



**Minnesota**  
STATE COLLEGES  
& UNIVERSITIES

**2006 State of the System Address**  
**September 20, 2006**  
**Chancellor James McCormick**

Today I would like to take a few moments to review some of the accomplishments of the past year, talk about the challenges we see ahead and discuss how we will meet them.

Over the past year, the Minnesota State Colleges and Universities has served students and contributed to the state's well-being. The new vision adopted this year by the Board of Trustees – to enable the people of Minnesota to succeed by providing the most accessible, highest value education in the nation – continues to inspire us.

- I am very pleased with the system's new strategic plan, which the board developed with input from the presidents, Office of the Chancellor staff and other constituencies. The plan already has received national attention and positive response from state leaders.

For the first time in history, we have added measurements and goals that will make it a tool we can use to hold ourselves accountable for making progress toward the four strategic directions. We intend to make these precise; we will clearly spell out what we intend to measure, how we will measure it, and what we want the results to be. This is a solid, forward-looking plan.

- The system had strong support of the governor and Legislature this year, resulting in a bonding bill of \$191 million for the colleges and universities. Since merger in 1995, the system has received \$982 million – almost \$1 billion – in capital funds to improve our existing buildings and provide new instructional space in response to changing market demands.
- This year we created four new Centers of Excellence, an initiative that was first proposed by the Citizens League, embraced by the governor and approved by the Legislature in 2005. Four state universities and 17 two-year colleges are participating in centers for Strategic Information and Security, Integrated Health Science Education and Practice, Engineering and Manufacturing Excellence and Manufacturing and Applied Engineering. All of the centers are up and running, and we are looking forward to seeing them thrive in the coming year. Every year, a thorough evaluation will be conducted by an outside evaluator to see what worked and what didn't.
- We have begun a strategic plan to re-invest in technology across the system. Students, faculty and staff will see substantial improvements as we modernize our information technology infrastructure. We will bring the system into the 21<sup>st</sup> century in terms of providing programs and services in a way that is more useful and convenient for our students and more efficient and effective for the faculty and staff.

- Our acquisition of the former Billy Graham property in 2003 was our most significant real estate transaction since the merger. With \$18.9 million from this year's bonding bill, Minneapolis Community and Technical College, in partnership with Metropolitan State University, is putting an additional building into service for health and science education, which supports our targeted industry partnerships with Twin Cities health care organizations.
- We have launched the Friends Action Network, a grassroots initiative to build support for the system at the Legislature. More than 900 hundred people have signed on in support of our colleges and universities. We will continue that effort as we prepare for the 2007 session.
- The system is also building its network of supporters within the foundation and donor community. Our colleges and universities produce 32,000 alumni every year, many of whom go on to define success at Minnesota's corporations. Through the cultivation of individual donors and by increasing partnerships with private and corporate foundations, our institutions will continue to exemplify academic excellence and commitment to the vitality of our communities.
- The board's new strategic plan clearly restates our commitment to access and diversity, and we have set in motion ambitious plans to produce results. Creation of a Diversity and Multiculturalism committee of both the board and the Leadership Council will help us advance that agenda. Our work last year with the American Indian community across the state resulted in a plan to reach out to American Indian students. And we have created a Community Action Diversity Council to get the advice of leaders in ethnically and racially diverse communities.
- Three of our institutions – Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College –launched “The Power of You,” an innovative program to encourage Minneapolis and St. Paul high school graduates to go to college by offering two years of college tuition-free to those who are eligible. This initiative, which also has the support of foundations and private donors, has generated great excitement. We will be watching closely to see what the results will be.
- This year we completed four presidential searches and welcomed new presidents Joyce Helens at St. Cloud Technical College, Kathryn Jeffery at Hennepin Technical College, Larry Lundblad at Central Lakes College and Anne Temte at Northland Community and Technical College. It has become apparent that leaders at this level are becoming more and more interested in being a part of this system.
- We successfully negotiated and settled the 2005 to 2007 contracts with the IFO, MSCF and MSUAASF bargaining units in record time. Thanks to the efforts of both the union and management teams, we were able to conclude negotiations more quickly than any time in recent history.

- We have had a 40 percent increase in online enrollment for Minnesota Online from 2005 to 2006. We now have more than 150 programs available entirely or predominantly online and 1,800 courses offered. More than 57,000 students took an online course last year, amounting to 7,800 full-year-equivalents or 5.8 percent of the total system full-year-equivalents.
- A common semester start date has been adopted that will be implemented in 2007 at our two-year colleges and some state universities, and in 2008 for all our institutions. This may sound like a small step, but it has enormous implications and potential for making the system more streamlined and efficient and for benefiting students, especially the thousands who attend more than one of our institutions in a single year. This was one of a number of initiatives to start to standardize our business practices to achieve economies of scale and consistency among our colleges and universities.
- I am very proud of the way the system worked with the Military Affairs and Veterans Affairs departments on legislation to establish veterans services centers at five of our colleges and universities to help reintegrate veterans into civilian life. These centers will allow all 32 of our colleges and universities to enhance services for veterans and their families. Since the terrorist attacks of Sept. 11, 2001, nearly 8,000 members of the Minnesota National Guard have been mobilized for overseas duty. At least 3,000 Guard members are expected to return from Iraq next spring, the largest one-time release in the state's history. We stand ready to help.

Finally, there is no question that the state's investment in the Minnesota State Colleges and Universities pays real dividends to the state. By educating our students, our system enhances the productivity of the state's workforce. And our graduates do not make just a one-time addition to the state's economy; they continue to contribute throughout their working lives.

We asked economist Paul Anton to quantify the impact the system has on the state's economy. This is the fourth time he has studied this for us, and the numbers continue to be impressive.

- He estimates the annual statewide economic impact of the Minnesota State Colleges and Universities is 3.5 billion dollars – 3.5 billion dollars per year. Of that, about \$2.4 billion is from the enhanced productivity of Minnesota workers who received degrees or training at our colleges and universities.
- For every state dollar spent on the system, the economic benefits returned to the state amount to around \$10. That is an excellent return on investment.

When I look back over the past five years, it is clear that public higher education in Minnesota and the nation has been hammered by a perfect storm. A convergence of forces has resulted in sagging state support, soaring tuition and painful budget cuts at the colleges and universities. Students have been the first casualties, going further and further into debt – or choosing not to go into higher education at all.

Consider what has happened in our system over the past five years:

- Our 32 state colleges and universities have had to absorb cuts of nearly \$240 million in state appropriation.
- We had to impose double-digit tuition increases four consecutive years, and higher-than-inflation increases in the past two years.
- Minnesota has slipped below the U.S. average in state and local support for public higher education per student, according to a recent report by the State Higher Education Executive Officers.

At the same time, we are seeing report after report warning that higher education is becoming more and more vital to the economic success of Minnesota and the country, yet it is becoming less and less affordable.

- Two years ago, the governor asked the Citizens League to look at the state's higher education infrastructure. The Citizens League warned that "Minnesota is at risk of falling behind in a rapidly changing global economy." The report recommended that we increase our expectations that every Minnesotan achieve at least two years of post-high school education.
- A new national report, "Promise Abandoned" by the Education Trust, found that insufficient funding for federal financial aid, coupled with inadequate increases in state expenditures for financial aid for low-income students, has produced "devastating" results. High-achieving students from the lowest-income families are only attending college at the same rate as the lowest-achieving students from wealthy families.
- The 2006 edition of "Measuring Up," the state-by-state report card on higher education, found that Minnesota has slipped from a C-minus to a D on affordability. The report found that college in Minnesota has become less affordable, particularly for low-income families.

Now to the future.

It is good news for us that the state's budget woes seem to be past us. However, even with a rosier economic climate than we've seen in the past several years, we know there will be tremendous competition for state resources. We will need to make a strong case for our appropriation request.

This is an important year for us at the Legislature. It is a biennial budget session, and we will have at least 30 new members in the House and the Senate, all of whom I hope to visit before the end of the year.

We will need to work together to convince the people of Minnesota and legislators that it is time to reinvest in higher education, to restore some of the programs and services that were scaled back by budget cuts, and to make a healthy down payment toward Minnesota's continued economic success.

We must be united. The stronger we are and the more we can make known our contributions to our students and their future and to the state's economy and quality of life, the more likely we will be to succeed.

But we also must take a look inward at the old, perhaps even comfortable, ways of doing business. How can we be more efficient? How can we serve students in new ways? How can we streamline our operations, reduce waste and improve productivity?

We must find innovative ways of stretching the dollars we get from the state and from our students. We must identify best practices in teaching and learning at our individual colleges and universities and implement them widely.

As Don Norris puts it in his book, "Leading and Navigating Change," "To thrive over the next decade ... successful systems must create new and distinctive value propositions, exceptional convenience, reduced costs, and access to resources greater than those available to learners at comparable institutions that are not part of a system."

That is our challenge as we create the culture of innovation that will keep us on the cutting edge of change.

We have longer-term challenges ahead of us as well. One issue that really concerns me, and should concern all of us, is the readiness of Minnesota high school students for college.

You have heard this before: The education pipeline is broken. Not enough students are graduating from high school – and not enough students are going on to college – to fill the jobs of the future in our knowledge society.

Here's the disheartening picture:

For every 100 ninth-graders statewide, only 78 percent were graduated from high school in four years, and only 42 percent enrolled in public higher education within two years.

In Minneapolis and St. Paul, the statistics are bleaker. Only 54 percent were graduated from high school in four years, and only 24 percent enrolled in public higher education.

For minority groups, it's more worrisome. American Indian, Hispanic and African American students have significantly lower high school and college graduation rates.

This could lead to a job gap down the road, because the percentage of young adults of color is projected to increase in Minnesota, while large numbers of baby boomers, mostly white, will retire in the next 20 years.

The implication of these disparities was driven home by the report, “Mind the Gap,” commissioned by the Itasca Project group of Twin Cities corporate and civic leaders.

Their report showed that in 15 years, the Twin Cities region will lose more than 350,000 highly skilled workers to retirement. Nearly half of these baby boomers had at least a baccalaureate degree in 2000, and only about 10 percent are members of minority groups. Of the next generation of workers, about one-quarter will be people of color. Unless we can solve the education disparity, trouble is looming for our skilled worker supply.

I don’t have the answer, and I know we can’t solve this problem by ourselves. We need to work with high schools, middle schools, elementary schools and early childhood education; we need to work with parents and guardians and community and religious organizations. It is imperative that we work with business, labor unions and foundations. We all have a stake in the success of our children.

We will need everyone, working together, to make a difference. We all have a stake in the success of our children.

I applaud the efforts of the Board of Trustees and our top system leadership to engage in long-term visioning and planning. The new strategic plan, with its focus on innovation, has laid the groundwork for preparing the Minnesota State Colleges and Universities for 2010, 2020 and beyond.

And it has laid the foundation for us to achieve the board’s vision: to enable the people of Minnesota to succeed by providing the most accessible, highest value education in the nation.

Thank you very much.