



Clyde Allen, Chair, University of Minnesota Board of Regents and David Olson, Chair, MnSCU Board of Directors

Civic Caucus, 8301 Creekside Circle #920, Bloomington, MN 55437

April 23, 2010

Present : Verne Johnson (Chair); David Broden, Janis Clay, Paul Gilje, Jan Hively, Ted Kolderie, Dan Loritz, Tim McDonald, Jim Olson

Key Points : *Both the University of Minnesota and MnSCU will be selecting new leadership in the coming year. Higher education in the state (and throughout the country) is facing a crisis of financing and competition from new technologies that are beginning to disintermediate the core classroom model of instruction. Faced with a bleak financial future, "things will need to change" in both systems, the speakers say.*

A. Context of the meeting -In less than eight months both the University of Minnesota and the Minnesota State Colleges and Universities system (MnSCU) will be selecting new leadership. They begin their searches in the coming weeks. Coinciding with a long-term imbalance in the state budget, and the election for an open gubernatorial post, these openings are among the most important in recent memory.

The University of Minnesota is separate from MnSCU, and has several campuses spread throughout the state. There are four primary campuses in the Twin Cities, Duluth, Crookston, and Morris. In addition, university services are available in Rochester. The university also operates several facilities around the state, including some large tracts of land. The main campus in Minneapolis is one of the largest in the country, at over 50,000 students.

The MnSCU system is the largest single provider of higher education in Minnesota. It has 32 institutions, including 25 two-year colleges and seven universities. The colleges and universities operate 54 campuses in 47 Minnesota communities and serve about 260,000 students. The law creating the system was passed by the Minnesota Legislature in 1991 and went into effect July 1, 1995. The law merged the state's community colleges, technical colleges and state universities into one system, under a single chancellor.

In addition Minnesota is home to seventeen private, four-year liberal arts colleges and universities. They are represented by the Minnesota Private College Council.

The Caucus will speak today with the heads of the boards of these two systems about the state of higher education in Minnesota, the financing crisis it faces and the disruption underway of traditional formats for learning.

B. Welcome and introductions-Clyde Allen is chair of the Board of Regents of the University of Minnesota. He is retired following a career in the private and public sectors. He most recently served as treasurer and vice president for business affairs for Concordia College, Moorhead, Minnesota. Before that he was the commissioner of Minnesota's Department of Revenue, the director of research for the Minnesota Taxpayers Association and a computer specialist for Honeywell. He is a graduate of Yale University.

David Olson is chair of the Board of Trustees at the Minnesota State Colleges and Universities and president of the Minnesota Chamber of Commerce. He has been president at the Chamber since 1991. Before that, he was president of the TwinWest Chamber of Commerce and executive director of the Burnsville Chamber of Commerce. Olson earned a Master of Science degree in Public Administration from Minnesota State University, Mankato and a Bachelor of Arts degree in Urban /Political Science from St. Olaf College in Northfield.

C. Comments and discussion -During Allen and Olson's visit with the Civic Caucus, the following points were raised:

1. The strategic position of higher education is one of uncertainty — Allen: Clearly today the term is the 'New Normal.' Even if we want to keep functioning with the same money, it will need to come more from different sources-from private and personal sources.

There was a time when an increase in tuition of \$1 was supported by \$2 in state funds. Whatever the cost had to be, the state would share two-thirds of it. The stimulus money buttressed this year, but there is a cliff. While I'm committed to the U being a public institution, more and more it is having to raise its money from private sources, like a private institution; higher price, deep discount.

Olson: His term on the MnSCU board of directors is up in two months, when he hopes to be involved in the search for the new chancellor. People ask why he got involved with the MnSCU system. He tells those who ask that it is beneficial to the business community-these are our future workers.

"Change needs to happen," he said. This change is difficult with 53 campuses, 3 IDS towers of real estate and 5 unions.

"I honestly think we have to look at the whole structure and decide who does what best. I think the overall public higher education system needs to at least be taken a look at. Should someone have all the four years? Two-year schools separate? I don't know."

Do you have any idea who should do that, a member asked-who should work on those questions? "If we don't, the legislature probably *will*, and that's not where the discussion should take place."

2. The next leaders will confront a need for change — Both men said their boards will try to name the new leader before the start of the next legislative session, in January 2011.

"I think the presidential search we're about to undertake is the most important in years," Allen said. "We need a change agent. You have to change the beliefs first and then the behavior follows."

The regents will announce the search process at their May meeting. A search advisory committee, chaired by a member of the Board of Regents, will handle the original screening process. It will include regents and non-regents. The regents will be the search committee.

"I feel very strongly the head of the system needs to be an academic," Allen emphasized. "We are entering a long period where higher education will need to change. The leader is going to need to have the trust of the faculty. But it's not enough to just be an academic; you've also got to be an administrator and a politician. It won't be enough to have simply an academic-some groups will want you to be a scientist; some will want someone from the humanities, etc. I don't think the particular discipline is all that important. A recognition of the role all the disciplines play in our overall mission is what counts."

The president will need to make quick friendships. Bob Bruininks had friendships coming in. We might not have that this time, so will need someone who can develop the trust very quickly.

Olson agreed: I think it will need to be an academic because that is what people feel comfortable with. But it can't be someone with a traditional perspective.

"The changes we're going to go through are going to require particular skills that match the institution. At MnSCU we're going to need skills that can manage change. Higher education is going to change whether we like it or not. It will look different than it does today."

Both men commented that they would like the chancellor and president not to have to spend as much time at the legislature.

3. Online learning is disrupting traditional formats — A member set up the context of the question: Higher education everywhere in the country/world is being fundamentally disrupted. Essentially what happens is competitors with a fundamentally different business model come in and begin to eat away at the established institution from below. The classic example was in retailing.

Bruce Dayton, looking back to when the brothers took over the Dayton's store in Minneapolis in the early 1950s, said: "We knew we had a dying breed of cat." The department store was not going to survive. They heard about discount retailing-moving in opposite directions-both upscale and downscale.

This situation applies to education: the time of simply using teachers to present information is no longer going to make it. The relentless cost-pressures, a new age with new technologies-this is a perfect storm. They're all coming together now. And the competitors are marching up-stream: who would have thought for-profit and online learning would be proliferating so rapidly?

This gets beyond the question of how the institutions relate-it gets to the core question of what the concept of higher education is and whether it becomes a factor that is fundamental in the question of the kind of person that comes in.

The easy-access of virtual education has strong appeal. Students can get a course for \$200 here, for free over there, and the credit is accepted at the schools. They can get housing cheaper. They're picking things off, and piecing together their education.

4. Responding to disruption — How do you tie in needing someone who can lead change, to the nature of the change?

Olson: MNSCU brought in Stephen Shank to speak to the board and said: you're beating us to the punch. Why? He said he could design a new course, hire someone and enroll people within a week. They can turn on a dime, while it would take up to three years at MnSCU.

Allen: "The growth of the online schools and for-profits may be the catalyst that pushes us to consider change. He expressed concern about letting the change happen and not strategically shaping it.

Differentiated modes of learning are great, he said-"Just in time learning." But we don't want "Just in time ethics." He pointed to the history of television.-Given a wonderful technology and the profit motive, we got reality shows.

A member tried to separate the question of content from the medium and quality control from the larger need to innovate:

"Are you-each of you-hiring one leader or two? In other words: If you decided your institution should have a major initiative with alternative forms of learning, would you assign that job to the person being brought in to run the traditional instructional program? Or would you bring in a second person to handle the online program-kept separate from the traditional institution?"

The question that emerges from Bruce Dayton's quote about the department stores is a key one: Is it possible the traditional university is "a dying breed of cat?"

5. Need to be more nimble. Set up a different unit? — How do you think your respective systems would respond, a member asked, to setting up a third public system for online education? The University of Maryland created an independent body that now enrolls 300,000 students. And in the Western states, the governors got together and created an online university. What if the state of Minnesota figured there would be a continued press from the for-profits and created its own system?

Allen: Seems to me it would be duplication.

Olson: MnSCU now is 25 percent online now-it could become that, if it is not already.

"Dayton Hudson used to have the bargain basement," a member noted. And MnSCU has online. "But Target didn't come out of the bargain basement. It didn't emerge from existing stores. It was created new."

Allen: I worry about that problem of shaping what education becomes by letting technology drive it, unregulated. I think we somehow need to figure out how we shape the system.

I don't want the technology to move ahead of our decisions on content.

Olson: One of the things we're working on, in the search for the chancellor, is that we're always working with the same search firms; they have their same stable of candidates. Maybe this question isn't delegated to the search firm, but handled at the level of the board? "It strikes me that in the past the academics would set the agenda: now the students for the first time have a right in the market to drive change."

The accreditation standard might safeguard quality, a member observed: Who do you say you are; and then are you living up to it?

D. Closing

"Looking forward, both of these institutions do really good things, Olson said. "We should be taking advantage of both and seeing where they can cooperate." Allen agreed.

They also agreed search chairs will probably sit down together once the processes are underway.