



Introductory Remarks, Board of Trustees Retreat

Steven Rosenstone, Chancellor

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The kickoff of a new academic year is a moment to take stock and set priorities. It's a moment to reaffirm our shared values, harness our collective energy, and build the camaraderie and teamwork needed to lead. The retreat is designed to do just that, and I want to offer some initial observations to help frame our discussions and our work together over the next ten months.

"The Why"

I want to begin where we began exactly five years ago today when I sat with the board for the first time as a new chancellor. We began a conversation about the future by reminding ourselves of "the why" – not "what" we do or "how" we do it, but "the why" of Minnesota State colleges and universities.

Everything we do, everything we believe in, is focused on providing an opportunity for *all* Minnesotans to create a better future for themselves, for their families, and for their communities.

This core belief is what binds us together. We live this core value every day because we know that outstanding, accessible, affordable, and relevant education is the best path to success for people and communities across Minnesota. A great education has never been more important. For everyone. All ages. All communities. All over our state. There is no greater vehicle for driving individual accomplishment than higher education. No better path to a fulfilling life. No better way to move out of poverty. No better way to stimulate community health and prosperity. And that's why we're all here.

Minnesota Counts on Us

Minnesota counts on us to educate nearly 400,000 students from every part of the state: 19-year olds right out of high school, but just as importantly, working adults, people displaced from jobs, or who want to prepare for new careers. Businesses, large and small, turn to us to help solve problems and help their employees stay at the leading edge of their professions.

Minnesota counts on us to help address the state's two biggest challenges: Minnesota's tragic economic and racial disparities and its critical need for talent. Businesses and communities across Minnesota are being hammered because they don't have the talent they need. Whether it's in manufacturing or agriculture or the health professions, whether it's because of baby boomer retirements or slowing population growth, Minnesota is facing a talent challenge that's growing into a talent crisis. And, Minnesota will never have the talent it needs unless we address the state's economic and racial disparities. With 70% of the state's population growth over the next 25 years coming from communities of color, this is our workforce of the future, and Minnesota cannot afford to leave anyone behind. And if we do leave anyone behind, businesses and communities will be crippled, and thousands of Minnesotans will be condemned to a life of poverty.

We are the solution. We are educating the workforce of the future, preparing people to be the talent Minnesota needs. Last year we served 62,800 students of color and American Indian students, 50,000 first-generation college students, 92,000 low-income students, and 10,500 veterans and service members. Although we should be proud that in every one of these categories our colleges and universities serve more students than all of Minnesota's other higher education options *combined*, it is also a tremendous responsibility. Every single one of these students must succeed. An education that prepares people for high-demand, well-paying jobs will do more to reduce disparities and meet Minnesota's talent needs than anything else our state can do. Minnesota counts on us.

July 18, 1995

At 9:10 a.m. on July 18, 1995, in Room 123 of the State Capitol, Gary Mohrenweiser convened the first meeting of the newly formed Minnesota State Colleges and Universities Board of Trustees. It was a different era.

That summer, Larry Page and Sergey Brian had begun developing a search engine called Backrub (we know it today as Google); the Internet was still in its infancy; mobile phones were thick as a brick; and Amazon.com sold its first book. On-line meant someone was on the phone. Distance education meant correspondence courses. And *public* higher education meant that the state of Minnesota covered two-thirds of the cost.

At that July 18 meeting, your predecessors set fall tuition rates: \$40.00 per credit at the technical colleges; \$42.25 at the community colleges; \$49.50 at the universities (except for the Winona Rochester campus which was set 95 cents higher at \$50.45 per credit.).

The initial years were spent understanding how 37 universities, technical and community colleges, four faculty unions, three student associations, three payroll, HR, and accounting systems, and three boards with separate policies and procedures would come together under a single umbrella. It was several years before the system could produce verifiable financial statements, let alone a financial model.

Everything (Well, Almost Everything) Changed

So much had changed since 1995. For example,

- Back in 1995, 8% were students of color or American Indian students; it is 24% today. The students we now serve are also much more likely to be new Americans, the first in their family to attend college, and be from families of very modest financial means, yet we had not developed the strategies to ensure their educational success.
- As Minnesota's population grew dramatically more urban, we saw an increasing mismatch between where facilities had been built and where our students were enrolled, yet we had no regional or statewide academic or facility plans.
- As revolutions in technology dramatically changed how and where students could learn, how faculty could teach, and how we could work together across the state, we remained locked into a 20-year old technology platform and century-old ways of thinking.
- As we saw wave after wave of cuts in state funding, and increases in tuition and student debt, we had no state-wide effort to reduce administrative costs. Textbooks that once totaled a few hundred bucks now cost over \$1,000, yet we had not figured out how to protect our students.
- As for-profit higher education providers surged and more and more high school graduates left Minnesota to attend college elsewhere, our colleges and universities spent millions of dollars luring students from each other, rather than working together to keep students from going to the for-profits, the Dakotas, Wisconsin, or Iowa.
- As public higher education was disrupted by new vendors certifying the competencies sought by employers, we had no systemwide effort to award credit for prior learning or certify the capabilities of our graduates.
- As modern procurement practices and lean, technology-rich HR processes became commonplace in industry, 54 independent teams across the state continued to do their own purchasing and payrolls rather than leverage the resources of a \$2 billion organization.

Despite tectonic changes since 1995 in nearly everything – in our students and their needs, in technology, demographics and much more – the basic architecture of the Minnesota State system had remained untouched by the passage of time.

The hallmark of this architecture is both our greatest strength and our greatest weakness. Our colleges and universities are deeply connected to their communities which is a great strength. Yet ours was a culture of decentralization without collaboration, campus independence without inter-dependence, and this mentality affected everything from academic and facilities planning to backroom operations, technology, e-education, marketing, and most importantly, our ability to serve students.

This legacy architecture was not working for our students and that was a serious problem.

With over a third of our students who complete an associate's degree and nearly a half who complete a baccalaureate degree attending more than one of our colleges or universities, credits earned at one school needed to seamlessly transfer to another, yet they did not. Students who completed their associate's degrees were leaving our system in droves to pursue a baccalaureate degree elsewhere because the barriers to credit transfer were simply too high.

Students increasingly wanted to attend multiple schools in the *same* semester, yet this kind of student was not imagined two decades ago in the design of our technology systems, in how we schedule classes, administer financial aid, or provide academic advising. Students now want to wed together courses from multiple schools to create a certificate or degree, but our architecture wasn't built with these kinds of students in mind.

Our students knew we had a problem and they felt the consequences every day. They valued the creativity and unique cultures of our individual colleges and universities, but expected that the pieces would work together for them. They didn't accept that minor variations from one school to another should produce costly barriers to their success simply because a school wanted to maintain a unique practice. They wanted to be able to move smoothly through the entire system and they expected that we would organize ourselves to meet their needs, not the other way around.

To paraphrase Avelino Mills-Novoa, former interim president of MCTC, we needed to change the paradigm from preparing students for our colleges and universities to preparing our colleges and universities for our students. We needed to redesign how we work together to meet the needs of today's students, not only because it's the right thing to do for students, but because it's key to meeting Minnesota's needs.

The Strategic Framework and Charting the Future

We started in September 2011 by making three commitments: 1) ensure access to an extraordinary education for all Minnesotans; 2) be the partner of choice to meet Minnesota's workforce and community needs; and 3) deliver to students, employers, communities and taxpayers the highest value, most affordable option. This "strategic framework," as we called it, became the foundation for all the work that would lie ahead.

It soon became clear that a host of challenges threatened our ability to deliver on these three commitments. The September 2012 board retreat focused on the challenges and the potential strategies. The board recognized that we needed to work together in fundamentally more powerful ways. The board understood that we needed to put aside old prejudices and outdated approaches. The catch phrase that we embraced was "the greatest risk we face is the risk of business as usual."

To develop strategies to address the challenges, we chartered three workgroups to envision the education of the future (including the role of e-education, proficiency-based degrees, and credit for prior learning); to articulate how we should meet Minnesota's future workforce needs; and

to imagine what the Minnesota State system of the future should look like. Forty-six students, faculty, presidents, trustees, and staff from across the state worked over the course of the 2012-13 academic year to consider these big questions and draft an initial report that was circulated in June 2013. Following extensive consultation with the board, presidents, students, faculty and staff in retreats, meetings, and 108 listening sessions across the state, the workgroups reconvened the next fall to revise their initial draft. Their final report, *Charting the Future for a Prosperous Minnesota*, was submitted in November 2013 and the Board of Trustees unanimously adopted the six recommendations – recommendations to increase access, affordability, excellence, and service by forging deeper collaborations among our colleges and universities to maximize our collective strengths, resources, and the talents of our faculty and staff.

The great insight of Charting the Future was “the power of collaboration:”

“The time has come to plan and act more like a team, regularly bringing together the best thinking across our colleges and universities to solve problems and create opportunities for students and also to increase revenue and reduce costs.”

“It’s time to recognize that our colleges and universities are interdependent higher education institutions, and that interconnectedness is a strength. Collaboration doesn’t mean giving something up. Rather, it is a way to advance institutional interests and, at the same time, serve students and partners more effectively. It is a way to be more, not less, successful.”

Eight implementation teams, comprised of 173 students, faculty, and staff from 30 campuses got to work in the summer of 2014 to turn the recommendations into action plans through greater collaboration, not greater centralization. The teams shared their preliminary ideas at campus “gallery walks” where 8,794 students, faculty, and staff offered feedback and suggestions. Execution of the work plan devised by Leadership Council began in fall 2015 and will be completed in spring 2017.

What Difference Will All This Make?

What difference will all this make and what hurdles and challenges still lie ahead?

The changes for our students will be profound because we are now planning together, solving problems together, leveraging our collective resources, and aligning our practices. For example, we are:

- establishing guided transfer pathways so students can easily navigate their way across schools to degree completion without the loss of credits
- strengthening academic planning and collaboration among our colleges and universities
- providing students with the wraparound support services needed to stay in school and graduate

- expanding the use of innovative technologies for teaching and advising
- keeping college affordable by holding down tuition, by consolidating and sharing administrative functions to make them more effective and more efficient, and by completing our first ever state-wide scholarship campaign and launching a second one
- implementing campus strategic diversity and inclusion plans to improve student success
- identifying online education resources to save students hundreds of dollars a year on textbooks
- rethinking our e-education model to improve course quality and student support
- revising our internal financial model to make it more responsive to change, reward student success, and incent efficiency and collaboration
- replacing our legacy technology system with a twenty-first century platform that meets the needs of our students and faculty, enables streamlined modern business practices, and increases data security.

We are working together in new ways – to “plan and act more like a team . . . bringing together the best thinking across our colleges and universities” to better serve students.

Priorities and Risks Ahead

So how does all this drive our priorities for the year ahead?

First, we must complete the priorities the board has set – most notably implementation of Charting the Future. The milestones laid out in the Leadership Council’s work plan will be met. This includes, for example, completing 20 additional transfer pathways; implementing the campus diversity and inclusion plans to further improve student retention and success, the diversity of our faculty and staff, and campus climate; expanding adoption of online educational resources; opening the new HR transactional hubs; developing a more powerful e-education strategy; and launching a state-wide \$50 million scholarship campaign. Beyond Charting the Future, the metro baccalaureate plan will be implemented as will the branding initiative and a state-wide marketing effort to grow enrollments.

Second, we need to come to grips with the reality that our costs are outpacing revenue, and that our financial model is not sustainable. Our focus this year needs to be on two important projects: 1) revising the internal financial model (the “allocation framework”) and 2) creating a plan that will bring costs in line with resources. We will discuss the recommendations of the Long Term Financial Sustainability Workgroup as well as additional ideas that I hope will surface. I look forward to the consultation I began over the summer continuing over the next two months. My goal is to bring to the board in November the results of that consultation and my best judgement about the plan we should employ going forward – a plan that is critical to the survival of our colleges and universities and the students and communities we serve.

A **third priority** is the biennial legislative request. Consultation began last spring and will continue over the next two months as we craft the board’s request to the legislature. We all

know how critical the request is to the education we provide our students, to affordability, to our ability to meet Minnesota's talent need, and reduce economic and racial disparities. Beyond our work together in crafting this proposal, we will need an "all hands on deck" approach to the legislative session. Students, faculty, staff, trustees, presidents, and system leadership must work together with our Government Relations team and grass roots efforts across the state to tell our story and advocate for the request. This request is critical – absolutely critical – not only to our students and the communities we serve, but to the entire state of Minnesota.

A **fourth** priority is facilitating a smooth transition in system leadership. Chair Vekich will update you tomorrow on the search for the new chancellor. There is important work here for everyone – students, faculty, staff, trustees, and community members – not only those who will be serving on the search advisory committee, but everyone who will interact with candidates along the way. I can tell you from my own experience both as a candidate and as someone who has been engaged in 35 executive searches over the past five years, that we all need to be in recruitment mode singing the praises of this remarkable system. And it is remarkable, in its power to transform lives and serve Minnesota. The presidents, cabinet and I are committed to the successful onboarding of the new chancellor and a seamless handoff next summer.

As important as these four priorities are, I want to conclude my remarks with **the most critical priority** – the priority that is a necessary condition for meeting the other priorities I have identified.

Our presidents and cabinet, our board of trustees, our students, faculty and staff, each group individually, and all of us together, must be a high performing, collaborative team of leaders who are working together on behalf of the entire enterprise's ability to effectively serve students and communities across Minnesota. Whether it's around the legislative request, the search, strategies to ensure our long-term financial sustainability, or implementation of Charting the Future – we need to play as a team on behalf of the core values we all share.

Although we will discuss enterprise risk management, I want to suggest that there is a meta-risk that has the potential to derail us; a meta-risk that threatens our ability to serve students and Minnesota. That meta-risk is our culture – the customs, habits, and ways of thinking that have accumulated over the past two decades.

There are two aspects of our culture that get in the way. The first is the culture of higher education, which has a well-earned reputation of being adverse to change, let alone self-disruption. In this respect, we are no different than any other college, university, or system I know. Higher education is slow to innovate.

The second aspect of our culture that jeopardizes our success is that too few players look out for the enterprise as a whole, focusing, instead, exclusively on their campus or their members. We need to move from asking "is it good for my campus or my members?" to asking "is it good

for the students and communities we collectively serve? Does it serve the common good? Does it serve Minnesota?”

The common good does not emerge from the equilibrium produced from groups of individuals advocating for their own self-interest. Not playing for the common good gets in the way of doing what’s best for students and their success. It gets in the way of our long-term financial sustainability. It gets in the way of legislative success. Playing on behalf of “me” rather than playing on behalf of “we” is the meta-risk we must mitigate.

We can mitigate this meta-risk by moving from a battle among self-interests to a culture where we put our students, Minnesota, and the common good first. There is work here for all of us. For trustees, this means serving as fiduciaries protecting the collective interests of Minnesota State. For presidents, members of the cabinet, bargaining unit and student association leaders, it means acting as enterprise leaders – leaders who advance the common good – the needs of our students and all of our colleges and universities, not just the needs of a particular interest. This is not to suggest that systemwide interests take priority over campus interests. The success of our students and our campuses hinge on our ability to deploy enterprise-wide, integrated solutions. Enterprise leadership advances campuses, students, and communities. It advances Minnesota. We, individually and collectively, have the ability to create a healthier culture by modeling enterprise thinking, behavior, and leadership. Board leadership of this healthier culture is critical.

Much of the past five years has been all about building a stronger and healthier culture focused on students and the common good. As the colleagues who drafted Charting the Future noted: “Collaboration doesn’t mean giving something up. Rather, it is a way to advance institutional interests and, at the same time, serve students and partners more effectively. It is a way to be more, not less, successful.”

This is my last board retreat and I want to conclude my remarks with the same words I spoke five years ago:

Advancing the strategic framework will require enormous energy and creativity. The biggest risk we face is the risk of business as usual.

Making this strategy pay off for Minnesota will require leadership and action, patience, commitment, and tenacity. It will require detailed plans and thoughtful consultation. But most of all, it will require us to work smart and work together.

Minnesota is counting on us. Now is the time to act.

I look forward to our work together this coming year.