

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Work Session

November 11, 2004

A work session of the Board of Regents was held on Thursday November 11, 2004, at 10:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Clyde Allen, Anthony Baraga, Frank Berman, Dallas Bohnsack, John Frobenius, William Hogan, Richard McNamara, Lakeesha Ransom, Maureen Reed, and Patricia Simmons.

Staff present: President Robert Bruininks; Senior Vice President and Provost Thomas Sullivan; and Executive Director Ann Cieslak.

Chair Metzen called the work session to order and announced that this is the third in a number of work sessions dedicated to the University's strategic positioning process. The presentation and discussion will focus on the changing demographic and economic environment in the State of Minnesota and its implications for higher education in the state.

President Bruininks introduced R. Thomas Gillaspay, Minnesota State Demographer; and Thomas Stinson, Minnesota State Economist, to make the presentation.

The presentation included information relating to changes in Minnesota's economy since 1960. Personal income per capita has grown faster in Minnesota than the U.S. average. The state has a diverse economic base, the highest percent of employment than any other state, and a higher rate of post-secondary education. In addition, projections indicate that Minnesota will continue to experience growth through the year 2014. By providing a well-trained workforce, the University of Minnesota has been a key contributor to the state's success. Demographic changes, however, are expected to occur that will have negative implications for higher education. The growth of traditional college age population will slow in the next few years and then begin to decline. An aging society will result in increases in health care costs, shifts in government priorities, and a declining tax base. This will cause intense competition for funding of higher education. As enrollments decline throughout the country, there will be increased competition for students. Higher education will need to turn to non-traditional sources for students. Students of color will be a potential source of new students, however, these students may not be as financially well off, may have language and culture barriers, and have a higher drop out rate. It was noted that demographic changes may also present some opportunities for the University. Higher income households can afford higher tuition rates; legacy gifts and endowments may increase; there may be a need to train/retain older workers; and research will continue to increase as solutions to the health problems faced by an aging society are sought.

Senior Vice President & Provost Sullivan addressed trends that relate to higher education particularly the shifting trend toward increased private funding for public higher education. He indicated that this trend has significant implications relating to access, higher tuition, and student debt. Decreasing state and federal support will also

have implications for the University in recruiting and retaining the best faculty and students. The University will need to develop strategies for addressing:

- the ability to recruit top faculty;
- the ability to recruit and educate quality students
- the ability to promote effective communication and engagement internally and externally; and
- the ability to utilize resources well.

Board members engaged in discussion with a number of observations relating to positioning the University for the future:

- Health care spending will need to be addressed.
- A philosophy of intergenerational obligation needs to be re-instilled.
- A political will to begin reinvestment in education needs to be created.
- Higher tax rates may force people to leave the state.
- The University will need to find ways to attract the best and brightest students.
- The University should develop a bold, specific definition for the future with special goals and targets.
- It is wise to invest in educating people.
- Resources need to be used more efficiently.
- The University might want to address some of its attention to K-12 students.
- The University should consider giving attention to retraining individuals.

The work session adjourned at 11:50 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary