

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES MEETING MINUTES WEDNESDAY, APRIL 20, 2005 WELLS FARGO PLACE ST. PAUL, MINNESOTA

Trustees Present: Robert Hoffman, Chair, Will Antell, Duane Benson Tyler Despins, Cheryl Dickson, Ivan Dusek, Ruth Grendahl, Clarence Hightower, Lew Moran, David Olson, David Paskach Thomas Renier and Ann Curme Shaw

Trustees Absent: Vincent Ijioma and Christopher Schultz

1. **Call to Order**

Chair Hoffman called the meeting to order at 10:05 a.m.

a. **Board of Trustees Major Topic Discussion**

Productivity Definition and Measurement

Chair Hoffman announced that productivity is the last of the four priority areas identified by the Board for the new work plan. The other three priority areas are Revenue Models; Centers of Excellence and the Strategic Plan, which were discussed at the March 2005, Board of Trustees meeting.

Chair Hoffman explained that Vice Chancellor William Tschida would lead the discussion along with Internal Auditor John Asmussen, Senior Vice Chancellor Linda Baer, Vice Chancellor Laura King and Vice Chancellor Ken Niemi.

Vice Chancellor Tschida stated that productivity is one of the four focus areas that the Board of Trustees identified at the Study Session in February. Within that area five items were noted: The use of technology to increase efficiency; performance pay; productivity metrics; productivity and expense measurement as part of a system report card and the use of a single portal to help students and business access the system. Vice Chancellor Tschida stated that future updates on productivity would be presented to the Educational Policy Committee.

Internal Auditor John Asmussen briefed the Board on the Accountability Framework composite indicators and core measures. He added that as part of the discussion a true measure divides outputs by inputs. Vice Chancellor Tschida stated that he read an article containing a speech on "Productivity in Higher Education." by William Pool, President of the Federal Reserve Bank in Saint Louis. "Productivity measurement is difficult in most service industries and education is no exception.

An important point in measuring productivity is that the measure should not be constructed prior to setting goals and objectives, doing so will lead administrators to value something that is measurable rather than measuring something with value. Measuring productivity in higher education requires a measure of both efficiency and effectiveness.” Vice Chancellor Tschida stated that in a complex organization, a productivity measure should consist of two measures: an efficiency measure and an effectiveness measure. He added that the system does have some efficiency and effectiveness measures at the campuses. Faculty and staff to student ratios are examples of efficiency measures. Other measures are student pass rates on certification or licensure exams; student success at transferring institutions versus non-transferring students; Integrated Postsecondary Education Data System (IPEDS) graduation and transfer-out rates; graduated related employment rates and continuing education rates, which are mostly effectiveness measures.

Vice Chancellor Tschida stated that there are four steps to productivity measures: to define the unit analysis, whether it be at the individual, program, department or at the system level; identify the desired products, outcomes or objectives and set priorities; to design the measures of efficiency and effectiveness that relate to those identified outcomes and objectives; link the measures with the desired productivity goals and develop a plan to meet those goals.

Trustee Clarence Hightower questioned if efficiency and effectiveness intersect or are measured separately. Vice Chair Tschida replied that to accomplish objectives they would not intersect but a minimal amount of effectiveness needs to go along with efficiency measure. Senior Vice Chancellor Baer stated that efficiency and effectiveness goals are synergistic. Trustee Will Antell inquired about student retention rates. Internal Auditor Asmussen replied that the data is broken out by race, ethnicity, institutional types and income levels, first generation students and students taking English as a second language.

Trustee Duane Benson inquired if there would be some value to an outside source for consultation. Vice Chancellor Tschida replied that comparing performance with similar institutions and systems before getting to step four of linking measures with the desired productivity goals.

Chair Hoffman questioned why there cannot be a definition of measure in higher education. He added that the system must be able to define the value of what it delivers. Vice Chancellor Tschida replied it is the ability to measure what the value added is and how much change is in control of the customer - the student.

Trustee Lew Moran commented that the first definition should be the service or product provided and whether it is understood by the market place and a good investment of state dollars.

Senior Vice Chancellor Baer stated that the issue is to look at it as a business input and output and to end with a product that the value added is reflected by the market value and the capacity to be readily available.

Chair Hoffman stated that in business, inputs are far from standard .business has a remedial side of inputs. He questioned how we know that the best possible outcome, value and measure have been accomplished with the allocated state tax dollars. Senior Vice Chancellor Baer stated that graduation and placement statistics are concrete measures of the value added. She continued that there is the measure of value added to state, and value to the individual.

Trustee Benson noted that it is about what is the highest value at the lowest cost, thus what is the value part of the equation, adding that is what defines productivity. Chancellor McCormick stated that one measure is access, affordability and quality. He noted that giving to a person with limited knowledge adds great value and that is a measure of the added value to a student who had far to go. Trustee Antell stated that in his experience the inputs were not related to the outputs he expected to use as a practitioner. Trustee Moran stated that what the system does has an enormous value to the state.

Trustee David Olson inquired if a conclusion could be reached as to the definition of productivity. Vice Chancellor Niemi stated that the definition is the outcome measure of effectiveness, efficiency and a final measure of success. Trustee Hightower stated that he questions what the cost is for diversity and access and that could lead to the same conclusion the University of Minnesota reached. Trustee Dusek agreed adding that to accurately measure and account is difficult and he noted that higher education business is different from other business. Vice Chair Shaw added that measuring access and affordability should be the goal.

Trustee Despina stated that from a student perspective, a measure would be the cost per student of the resources provided. Trustee David Paskach stated that the budget does not grow as rapidly as cost. He added that adequate dollars will not be received and he will not approve tuition increases to make up the difference. He added that being effective and efficient and to find a way to measure the satisfaction of the learner needs to be accomplished. Vice Chair Curme Shaw agreed that the system needs to be more effective and efficient but expressed her concern regarding measuring cost per student adding that measuring productivity on cost per student would in turn cost more.

Trustee Cheryl Dickson stated that the system produces an essential service and Minnesota cannot move forward without higher education, and that eighty percent of jobs require a higher education and that educating citizens is difficult to measure. Trustee Moran added that what the system produces directly benefits the state and that is difficult to meaningfully measure.

Trustee Olson stated that there are limited resources and the assumption is that the system will have the same amount of funding or less. Trustee Benson stated that the question is whether to take the opportunity to plan and be more productive. Trustee Antell agreed and noted that there are diminishing resources and the system needs to regroup and not put the cost back to the students. Vice Chancellor Tschida stated that there needs to be measures in both effectiveness and efficiency. Senior Vice Chancellor Baer referred to the Academic Quality Improvement Program (AQIP), an alternative within higher learning accreditation. She stated that AQIP fits the mission and goals of the institutions.

Trustee Paskach added that there needs to be an effective way to turn the data into action and measure how to do more with less. Chancellor McCormick referred to the book "Good to Great" by the author, Jim Collins, noting that good is not good enough and the need to be better.

Trustee Antell commented that it may be time to revisit the question of access and if it means the same thing in different areas. Trustee Renier stated that any measure of efficiency to strive for in the context of what the system does is good. Trustee Dusek stated that it is about the students accomplishing their goals, adding that the system is moving in the right direction. Trustee Despina stated that cost influences access and tuition continues to increase.

Chair Hoffman stated that the system starts with a mission and a strategic plan to accomplish the mission with revenue being the variable. He added that with no increase in revenue there is still a mission and strategic plan to accomplish and best practices come into play to do better. He stressed that it is important to not lose sight of the mission and strategic plan. Trustee Paskach stated that to do more with less and to be able to do better for students may be through productivity assessment and measurement to reward the best students in the classroom.

Vice Chancellor Laura King stated that the operating budget will be presented at the June meeting. She commented that increases in tuition have left the institutions with no additional net revenue since the tuition increases are a substitution for state funding. She continued that spending per student has been flat for years and has forced efficiencies and changes in operations. Vice Chancellor King remarked that tuition planning effects access and to improve access with lower tuition is to lower access, thus leaving the institution with less revenue to work with. She commented that affordability objectives can work against access objectives.

Vice Chancellor Tschida remarked that the next step would be based on the feedback by the Board and follow-up of the Ad Hoc Work Group on Strategic Planning. A quarterly progress report would be presented at the September meeting.

Chancellor McCormick stated that the Board of Trustees and the University of Minnesota Board of Regents are accountable to the Legislature and the Governor. He added that there is a proposal from the Higher Education Services Office to do an accountability study and should it be approved, he questioned how the Board's accountability measures will be measured with other higher education offices.

Chair Hoffman expressed his appreciation to the Board and staff for the discussion. He added that the Board needs to continue conversations of this nature to make for a more effective Minnesota State Colleges and Universities System.

2. Adjournment

Chair Hoffman adjourned the meeting by consensus at 11:35 a.m.

Ingeborg K. Chapin
Board Secretary