

Bill Blazer, Director of Government Relations, Minnesota State Chamber of Commerce

- Overall, business people view themselves as customers of higher education.
- The state Chamber of Commerce conducts about 35 meetings each year with its members throughout Minnesota to learn what issues are important to them. In addition, the State Chamber has done 300 one-on-one meetings with business people as part of the Grow Minnesota! Initiative, the Minnesota Chamber's new private sector, statewide business retention and expansion initiative to strengthen and grow Minnesota's economy. The state meetings identified the these issues as most important to business people:
 - ❖ Health care quality and costs,
 - ❖ Transportation infrastructure,
 - ❖ Price of government – more service for lower cost,
 - ❖ Time and money it takes to get permits, and
 - ❖ Quality and cost of K-12 education.
- The State Chamber is hearing more about higher education, but it is still not a top issue for its members.
- The State Chamber's members' opinions on the **University of Minnesota** are listed below.
 - ❖ The university is a community asset and research center but not a place that trains employees.
 - ❖ The university helps to attract good job candidates to Minnesota because the university is a place where these job candidates can pursue an advanced degree.
 - ❖ The university contributes to the state's atmosphere of innovation and innovation drives the economy.
 - ❖ Business people value the basic research performed by the university.
 - ❖ Business people are not impressed by the University's undergraduate programs.
- The State Chamber's member opinions on the **Technical Colleges and Community Colleges** are listed below.
 - ❖ Some business people are very appreciative of the service they receive from technical and community colleges while other business people are unaware of who these institutions are and what they do.
 - ❖ Business people are most supportive of the technical colleges and see them as fundamental to local economies. They appreciate how the technical colleges reach out to them and have flexible curriculum that they tailor to the specific business's needs. These business people sometimes think that technical colleges are spending too much time on preparing students for four-year degrees instead of for work.
 - ❖ Employers expect to do some job training. They want technical colleges to provide entry-level employees with strong foundational skills.
 - ❖ Employers also want technical colleges to help keep employee skills up-to-date with industry standards and practices.

- ❖ Overall, business people want technical colleges to be job trainers, re-trainers and leaders in the local economy.
- The State Chamber's members opinions on the **State Universities** are listed below.
 - ❖ Business people view the state universities as a community asset but not as a major source of employees.
 - ❖ State universities are exerting too much pressure on technical and community colleges to focus their courses and programs on preparing students for a four-year degree. Business people feel like technical and community colleges are doing an increasing amount of liberal arts and a decreasing amount of technical education.
- Mr. Blazer noted that he is troubled that businesspeople see public undergraduate four-year education as mediocre. He said that the State Chamber's position on higher education is:
 - ❖ State funding for higher education should follow students through grants and other forms of student aid.
 - ❖ Fund pure research separately through a separate line item in the state budget.
 - ❖ Fund community and technical colleges as economic development initiatives through a separate line item in the state budget.

Jim Bartholomew, Education Policy Director, Minnesota Business Partnership

- The Minnesota Business Partnership holds many of the same views as the State Chamber of Commerce.
- Larger employers recruit employees from around the country and globe. This means that they are willing to purchase employee development and employment services from other states that might provide higher quality or less expensive services. The Minnesota Business Partnership estimates that its members spend \$1.2 to \$2 billion per year in employee development.
- The three main issues for the Partnership are:
 - ❖ K-12 education costs and policy
 - ❖ Health costs and policy
 - ❖ State fiscal policy, particularly state and local government aid.
- The Minnesota Business Partnership sees K-12 education as the pipeline to higher education.
- The Minnesota Business Partnership, in its 2010 report, noted that globalization, technology and changing demographics will have a big effect on its members.
- The Partnership realizes that a more educated workforce will increase income tax revenues which will make more state funding available for fund the three main issue areas listed above.
- The Minnesota Business Partnership believes higher education needs to clarify its customers and provide better information about how well the systems are meeting the needs of these customers.
- The Partnership believes in funding students instead of institutions because this gives students better ability to choose the schools and programs that meet their needs. This will improve the success of more responsive schools and reduce state investment in less

responsive schools. This will encourage institutions to make harder choices about the programs they keep and the ones they trim.

- The Partnership agrees with the State Chamber that the state should create a funding pool to support research.

Candace Campbell, Consultant, CDC Associates

- Candace Campbell, an economic development consultant, reported that she has worked at and attended the University of Minnesota.
- She stressed that businesses and communities still have a pressing need for statewide access to technology and knowledge. Businesses mostly want knowledge but really need access to expertise so they can expand their capabilities.
- Many employers want employees who have strong workplace habits, communication and teamwork skills.
- Ms. Campbell stressed how difficult it is to predict business trends. This requires higher education and businesses to be in constant communication so they can work collaboratively to identify and address the latest skill and research needs.
- The University of Minnesota attracts many talented people to the Twin Cities. This means that the University needs to remain a top institution so that it can continue to attract talent from all over the world.
- Policymakers need to remember that it takes time to build world-class departments at universities. This requires reliable sustained long-term investment and support.
- Community and technical colleges, because they are located throughout Minnesota, can serve as conveners of community vision and economic development.
- Public higher education needs to make its services more known to employers.
- Since employers are located throughout Minnesota, they need statewide access to higher education.
- The higher education systems could improve how they align their programs and services with the needs of business throughout the state.

Committee Member Questions and Observations about the Presentations

- How far should the state pursue the policy of funding students instead of higher education institutions and what affect will this have on the ability of institutions to sustain themselves? Would this price higher education at a level that would discourage students from enrolling? Jim Bartholomew responded that students will pay for the services offered by the higher education institutions. This which will provide the funding to sustain these institutions. These institutions will operate more efficiently in this competitive marketplace. They might offer more online programming and pursue other cost-effective delivery methods. The state would re-direct institutional funding to student financial aid which would defray the increased student costs. In addition, institutions would work to keep down costs so that they could continue to recruit students.
- How can the state distinguish the value of research from the value of educating students? Bill Blazer responded that research is a separate and important function and should,

therefore, be funded separately from teaching and learning. He added that currently institutions receive about 85 percent of the state funding for higher education while student financial aid receives about 15 percent. The state should at least balance the funding for these two categories.

- How big is the disconnect between what businesses want and the programs and services provided by higher education? Bill Blazer replied that businesses are not overtly negative about higher education. Instead business leaders believe there are missed opportunities for how higher education and business can work together toward mutual goals. There are businesses that feel well-supported by Minnesota's public higher education institutions.
- Many high school students enroll in college not knowing exactly what they want to do. Higher education gives these students a chance to explore a variety of programs and pathways. This requires institutions with a wide variety of vibrant programs. Bill Blazer noted that businesses realize that higher education plays many more roles than just preparing employees. Jim Bartholomew noted that there will be increased competition for state funding over the coming years. Business leaders are not satisfied with limping along with old models and modes of operation. Higher education needs new incentives to learn how to operate in new and better ways that are more responsive to the wide variety of learning needs of Minnesotans.
- Is there any data on the number of new jobs created in Minnesota in the last 10 years as a result of the innovation produced by higher education? Higher education institutions should be viewed and funded as places that are creating the future. Bill Blazer said that directly funding research might allow the state to better track the innovation created by higher education.
- Does providing 85 percent of higher education funding directly to institutions and 15 percent to students de-personalize the education process? Candace Campbell replied that increasing funding directly to students would improve their ability to choose and make institutions more responsive to student needs. It would also reduce the higher education subsidy to upper class Minnesotans who send their children to public institutions even though they have the ability to pay private institution tuition rates. Bill Blazer stressed that policy-makers need to be mindful of the sticker shock that students might experience from higher tuitions. Many students might not investigate the grants and loans that will help them pay for school.
- What do employers say about private college and universities? Bill Blazer replied that Chamber members believe that private colleges could raise the standards for undergraduate education and would also benefit from increased competition. However, businesses are less interested in private colleges because they do not receive public funding.
- How can the state encourage businesses to invest in higher education? Many Asian countries give tax credits to employers who support employee education. Bill Blazer said that tax credits, on the surface, seem like corporate welfare. The Chamber would support improved partnerships between business and education.
- Many students are not choosing harder programs leaving the state with skill gaps. The state needs to encourage students and workers to pursue these high need occupations.
- Why are business leaders so unimpressed with undergraduate education at the University of Minnesota? Employers from all over the country recruit graduates from the University of Minnesota. Bill Blazer said he did know why and believes that the Citizens League should

investigate this. Candace Campbell suggested the smaller employers that comprise the Chamber of Commerce might not be as aware of the University of Minnesota as the larger employers who comprise the Minnesota Business Partnership.

- The state funds the research infrastructure at public universities in Minnesota while the federal government and private sources fund the actual research.

Committee on the Assessment of the Current Higher Education Situation

Valerie Pace reported that the Assessment Committee has a general agreement on the following:

- The public is less willing to invest in the public good of higher education.
- Minnesotans need stronger and deeper knowledge and skills to succeed in the future global economy.
- The public higher education systems need different incentives to increase their capacity to provide the programs and services needed by a higher number and wider variety of Minnesotans.
- There are large disparities in educational access and outcomes.
- The higher education systems need clearer mission delineation.
- The committee needs to directly address student financial aid.
- Higher education needs to better support economic vitality and improve its relationships with employers, students and communities.
- Higher education capacity needs to be aligned with where people live and work.
- Increase expectations for student achievement.
- Develop methods to assess outcomes and uses these measures to encourage change and improved alignment.
- Evaluate best practices in other states and countries.

Final Committee Member Comments

Maybe the state should fund the first two-years of higher education like it funds high school since most people need at least two years of college to achieve economic and personal success.

*Leo Christenson
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