setting high standards, but resist trying to standardize what institutions do. In an era of scarce resources, they must assure that there are rewards for higher productivity.

In recommending a regional approach to the delivery of post-secondary education our hope is that turf battles between systems and campuses are eliminated. Cooperation for the benefit of the students should become the driving force.

We Recommend:

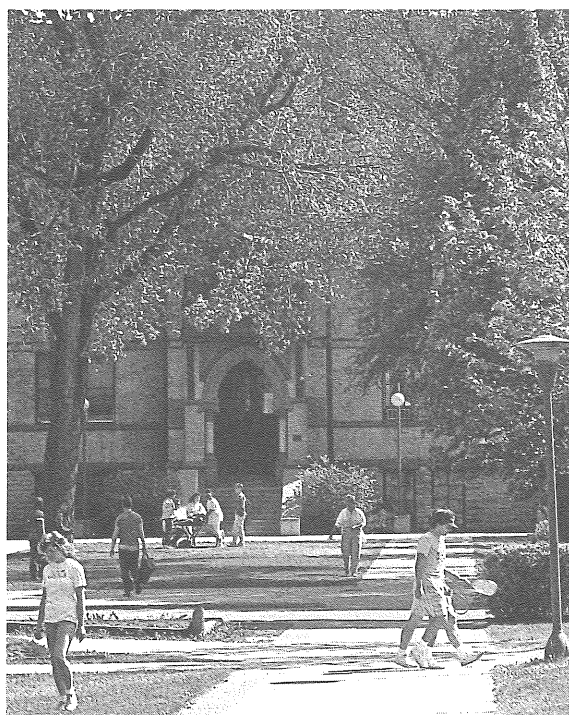
- **The HECB, in consultation with the Higher Education Advisory Council, should develop a plan to create education districts throughout the state.** Each region would have a Board of Advisors appointed to represent the needs and interests of the customers. A companion Board of Providers, composed of the heads of all campuses within the district, would be created to implement the regional delivery of services.
- **A board should be created to govern all public two-year institutions and the state universities.** It should allow the regional administrative structures to develop programs and services to meet the needs of the region, while assuring that the state's needs are being met efficiently.

Conclusion.

Last August, twenty individuals came together as the Commission on Post-secondary Education. We possessed different perspectives, experiences and knowledge of post-secondary education. However, we were united in a belief that higher education is critical to the well-being of Minnesota and her people.

We also shared a commitment to develop recommendations that would transform a good system of post-secondary education which has served us well in the past, into a system that will help Minnesota maintain its competitive advantage and quality of life.

We have not changed our views concerning the important role that higher education must play in Minnesota's future. We have completed our report but believe that it should be viewed not as the end, but the beginning of a process that will improve higher education. It is now up to the Governor, the Legislature, the higher education community and the citizens of Minnesota to read, discuss and debate our recommendations and ways to implement them.



APPENDIX

ACKNOWLEDGEMENTS

In the last six months, we have learned a lot from the educators, students, policy makers and citizens who so willingly shared information and ideas with us. Our personal experiences, as well as our collective understanding of higher education, have been enriched by all those involved with the Commission on Post-secondary Education. We wish to thank the following groups and individuals:

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The Commission Resource Team representing the higher education systems, K-12 education, the Departments of Education and Finance, the Governor's office and the Higher Education Coordinating Board. They served as liaisons to their organizations and provided the Commission with data and information on many issues and questions.

Presidents and Chancellors from all the higher education systems who met with the Commission and with individual members to share their insights and visions.

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John Kostouros, Roland Dille and Darrell Krueger, who spoke to the Commission, shared written materials or both.

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Students, faculty, staff and administrators who met and talked with us during our 70 campus visits.

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