



JOURNAL

Expanding the Civic Imagination

 **Citizens
League**

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Opening the book on higher education reform

Citizens League teams up with the Bush Foundation in a year-long examination of the issues

Higher education—education beyond high school—is integral to the fabric of our nation and our state. In Minnesota, higher education has produced visionary and entrepreneurial leadership, productive workers, world-class research, engaged and active citizens, and increased equality and opportunity for many of our citizens. But there is growing concern that Minnesota's higher education system is failing to deliver the outcomes—the educated workforce and informed citizenry—our state needs to meet the challenges of the 21st century. Our system of higher education is challenged by rising tuition and costs, students arriving unprepared for the academic demands of college, a growing workforce demand for post-secondary skills, and the loss of our graduates' competitive edge in the global economy. As these pressures mount, we can no longer afford to ask should something be done. It is essential that we ask, and answer, not only what should be done and how, but *why*.

With this in mind, the Citizens League, in partnership with the Bush Foundation, is embarking on a multi-phase project intended to develop and advance a set of recommendations to reform Minnesota's higher education system. Using the Citizens League operating principles as a basis for this work, we anticipate it will proceed in three phases:

- **Framing:** gathering data to frame the key questions and facts regarding higher education
- **Problem solving:** developing a set of recommendations to address these findings
- **Advancement:** building the base of institutions and individuals needed to advance these recommendations within their own institutions and the community.

Work on the first phase of this project began in January with an exploration into the current state of higher education based on good, reliable information gathered from academic research, data and interviews.

This initial research has also included conversations with people involved in all aspects of higher education, including practitioners, employers, policy analysts, thoughtful citizens, and others.

These conversations have been focused around the following questions:

- Is higher education reform important for Minnesota? Why or why not?
- What does reform look like?
- How would we achieve reform?
- What is important to understand about higher education when thinking about reform?

From the outset, we have felt it important to reframe this issue from scratch—without any preconceived notions of where the discussion should go or the challenges it should address.

In this issue of the *Minnesota Journal* we present our initial research on the current state of higher education in Minnesota. We begin our exploration on page 5 with a summary of the discussions. Data points throughout raise some question about how well our current system is performing and show how Minnesota shapes up against other states and against the world. A variety of short and long perspectives pieces round out the package.

Throughout the year, we hope you will contribute your thoughts to the discussion on CitiZing.org. Click on projects, and select higher education. ●



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CONNECTIONS

Building a League of Citizens

MEMBER SPOTLIGHT

KEVIN GOODNO

An attorney and chair of the Government Relations Group, Fredrikson & Byron, P.A., he is a member of the Citizens League Board of Directors and has been involved with the Policy Advisory Committee, the Mental Health Action Group, and the Executive Committee.



Why he joined

I wanted to be involved with public policy development. [The Citizens League] is a great organization that fills an unmet need. It is the only independent group that has as its focus the development of good public policy and works on the most effective way to involve the citizens of the state in that development.

Civic engagement is second nature to me as I have held public office in the past. We all can lead on public policy from wherever we are—a title designating someone a “leader” isn’t necessary. At work we hold various events to expose my colleagues and clients to elected officials and other public policy decision makers. I advise clients, as part of my job, on public policy opportunities and challenges and suggest the best ways in which they can be involved. Civic engagement does not revolve around a specific activity, but encompasses who I am, what I read, how I communicate with others and what I do.

SUSAN SCHUSTER

A senior community affairs consultant, Public and Health Affairs, Blue Cross and Blue Shield of Minnesota, she has been a Citizens League member for two years and was most recently involved with the Policy Advisory Committee. She participated in the Quantum Civics training.



Why she joined

The Citizens League provides an educational experience for me to learn more about policy and how to contribute toward positive change in our community, enhancing my related community engagement knowledge and experience.

In my current work, I direct the Blue Cross “Heart of Blue” volunteer program. Throughout the last 20 years I have been personally involved in a wide range of community volunteer activities. Community engagement provides an effective method for me to make a difference in my community. I would recommend the Citizens League to anyone who is interested in connecting the dots between their volunteer work and the bigger picture.

MINNESOTA GO

Minnesota GO, a joint project between the Citizens League, University of Minnesota, and the Minnesota Department of Transportation (Mn/DOT), is working to engage citizens in shaping a long-range transportation vision for the state. We will be conducting interactive public workshops throughout the state in May and June, and we need your participation. Participants will work in small groups, and their work will be combined with online activities at

CitiZing.org to serve as the foundation for the development of the 50-year transportation vision. This vision will help agencies prioritize resources now and for generations to come. Join us!

Workshops are from 6:30 to 8:30 p.m.. Tea, coffee and cookies will be provided. Translation or other accommodations are available if requested at least three business days in advance.

Contact Janet Rae Miller janet.rae.miller@state.mn.us or 651-366-4720.

Minnesota Go Calendar

May 16: Atwood Conference Center, St. Cloud State University

May 17: Bigwood Event Center, Fergus Falls

May 18: Crying Wolf Room, Bemidji State University

May 19: The Depot, Duluth

May 23: Como Conservatory, Twin Cities

May 26: Mankato Civic Center

June 7: Ridgewater College Outreach Room, Willmar

June 8: Rochester Community and Technical College

New and rejoining members and contributing organizations

Individual members

Robert Armstrong
Charlie Bird
Judy Bird
Brian Bot
Jill Coleman Wasik
Andrea Drewek

Katherine Fischer
Richard Gardell
Elizabeth Glidden
Sandra Goodyear
Tess Guino-o
Megan Hess
Chris Holloway
Jaell Ledford

Chouate Lee Lee
Bill Lipkin
Nathan Maki
Alfred Mannino
David R. Metzner
Shari Mohabir
Sandy/Ci Moua
Daniel Nistler

Eric Pusey
Sue Sjoselius
Kenneth Smith
Sara Spring
T. Scott Uzzle
Matthew Wasik
Julie Wegscheid
Paul Zerby

Firms and organizations

Blue Cross and Blue Shield of Minnesota
Care Providers of Minnesota
City of Moorhead
Dakota Communities

Family Housing Fund
Fredrikson & Byron Foundation
Goodwill/Easter Seals Minnesota
Himle Horner Incorporated
KeyStone Search Limited

Minnesota Business Partnership
Public Strategies Group
Saint Paul Public Housing Agency
Saint Paul Riverfront Corporation
Winona State University

ENGAGEMENT

What We're Doing and How You Can Get Involved

2011-12 LEGISLATIVE AND ADVANCEMENT PRIORITIES OVERVIEW

For more information about our efforts to advance the work of the Citizens League, our legislative priorities and ongoing updates, visit our policy blog, www.citizensleague.org/blogs/policy.

Reform

The need for long-term changes in the way government operates came through strongly in discussions with people from across the state and across the political spectrum during our **Common Cents** project. The Citizens League is advancing proposals in several policy areas to align existing resources for better results.

LONG-TERM CARE FINANCING

Prepare individually and as a state for expected future costs of long-term care for an aging population.

- **Medicaid co-insurance option:** Allow people to use Medicaid to supplement a plan that may consist of CLASS Act participation, HSA savings, long-term care insurance, and tapping home equity without spending down assets. The Citizens League is meeting with members of the Dayton administration to discuss the detail for this policy.
- **Savings promotion raffles:** By making small, regular deposits, qualifying savings account holders can win cash prizes, with no risk of loss. Raffles promote saving and help people form relationships with financial institutions. Savings promotion raffles are part of the mix of financial tools needed for the Medicaid co-insurance demonstration to succeed. The Citizens League is building a coalition to support enabling legislation in 2012.

PATHWAYS TO PROSPERITY

Change the focus from managing poverty to supporting prosperity.

- **Conditional cash transfers:** Make payments directly to families when they choose certain activities that support prosperity (i.e. keeping children in school, receiving regular checkups, saving to buy a home or start a business, etc.). The **Citizens League opposes** the elimination of, and is pushing for expansion of, Minnesota's most operational conditional cash transfer, Family Assets for Independence in Minnesota (FAIM).
- **Evaluating tax expenditures:** We must look not only at spending programs but also at the many tax exemptions and deductions (tax expenditures) written into law that provide preferential treatment rather than lower taxes for all. These government benefits are rarely scrutinized to determine if they achieve the desired policy outcome. The Citizens League Board of Directors approved a policy statement on May 9, 2011. To find out more visit the Citizens League policy blog at <http://bit.ly/iecpdM>.
- **Human capacity bonds:** Measure and pay successful nonprofit organizations a return on investment (ROI) for developing human capacity as a way to encourage private investment. Demonstrating ROI by increasing the incomes (or related outcomes) of target groups can save public program costs, increase tax revenues and increase resources to expand effective programs. Legislation to launch a pilot program has been included in the Omnibus State Government Finance bill.
- **Development of integrated resource hubs:** The Citizens League is evaluating examples collected over the past two years of Minnesota communi-

ties working to integrate resources and break down the "silos" that separate various public programs and funding streams. We will test these ideas and make recommendations this summer.

TRANSPORTATION

Expand a more integrated approach to a metro-wide system to increase alternatives to solo driving.

- **eWorkplace Initiative:** Studies show that about 40 percent of jobs in Minnesota could utilize telecommuting and just 5 to 6 percent do. The Urban Partnership Agreement (UPA) demonstration results related to telecommuting showed potentially significant reductions in vehicles, time and emissions. Telecommuting expansion also has strong implications for future transportation/communications infrastructure. The Citizens League is forming an advancement group around this UPA component.
- **Minnesota GO:** The **Minnesota Department of Transportation** is crafting a multimodal vision of Minnesota's transportation system over the next 50 years that better aligns with Minnesotans' expectations for quality of life, economic activity and our natural environment. This work has already begun online at [CitiZing](http://CitiZing.org). We will be traveling across the state in mid-May and early June to host public discussion of various scenarios. Join the discussion at www.CitiZing.org!

JUDICIAL SELECTION AND ELECTIONS

Preserve the impartiality and integrity of Minnesota's judiciary and return accountability to the people.

- **Constitutional amendment:** Approve a ballot measure to provide for the appointment, retention election and performance evaluation of judges. House File 1666 (Beard) was recently introduced and heard in the House on May 10.

How you can help:

Member resources are essential to advancing the Citizens League's policy agenda. You can help by:

- Connecting with legislators or people in government agencies who can advance these proposals.
- Connecting with other organizations or efforts that offer opportunities for collaboration on Citizens League priorities.
- Promoting these proposals in your communities.

The **Citizens League** is a **nonpartisan, member-based** organization working to build civic imagination and capacity in Minnesota.

The Citizens League's model for policymaking—our civic policy agenda—is based on the belief that all people and organizations play essential roles in developing the ideas, skills and resources to govern for the common good.

Visit www.citizensleague.org/who/identity to find out more.

To get involved or find out more about any of these projects, contact Annie Levenson-Falk at alevensonfalk@citizensleague.org or 651-293-0575 ext. 16. Get more information about all of our work at www.citizensleague.org.



Higher ed reform will require a broad base of stakeholders

Policy change is no longer just about those “five guys”

by Sean Kershaw

In March I was lucky enough to have lunch with two people who are both personal mentors and sources of inspiration. Near the end of our conversation, one of them leaned over the table, looked me in the eye, and got to the point.

“A generation ago there were five institutional leaders in Minnesota we went to in order to get something done. The Citizens League had clout in this public space. But what happens today? Is it your energy and enthusiasm that propels the Citizens League, or is there a method to what you are trying to achieve?”

I’ll get to my response at the end, but this question made me think that our current project examining the future of higher education offers a great opportunity for us to demonstrate our continuing relevance and our new model for policymaking, a model we think can succeed in today’s public arena at a time when the “five guys” approach is long gone.

OUTCOMES AND ACCOUNTABILITY

There is an emerging consensus that our post-secondary (higher education) outcomes are insufficient; that we’re not producing the workers and citizens our economy and our democracy need. Concerns are growing, too, about student readiness, cost, debt, and disparities in completion rates by race and income.

There is also debate about just what outcomes higher education *should* produce. What’s the right mix of technical and critical thinking skills needed by today’s workforce, and by tomorrow’s? Can we connect higher education’s role as a training ground for the workplace with its role in sustaining a healthy democracy, one that can govern efficiently and effectively? There’s no real consensus yet.

Part of our opportunity with this work is to reassess the outcomes we want from higher education. Without clearly identifying what we want and need higher educa-

Part of our opportunity with this work is to reassess the outcomes we want from higher education.

tion to achieve it is difficult if not impossible to hold any group or institution accountable for the system’s successes or failures.

FROM 5 TO 5 MILLION

One thing is clear: our efforts to solve our higher education challenges will need to involve more than just people in higher education. Reform won’t be successful unless we recognize that the stakeholders in this system are more diverse than ever, and that they all need to participate in defining and delivering outcomes. We are all the “who” in this system.

- Employers play a role in defining the higher education outcomes needed to support the future and current workers.
- P-12 and post-secondary institutions are more interdependent than ever and must support each other.
- Families and individuals need to prepare and save for post-secondary education and be academically responsible and ready.
- Nonprofits can and should play new roles in supporting students and families.
- Minnesotans need to support reform that benefits us all—and future generations.

A COMMON PURPOSE

Reform will need to unite these diverse stakeholders in a purpose big enough and inclusive enough to fit them all. That common purpose is democracy. Post-secondary education isn’t just important for individu-

als, it’s important for our ability to govern, and to solve our common problems in ways that benefit the common good. In a world where knowledge and professional expertise are essential human and economic resources, higher education can and must develop citizens’ skills, knowledge, expertise and leadership abilities. I’m also willing to bet that what is good for democracy is good for the economy. Our private wealth is tied to our common wealth.

REALITY AND POSSIBILITIES

So, getting back to the questions posed by my mentor. As the Citizens League prepares to celebrate 60 years of public policy work, can we continue to succeed in this new era of policymaking with its focus on single issues, special interests and hyper-partisanship? Those “five guys” aren’t coming back. How can we replicate their success in these times?

Over the past several years, we have developed a set of **operating principles**, to help us better engage stakeholders in developing policy that supports and furthers the common interest of Minnesotans rather than the narrow interests of one particular group or ideology. Our civic organizing process allows us to better define problems *and* to build the capacity to implement recommendations by developing the civic infrastructure needed for success.

As I finished answering the questions, my mentor nodded his head in agreement (or relief). There is a method to our madness.

Nearly sixty years after its founding, the Citizens League remains committed citizen-based public policy that serves the common good and the interest of all Minnesotans. Our methods may be different now, but our mission hasn’t changed. ●

Sean Kershaw is the Citizens League’s executive director. He can be reached at skershaw@citizensleague.org, [@seankershaw](https://twitter.com/seankershaw) (Twitter), Facebook, or his blog at citizensleague.org/blogs/sean/.



Where we are and where we're going

Citizen League's year-long project looks at the current state of higher education

By Lindsey Alexander

Last fall, as part of the Citizens League's Common Cents project I had the opportunity to go around the state and talk to Minnesotans about the state's budget challenges. One of the most talked about topics was education—both K-12 and post-secondary. Minnesotans expressed great concern over tuition increases and cuts to per student state funding in higher education. It was clear that Minnesotans value education and view it as one of our state's greatest resources. There was a distinct call for education reform.

In January, the Citizens League began a year-long project looking at higher education reform in Minnesota. While this project is not a direct result of the Common Cents conversations, those discussions certainly reinforced the need for this work. Higher education, as we define it here, includes post-secondary education

From the outset, we've felt it important to reframe this issue from scratch—with no preconceived notions of where the discussion will go or what challenges it should address.

of any kind (certificate programs, two- and four-year programs, public, private, for-profit, etc.). From the outset, we've felt it important to reframe this issue from scratch—with no preconceived notions of where the discussion will go or what challenges it should address. We designed the first phase of the project with the intention of first probing deeply into the current state of higher education by gathering good, reliable information through academic research, data and interviews. Subsequent phases will focus on identifying solutions.

The initial research has included conversations with people involved in all aspects of higher education—practitioners, employers, policy analysts, thoughtful citizens and others. These conversations have been focused around the following questions:

- Is higher education reform important for Minnesota? Why or why not?
- What does reform look like?
- How would we achieve reform?
- What is important to understand about higher education when thinking about reform?

What follows is a summary of issues that have emerged to date.

SYSTEMS AND STRUCTURE

Minnesota's system of higher education includes the University of Minnesota, MnSCU, private/non-profit colleges and universities, private/proprietary schools, and private, nonprofit career and

technical colleges. Institutions that once only offered two-year degrees now offer four-year degrees. Institutions that once only awarded bachelor's degrees now offer master's degrees. What role should each institution play? Where is there overlap? Where is there distinction? As one stakeholder put it, "Are they doing what we need them to do and in places and in ways that we need them to do it?"



PREPAREDNESS

Many people are concerned that a growing number of students are not adequately prepared for college-level coursework. According to researchers at the College Board, in order for students to have a 65 percent chance of getting at least a 2.7 grade point average freshmen year, they need a combined score of at least 1,180 on the SAT math and verbal tests. Roughly 10 percent of all American 18 year olds score at this level or higher, and yet more than 30 percent enroll in college.

A 2010 study by the University of Minnesota and MnSCU found that 40 percent of Minnesota public high school students entering a public college or university had to take at least one remedial course in math, writing or reading, up from 30 percent in 2000.

Remedial education at the college level costs more, takes additional credit hours (which can lengthen the time to graduation) and increases the risk that students will stop or drop out.

How can our current system of K-12 education better prepare students for the rigor of post-secondary education?

QUALITY

At the other end of the college pipeline, there is mounting criticism that today's college graduates are not prepared for the workforce. A recent analysis by Richard Arum and Josipa Roksa, widely cited in the media and featured in their book, *Academically Adrift: Limited Learning on College Campuses*, found that 45 percent of college students failed to demonstrate significant gains in critical thinking and higher order analytical skills in the first two years of school; 36 percent failed to demonstrate any gains after four years of college. These critical thinking and higher order skills are the same skills sought by many employers.

How can we ensure our college graduates have the critical thinking and analytical skills employers say they need?

THE VALUE OF A DEGREE

In his first address to Congress in 2009, President Obama called for the United States to have the "highest proportion of college graduates in the world" by 2020. The **Lumina Foundation** for Education, a nonprofit foundation dedicated to increasing students' access to and success in post-secondary education, has set

as its goal increasing the percentage of Americans who hold high-quality degrees and credentials to 60 percent by 2025. For the past few decades, there has been a consistent message from policymakers that everyone should acquire some post-secondary education. Yet, critics argue that the number of job applicants with college degrees has led employers to use a college degree as a “screening device” for employment, even when the position doesn’t require it. In fact, some employers are requiring college degrees for positions that need less than two years of advanced training (much less four).

These issues raise crucial questions: Will there be jobs that provide a wage premium if 60 percent of the population has a college degree? Will increasing the supply of college graduates create an increased workforce demand for graduates or dilute the higher wages college graduates expect? Should everyone invest in post-secondary education if the labor market can’t support their “investment” through higher wages? If not, how best can we prepare the population—including those whose jobs require less education—for adulthood and the workforce?

CONNECTION WITH EMPLOYERS

How well does higher education anticipate and meet the needs of employers? There are a number of issues related to this question.

Many of the stakeholders interviewed said that it is important to bring employers into the discussion of any reform strategy, and for employers to better articulate the skills and abilities graduates need to be workforce ready. For example, college should prepare someone earning an associate’s degree in psychology to do x; someone with a bachelor’s in psychology should be able to do x plus y, and so on. If competencies could be measured, could employers assess whether potential employees have the required skills and abilities? Can employers adequately articulate what they are looking for in new employees? Can institutions, both post-secondary and K-12, measure whether students are graduating with those skills and abilities?

Much of the growth in jobs over the next decade will be in positions that require less than a bachelor’s degree, including jobs that require little post-secondary education but some degree of on-the-job training. How can we prepare students to enter the workforce after graduation from high school? How can we create relevant work-based learning experiences in middle and/or high school? Should there be a renewed emphasis on K-12 vocational and technical education?

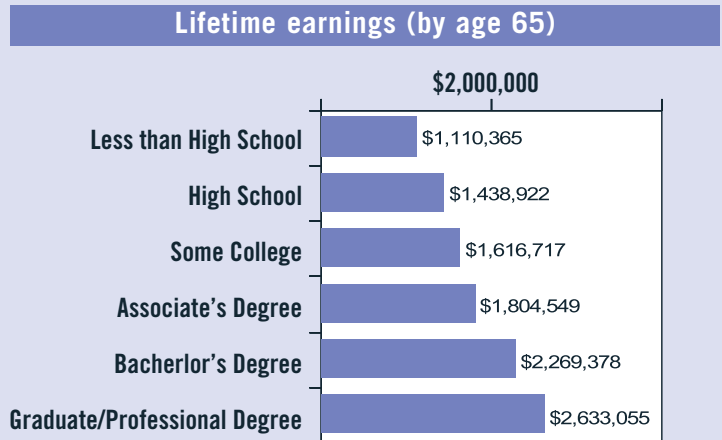
Employers spend an estimated \$400 billion a year on both formal and informal employee training. Should we reallocate this spending to “front load” training, investing in K-12 students so that young adults enter the workforce with the essential skills employers want?

LINK TO K-12

In 2007, 30 percent of students in Minnesota’s two-year institutions graduated within three years. At Minnesota’s four-year institutions, 39 percent of students graduated within four years; 60 percent within six years. It could be argued that this is indicative of students not knowing what subject they want to major in.

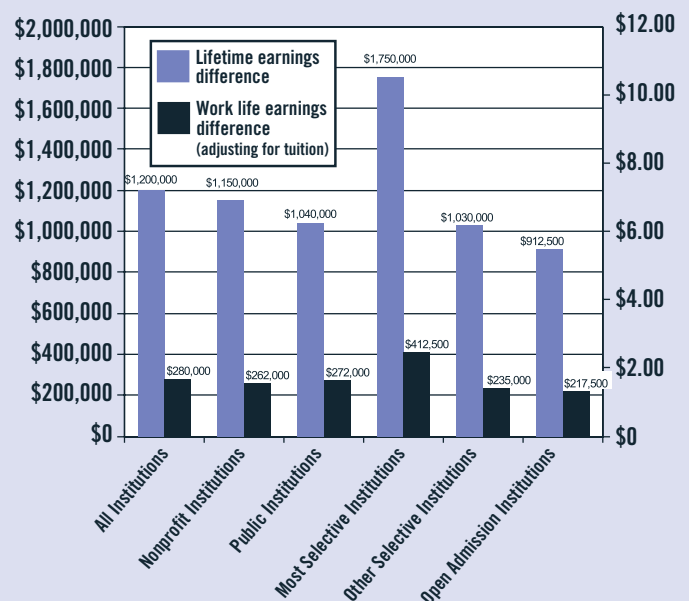
What is that college degree worth?

Ever hear the saying that a college degree is worth a million dollars? The evidence is clear: on average, people with post-secondary education earn more over their lifetimes than people with a high school diploma or less. Here’s the data for Minnesota:



However, these statistics do not tell the full picture. For example, they do not account for the cost of acquiring post-secondary education and the lost value of investing that money. Also, the results vary from person to person, depending on factors such as race, gender, field of study, the selectivity of the degree-granting institution, and whether one finds a job in one’s field of study. The chart below shows that adjusting for tuition and the time value of money reduces the average return to education, but it is still highly positive.

Estimated difference between bachelor’s and high school graduate total earnings (U.S. data)



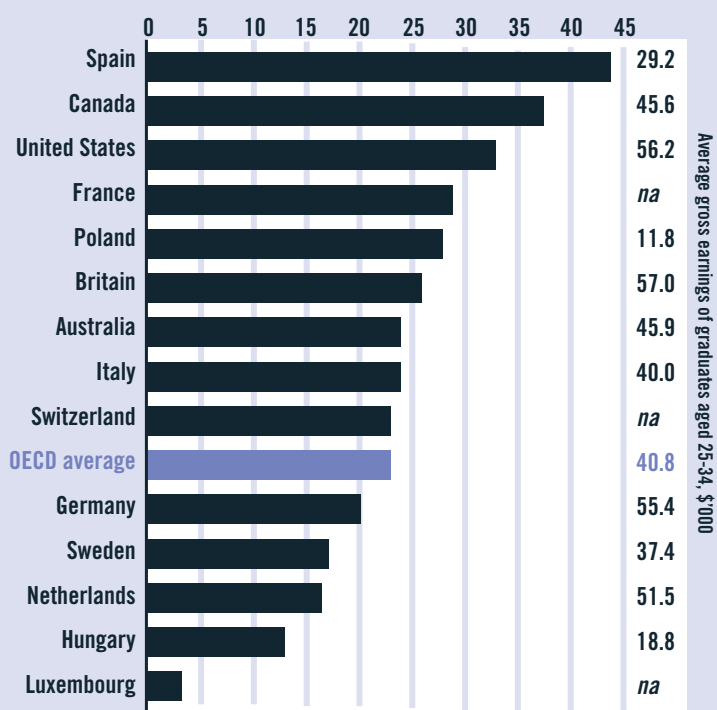
Source: www.aeaweb.org/aea/2011conference/program/retrieve.php?pdfid=355

How many degrees do we need?

President Barack Obama is calling for a significant increase in the number of American college graduates. Researchers at Georgetown University estimate that over the next decade two-thirds of the job openings in Minnesota (new positions or replacements for retirees) will require post-secondary education. Of the new jobs, 85 percent will require post-secondary education. At the same time, of the top 20 jobs with the largest number of openings (5.8 million jobs), two-thirds require no post-secondary education; only 19 percent will require a bachelor's degree or higher.

There's also emerging evidence that we may already have too many college-degree holders, at least in some fields.

College and university mismatch Graduates aged 24-29 working at a low skill level (as % of total graduates aged 25-29)



Source: Tsai, Yuping, 2010. "Returns to overeducation: A longitudinal analysis of the U.S. labor market," *Economics of Education Review*, Elsevier, vol. 29(4), pages 606-617, August.

The dramatic increase in workers' educational attainment has called attention to the number of workers with more education than is required for their jobs. Estimates for the United States range from 11 percent to more than 50 percent.

How do we create—or improve—the ways that K-12 and post-secondary educators can work together to ensure students graduate from high school prepared to enter post-secondary schools? How do we make sure that students understand how their interests and aptitudes relate to career options and allow those who are ready to start earning college credits in high school? Are there barriers in the K-12 system that prevent students from early enrollment options?

Advocates of better overlap between K-12 and post-secondary education believe earlier and more effective K-12 career counseling could enable students to chart a personalized path to a career, which would allow them to more efficiently acquire training, credits and experiences in ways and at institutions most relevant to their future. This begins by helping students understand their interests and aptitudes, and then helping them to map a future based on those interests and aptitudes. For example, students interested in auto mechanics could identify their strengths and weaknesses in relation to that discipline, and partner with local employers in high school. They could get exposure to the field, network, learn how to earn the appropriate credentials and which schools offer the best automotive mechanic programs. Students could even enroll in a summer camp in a local technical program. Helping students identify their aptitudes and interests early on helps them to focus on and stay interested in the classes and programs that are most relevant to their future.

2007: Two-Year Institutions (State Colleges & Private Career Schools)

	Year 3
Graduation Rate	32%
Transfer Rate	23%
Combined Graduation & Transfer Rate	55%

2007: Four-Year Institutions

	Year 4	Year 6
Graduation Rate		
State Universities	20%	48%
University of Minnesota	33%	59%
Private, not-for-profit	62%	72%
Minnesota	39%	60%

Source: Minnesota Office of Higher Education, US Department of Education, IPEDS Graduate Rate Survey

How can we create and enhance K-12 and post-secondary connections to create a more cohesive approach?

ONLINE INNOVATIONS

Numerous stakeholders voiced concern that the higher education business model has not evolved well. The system we have now is expensive, there are questions around quality (just 30 percent of enrollees actually graduate), and employers and students say it's not meeting their needs.

In education, many believe online learning is a major innovation in higher education. There has been a rapid increase in the

number of for-profit, online higher education institutions over the last 10 years, while many colleges and universities face budget cuts. In 2003, approximately 10 percent of college students nationwide took one or more courses online course; that increased to 30 percent in 2009 and is projected grow to 50 percent by 2014.

Western Governors University (WGU) has often been cited as an example of an innovative approach to higher education. WGU is a nonprofit, online, competency-based school started with seed money from the governors of 19 western states

Advocates of higher education innovation argue there are two particularly valuable characteristics of online institutions such as WGU. First, they are separate from traditional systems of higher education. There's no pressure to fit into the traditional model of higher education so they are freer to innovate than traditional brick-and-mortar institutions

Second, online colleges and universities focus solely on teaching and learning. They do not conduct research, they aren't building state-of-the-art residential halls, and tuition isn't subsidizing athletics.

But critics question the rigor of online education and whether online courses can truly impart the critical thinking skills employers value.

What role could and should online education, through institutions like WGU, play in Minnesota's higher education system?

BRICKS AND MORTAR

It's been said that Minnesota's system of higher education campuses was built with the goal of having a college campus within 30 miles of every Minnesotan. There are 66 public college campuses in Minnesota: five University of Minnesota campuses; seven State University campuses; and 54 MnSCU campuses. Is that too many? Too few? How can we know? What variables should determine how many physical campuses our state needs? What role can or should computer- and distance-based learning play in the future of the higher education?

FUNDING

Over the past 20 years, the percentage of the state budget allocated to higher education spending has been steadily declining forcing institutions to rely increasingly on tuition and fees. This trend is likely to continue. (See chart on page 9.) Over the past decade, tuition and fees at a two-year MnSCU college increased 45 percent. During that same period, tuition and fees at the University of Minnesota-Twin Cities campus increased 80 percent. These increases aren't solely a function of decreasing state appropriation. What other variables impact tuition?

Rising tuition and fees translate into increased debt for many students. In 2004, the average student loan debt for graduating seniors was \$18,650. By 2008, that had jumped 24 percent to \$23,200.

However, a number of variables can often reduce the sticker price of a post-secondary education, including state subsidies, federal loans, and institutional aid. These variables also reduce

Skills or degrees

A substantial body of research links economic growth to educational attainment, as measured by diplomas, certificates and degrees. More recently, researchers have begun to look at educational attainment as a function of cognitive skills and are finding that, as Erick Haunshek and Ludger Woessman wrote in the *Journal of Economic Literature* in 2008, "There is strong evidence that the cognitive skills of the population—rather than mere school attainment—are powerfully related to individual earnings, to the distribution of income and to economic growth."

The information below provides one measure of Americans' cognitive skills.

Average literacy scores of adults age 16 and older*

	1992	2003	Change	% Change
Still in high school	267	263	-4	-1.6%
Less than high school/ some high school	212	209	-3	-1.6%
GED	263	261	-2	-0.9%
High school graduate	265	263	-2	-0.9%
Vocational/trade/business school	277	271	-6	-2.0%
Some college	292	287	-5	-1.6%
Associate's/two-year degree	304	298	-6	-2.0%
College graduate	322	313	-9	-2.7%
Graduate studies/degree	335	323	-11	-3.4%

*Average of the prose, document and quantitative literacy scores

Source: National Center for Educational Statistics

In a global economy the skills of Americans relative to the workers in other countries matter. The Organisation for Economic Co-operation and Development (OECD) collects data on educational attainment and skills of its 34 member countries, including many of the world's most advanced countries, and also emerging countries like Mexico, Chile and Turkey.

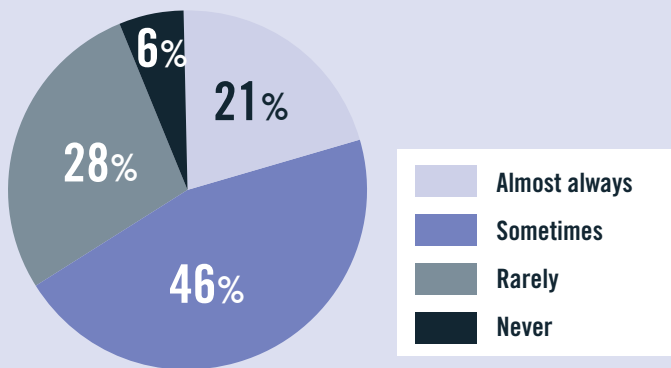
- U.S. 15 year olds scored at the OECD average in reading literacy in 2000.
- U.S. 15 year olds average mathematics literacy scores were below the OECD average, and lower scores than their peers in 20 of the other 28 OECD countries in 2003.
- U.S. 15 year olds scored below the OECD average in science literacy and below the average scores of students in 15 of the 28 other participating OECD countries in 2003.

Employment Preparation of Minnesota Graduates

Employers look for education, but they also look for skills. Here's what 1,500 Minnesota employers surveyed by the Office of Higher Education said about the need to train employees with post-secondary degrees or certificates.

2008-2009 Survey Response

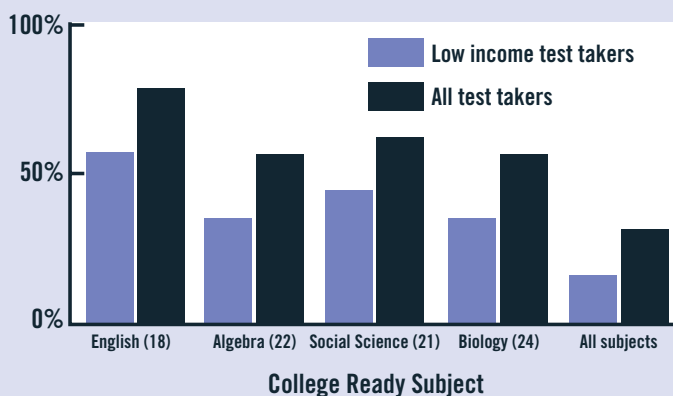
How often do new employees who have completed their post-secondary education have to be trained in areas that you feel should have been included in their post-secondary education?



How prepared are we?

More and more we hear about students who enter post secondary education and need remedial classes. Just how well is Minnesota preparing high school graduates for further study?

Minnesota ACT test-takers meeting college readiness benchmarks set by ACT 2007

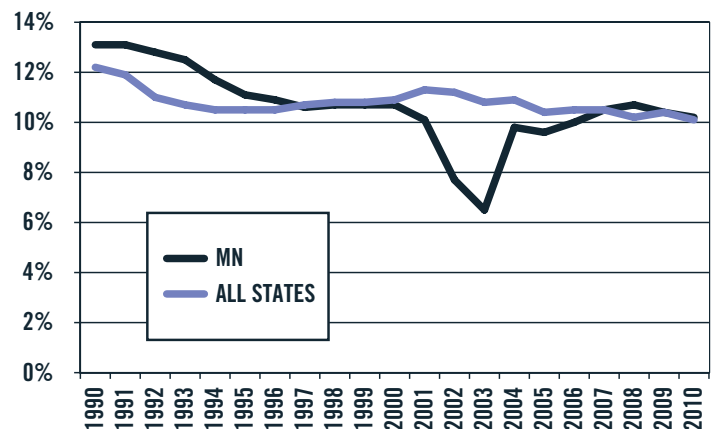


Source: ACT

Note: Low income test-takers had an annual family income of less than \$30,000. Eleven percent, or 4,668 test takers were low income. Minimum ACT score needed to meet college readiness shown in parentheses in college subject area.

transparency when it comes to cost—students don't know the real cost of a degree because part of that cost is paid for out of another "pocket" (i.e., taxes). This creates a "third party payer" problem, similar to the health care system. Students believe the cost of the product (a degree) is less than the actual cost, demand increases (more students seek degrees) and, in response to increased demand, institutions increase the price (tuition).

Higher education expenditures as a percentage of total state spending, Minnesota compared to the national average



Source: National Association of State Budget Officers, State Expenditures Reports

Is the cost of a college education in alignment with the value of a degree? What outcomes do we want from our post-secondary institutions and who should pay for them? Does our funding structure work at cross purposes to our goals?

So far, our discussions on higher education have brought a number of issues to the surface, and it's clear there are many areas of overlap. It is unclear at this point, however, which of these issues will rise to the top of our work. Untangling them will be challenging. It's also clear that these discussions paint Minnesota's systems with a broad brush; there are examples of excellence throughout state that deserve attention. As we frame the issue, we are systematically pulling together a great deal of research and data with the goal of developing an accurate and reliable picture of Minnesota's current system. Based on the research, we will identify the issues most relevant to Minnesota's future and outline long- and short-term strategies to reform higher education.

To learn more about this work go to www.citizing.org/projects/highered to review the research, to see what's next and to discuss the issues. We welcome and appreciate your input. ●

Lindsey Alexander is a Citizens League member and an independent consultant in public policy. She can be reached at lindsey@lindseyalexanderconsulting.com.

Is our higher education system designed to get the results it does?

Before we reform, we need to be clear about what outcomes Minnesotans want

By Stacy Becker

"Every system is perfectly designed to achieve the results it gets."

This quote has become my standard-bearer for policy work. Its truth is unassailable, and there is no more potent cue for beginning any policy analysis, design or reform.



It simply says that things happen for a reason. Most often these "things" are things we ourselves have put in place—such as policies, institutions and financing arrangements. Is it possible, then, that the problems we're seeing in higher education—spiraling costs, low graduation rates, extended time to degree, the lack of readiness, and students who don't apply themselves—are all of our own making?

The quote above tells us that the first task in any reform effort is to create a compelling and empirically sound theory of why the undesired results are happening.

If Minnesotans want different results we must know, with crystal clarity, what the desired outcome is. Although it seems obvious, we often mistake inputs for outcomes. For example, "access" to higher education is often talked about as an outcome. But it is not; it's a flow rate into the system. Access is a lever you might use to get a desired outcome. It is not an outcome. Here's an example. My son is graduating from the University of Wisconsin, Madison in a few weeks. I was shocked when he told me about a common catch phrase on campus, "C's for degrees." These students have access, but that doesn't mean they will graduate with the skills that employers look for. So how do taxpayers feel about paying for "C's for degrees"?

If we cannot state our desired outcome we have no context for judging whether our policies are appropriate or not. Is it more important to produce certificates and degrees or skills and knowledge? If skills and knowledge are the goal, isn't any post-secondary education important, whether or not a degree is awarded? If higher education is a means toward greater social and economic equality, why does our financing structure support all public college students regardless of financial need? If we can answer questions such as these, we can start to get agreement on which real outcomes are important and the type of reform it might take to achieve those outcomes.

To get better results from higher education we need to articulate with crystal clarity the outcomes we want in Minnesota, and then determine the role of higher education in delivering those outcomes. Only then will we be able to figure out how to restructure things like access, graduation rates, tuition subsidies and institutional missions to achieve those outcomes. By working

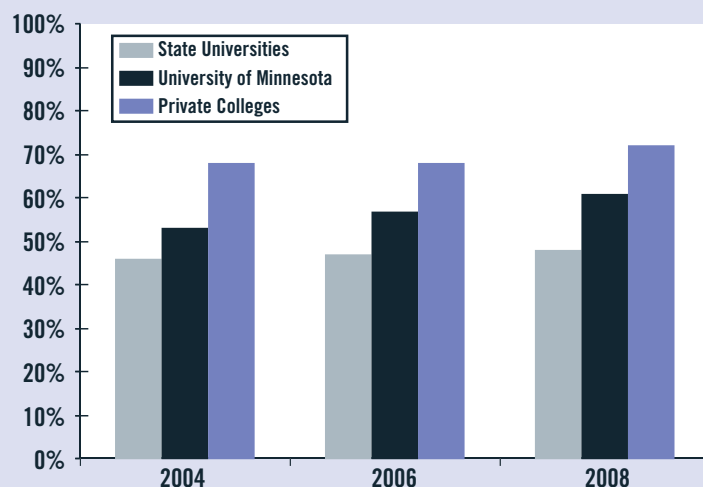
The long and winding road

More and more students are enrolling in post-secondary education (about 60 percent in Minnesota) but far fewer are completing their course of study, or completing it in within traditionally-accepted time limits. Completion rates and time-to-graduation vary considerably by type of degree-granting institution, how selective the institution is, and degree.

According to researchers at the College Board, in order for students to have a 65 percent chance of getting at least a 2.7 grade point average freshmen year, they need a combined score of at least 1,180 on the SAT math and verbal tests. Roughly 10 percent of all American 18 year olds score at this level or higher, and yet more than 30 percent enroll in college.

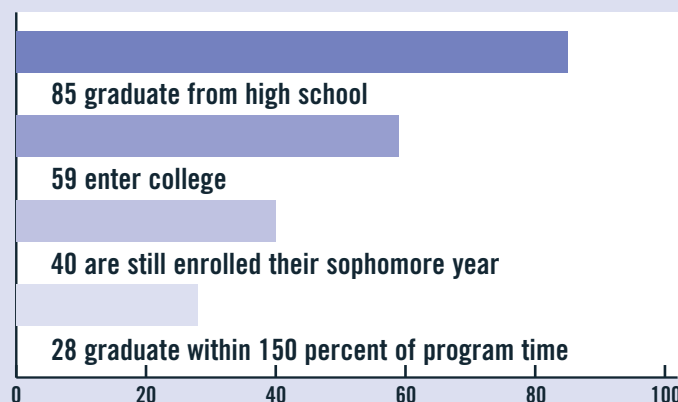
—"Are too many people going to college?," The American, September 2008

6-year bachelor's degree graduation rates at Minnesota's 4-year institutions



Source: Integrated Post-secondary Education Data System and the Minnesota Office of Higher Education

For every 100 ninth graders in Minnesota:



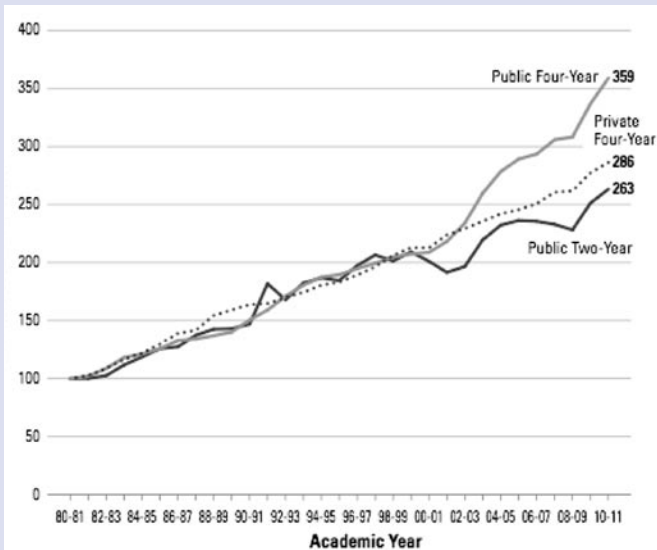
The U.S. average for students completing within 150 percent of program time is 20.5; Minnesota ranks fourth.

Source: The National Center for Higher Education Management Systems, 2008

Follow the money

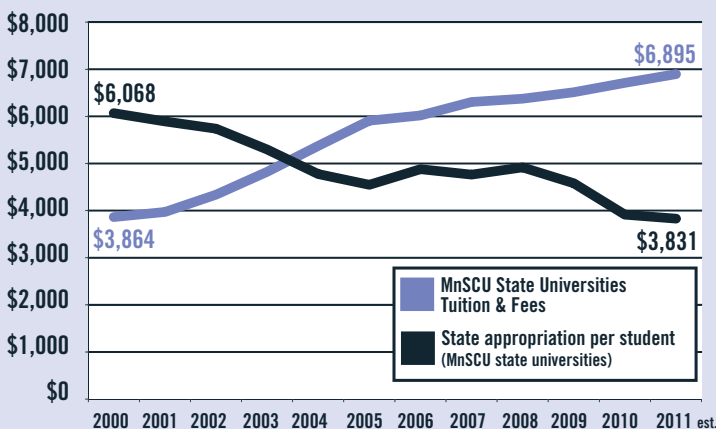
Costs and tuitions at post-secondary institutions have been rising considerably faster than inflation.

Inflation-adjusted tuition and fees 1980-81 to 2010-11 (1980-81=100)



Sources: The College Board, *Annual Survey of Colleges*; NCES, *Integrated Post-secondary Education Data System (IPEDS)*

MnSCU tuition & fees and state appropriation per FYE students 2000-2011 (adjusted for inflation; 2011 dollars)



Sources: <http://www.mnstate.edu/president/LC%20handout%20on%20budget%20and%20forecast.pdf> and the Minnesota Office of Higher Education.

methodically through this process we may discover that we need to drastically re-imagine higher education, or we may find that small policy changes will do the trick.

As Lindsey Alexander highlights in her overview of the initial phase of the Citizens League's exploration of higher education, reform is a hornet's nest of issues, complications, history, institutions and beliefs. The only thing we probably know for sure about higher education is that we carry, seemingly in our genes as Americans, faith in our education system, that it will make us better, both as individuals and as a nation. But somewhere along the line, we have begun to feel that this most dependable of all avenues to a better life is beginning to let us down.

If we cannot state our desired outcome we have no context for judging whether our policies are appropriate or not. Is it more important to produce certificates and degrees or skills and knowledge?

We begin this project by methodically poring through the research and data to provide as realistic and accurate a picture as possible about why we are getting the results we are from higher education. It is a journey that will require some patience and a willingness to approach the facts with an open mind.

Ultimately, though, policy should be predicated on values. The thing that I really love about the quote I started with is that it holds us accountable; it implies action. If we don't like the current results but we are unwilling to change what we know we must, we should stop fretting and arguing about something we do not have the courage to fix. We should accept that we have higher priorities than higher education.

We hope you will join us in our exploration and participate in the discussion the discussion on www.citizing.org/projects/highered. ●

Stacy Becker a Citizens League member and public policy consultant. She can be reached at stacybecker@comcast.net.

Better prepare students for college

by James H. McCormick

There is no question that Minnesota and the United States will need more college-educated people than ever before to be competitive in a global economy. Merely exhorting higher education institutions to set goals and measure results is not enough. In order for our institutions to prepare more college graduates, high schools must send more of graduates to college prepared to do college-level work. It means we all must work together to close the achievement gap in high school and college, so that students traditionally underrepresented in higher education—students of color, low-income students, first-generation college students and students whose first language is not English—can succeed. It means that the cost of college must be kept affordable and competitive, and that colleges and universities must have the resources they need to offer high-quality learning. ●

James McCormick is chancellor of Minnesota State Colleges and Universities.

Address barriers to access to improve success

by Jennifer Godinez

There is no aspiration gap for students wanting to attend college. Overwhelmingly, students and their families work every day toward this goal—proven by an increasing demand for college access information from African American, African, Latino, Native American, and Asian communities alike.

Unfortunately, our education system and political system have barriers that get in the way of students meeting their dreams. So, the future of higher education must address these barriers in order to improve both access and success rates.

As our community becomes increasingly diverse, so does the proportion of “first-generation” college attendees—students who are the first in their family to attend a college or university. Getting information about college access and options to families and students earlier in their K-12 experience is vital to having more students sufficiently prepared to apply for and succeed in higher education. Higher education institutions will have to work much more closely with K-12 education systems to ensure that information is ubiquitous and clear—and available in multiple languages.

Another systemic issue is the high cost of tuition. With Pell grant aid at risk of decreasing and tuition rates escalating, the cost of higher education falls on a recession-burdened population. Higher education system leaders will have to have serious conversations on the cost structures for providing an affordable, public higher education.

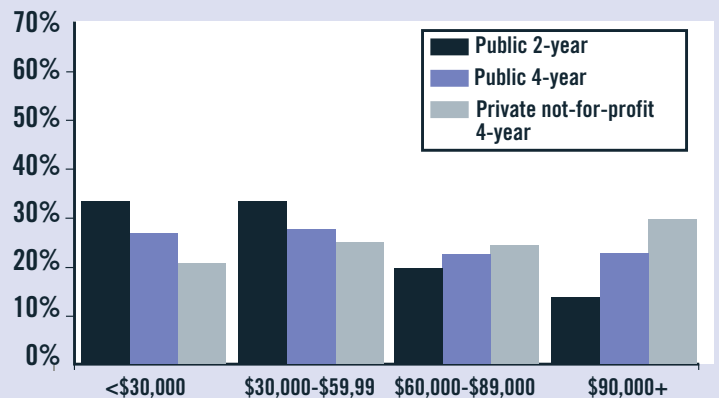
Education as a public good impacts all of our community. Costs for low-income families should be subsidized to maintain and further increase attendance rates from all income groups so they and our entire community receive the economic benefit. ●

Jennifer Godinez is founding director, Minnesota College Access Network at the Minnesota Minority Education Partnership and a member of the Citizens League Board of Directors.

Follow the Money (cont)

According to the National Association of State Budget Officers, Minnesota taxpayer support for student tuition & fees went from \$2.2 billion in 2000 to \$2.8 billion in 2010 when adjusted for inflation. The state also provided \$172 million in various forms of financial aid in 2011, the largest category of which is the Minnesota State Grant (\$144 million). The graphs below show how these two sources of student funding are distributed by income.

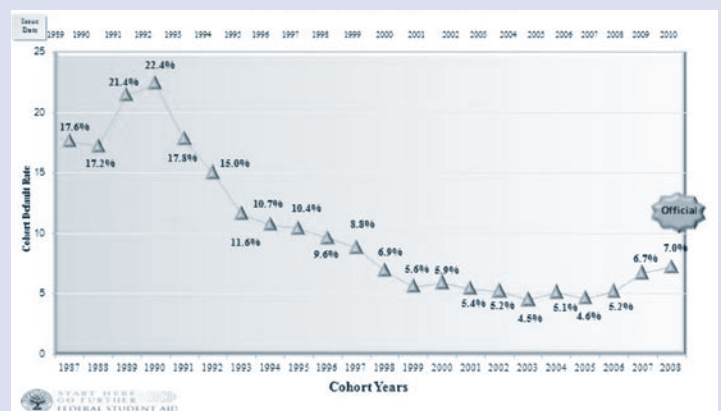
Income distributions for undergraduates in Minnesota by institutional type



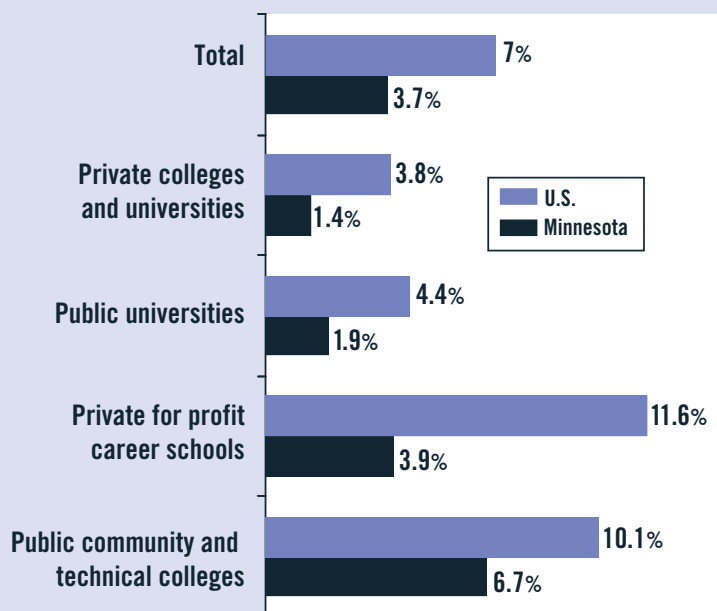
Source: National Post-secondary Student Aid Study (NPSAS) 2004

Minnesota students borrow more than the national average, but their default rates are lower. The median amount borrowed by Minnesota seniors graduating from public universities was \$22,000 in 2008, compared to \$17,688 nationally. Among students attending private colleges in Minnesota, the median cumulative amount borrowed was \$24,284 compared to \$22,325 nationally.

National student default rates



**Federal cohort default rates, 2008,
by type of institution attended**



All work and no play

Of course, higher education is not just about economic growth and higher incomes. Research finds a number of other social benefits, including lower crime rates, higher voting rates and improved health. And then there's happiness...

"Forty-two percent of college grads reported being very happy compared with 30 percent of those who only complete high school or less."

—Pew Research Center

Urgent questions for higher education

by John S. Adams, professor emeritus

Effective citizenship requires education; productive participation in the economy means job training.

So where does higher education fit into Minnesota's troubled educational landscape?

Here are six sets of urgent questions. Answering them will clarify higher education goals, and lead to a redesign of Minnesota's post-secondary systems to achieve them:

What are the distinctive missions of the different classes of institutions and who decides?

A clearly articulated mission for a college or university is no guarantee of success, but a poorly focused mission leads to unsatisfactory outcomes. Who decides the content of a school's curricular offerings? How do we evaluate its effectiveness? What mechanisms exist for keeping curriculum up-to-date and effective?

How are Minnesota's colleges and university campuses located, organized, managed, and operated? Is each one doing what we need it to do, in the places and in ways that we need it to? How can modern technologies replace or supplement certain brick-and-mortar efforts?

How do post-secondary schools communicate, interact and cooperate with K-12 systems so that students in grades 7-12 discover the array of post-secondary options and the preparation needed to access them? How are financial resources that support colleges and universities managed so that effectiveness, efficiency and appropriate student access are maximized?

What strategies exist or could be devised to intervene into these complex systems in politically viable ways to bring about steady, positive system change?

I suggest that a governor's commission or study committee examine the structure, operations, and outcomes of higher education in Minnesota and propose ways it can be improved—addressing especially the one-third of our young people for whom the conventional college path is unwanted, inappropriate or inaccessible. ●

John S. Adams is a professor emeritus at the Humphrey School of Public Affairs, University of Minnesota. He can be reached at adams004@umn.edu.

PERSPECTIVES

Expanding Minnesota's Conversation



Higher education deconstructed

by Tom P. Abeles

Proprietary knowledge is seen as a valuable commodity. Even within universities, faculty have been known to withhold such knowledge or access to such knowledge from colleagues, particularly when it is seen as scarce. The problem can be exacerbated in parts of the world where access is cost prohibitive.

In the past, this knowledge was kept within the heads of the academics, locked within the walls of the Ivory Tower which maintained its value via certification (credits and degrees). Today, this knowledge has leaked through the walls of the Ivory Tower and institutions' ability to control access via certification is being severely challenged at many levels. Clayton Christensen's thinking on destructive innovation via technology in the world of business has been extended to education in general, and post-secondary education institutions in particular.

Knowledge is both fungible and transferable across geo/political boundaries at the click of a mouse. The World Wide Web has supported the creation of open education resources (OER), which is only one variance of the traditional academic courses now freely available online. A number of universities and international agencies met in February to create OERU, "envisioned as a system to provide free learning and pathways to academic (<http://tinyurl.com/4sb22v6>). A similar venture, the tuition-free University of the People, is already in operation. While most of these efforts focus on developing countries, there are growing efforts to provide low cost educational programs and courses in the developed world. Straighterline (www.straighterline.com) is one example. This online university offers courses for less than \$50 which are accepted by

regionally accredited universities in the United States.

As with any disruptive innovation, the early entrants are dismissed by the established businesses. And we know that certain "brands" have intrinsic value, such as

Today, this knowledge has leaked through the walls of the Ivory Tower and institutions' ability to control access via certification is being severely challenged at many levels.

the first-ranked universities in the U.S. and globally. What these emerging alternatives show, however, is that the current academic institutions are seeing potential competition. In Minnesota, the recent legislation that provides for alternative licensing of teachers effectively decouples the traditional Minnesota Association of Colleges of Teacher Education from alternative programs now under development by school districts and organizations such as Teach for America.

Perhaps the most interesting business model is that of the "for-profit" institutions, such as Minnesota based Capella and the largest, the Apollo Group's University of Phoenix, all of which now have campuses internationally. Examining these publically traded companies, it is clear that their profitability holds as long as they can float their undiscounted tuition against the public universities. This clearly indicates that these accredited institutions will be able to compete against traditional institutions financially when and if the current Ivory Towers are able to adjust their business models and lower their costs to students. What is even more important is that these institutions, which originally targeted working adults, now offer high school

programs to charter schools and traditional district schools so they can offer a wider array of programs without the cost of engaging additional faculty.

One university administrator lamented that they expect to see students who have participated in programs such as Straighterline or OERU come to the traditional university and expect to take a test to qualify for credit without taking the course, or to transfer these credits into a program. This is happening now at universities that certify courses offered by third parties, not only for continuing education but for degrees in established programs.

While these activities are impacting institutions, faculty have been adopting e-learning for coursework or blending click space and brick space, slowly adopting technology for the content aspect. But, as the above argument points out, the cost of content delivery is approaching the limits of the cost of delivery. How many of these can be sustained in the face of the increasing number of low- and no-cost equivalent courses to choose from? And how many of these duplicate courses can be maintained by state systems whose economic models are already unsustainable? How much longer can the established institutions continue to both raise tuition and seek greater support when both students and government know that there are lower cost alternatives? Now that knowledge is available globally at the click of a mouse, education has become as vulnerable as engineering design, computer development, fundamental research and even call centers. ●

Dr. Tom P. Abeles is a Citizens League member and editor of "On the Horizon" (www.emeraldinsight.com/oth.htm), an international academic foresight journal focused on education.



At the crossroads without a map

by Kent Pekel

Goals matter because, as the Cheshire Cat pointed out to Alice during her journey through Wonderland, if you don't know where you're going, it doesn't matter which road you choose. A growing mountain of economic and demographic data makes it clear that any road that

So what roads, then, should we take? One certainly leads to the creation of clearer and more powerful pathways that make it not only possible but likely that students will move from one level of our educational system to another. For example, while the Post-Secondary Enrollment

munity and technical colleges into our four-year institutions.

Another road forward is to prepare K-12 students and parents to be much better consumers of post-secondary education. A growing body of research is demonstrating that finding the right fit is essential to post-secondary success. Multiple studies have found, for example, that every year thousands of academically able students do not go on to college or attend institutions that are a mismatch for their academic qualifications. Closing the "college knowledge" gap will require K-12 schools to invest in strategies that help all students and families understand what it takes to get into and succeed at each type of post-secondary institution and to develop and implement personal post-secondary plans starting in junior high. It will also require higher education institutions to provide students and families with clearer and more comprehensible information not only on the programs they offer but also on their completion rates and on what happens to their students after graduation.

Creating more powerful pathways and more informed consumers are not the only reforms Minnesota must put in place to produce post-secondary completion rates of 70 percent by 2018, but they would be a solid start toward reaching that goal. And, to cite yet another thinker about the challenges of getting from here to there, the Chinese philosopher Lao-tzu reminds us that "the journey of a thousand miles starts with a single step." ●

Kent Pekel is a Citizens League member and the executive director of the College Readiness Consortium at the University of Minnesota.

A growing mountain of economic and demographic data makes it clear that any road that doesn't lead to major increases in the number and diversity of citizens who earn post-secondary credentials and degrees is the wrong route for Minnesota.

doesn't lead to major increases in the number and diversity of citizens who earn post-secondary credentials and degrees is the wrong route for Minnesota. Animated and sometimes panicked by that data, I believe that the guiding goal of education policy in our state at both the K-12 and higher education levels over the next decade must be to produce post-secondary completion rates that fully meet the projected needs of Minnesota's future workforce. For example, a recent study from Georgetown University predicts that by 2018, 70 percent of all jobs in our state will require some type of post-secondary credential or degree—one of the highest rates in the nation.

But as management theorist Peter Block reminds us, setting a visionary goal such as that gives us a compass but not a map.

Options (PSEO) program has been in place longer and has been used by more high school students to earn college credit in Minnesota than in many other states, most of those students take a disconnected sampling of courses that does not form a coherent educational program or result in a credential or degree. In contrast, other states have invested heavily in creating Early College High Schools that enable students to earn a high school diploma and a two-year associate's degree at the same time. Similarly, at the higher education level, the creation of the Minnesota Transfer Curriculum has brought clarity and order to the process of transferring credits from one post-secondary institution to another. It is now time to build on that success by increasing the number of articulation agreements that intentionally and seamlessly guide students from our state's com-

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