

Chartering the Future: Community Leadership During Transition

2010 State of the University Address

President Robert H. Bruininks

Scheduled for Thursday, April 1, 2010¹

Introduction: Partners for the Public Good

I want to begin by thanking you. In the midst of the most challenging budget circumstances in decades, you have again shown that we can rise above our differences and take action for the good of the University. I issued a brief statement following the special meeting of the Faculty Senate late last month to acknowledge their decisive vote in favor of a temporary salary reduction for faculty next year. Today I want to thank our staff, as well, for their input and sacrifice as reflected in this compensation plan, and for their hard work and tremendous daily contributions to this great University. I realize that, even now, we are not all in agreement regarding the pay reduction and furlough plan—but I have high hopes that we can rally around the principles of minimizing unplanned job losses, compensating all employees fairly for their work, and ensuring the excellence and competitiveness of the University of Minnesota.

Especially during hard times, it's easy to become nostalgic. Human beings have a well-documented tendency to recall the past without its wrinkles and to look at present circumstances with an increasingly skeptical eye. Yet in our own past, visionary thinkers and leaders saw beyond the failings of the day and worked for a better future. Following the Civil War, Governor Pillsbury invested his own treasure to nurse a frail and failing University of Minnesota back to health. Our first president, William Watts Folwell, believed this university could carry the hopes and dreams of a fledgling state, and developed a plan for educating Minnesota's citizens that encompassed all levels of education, from grade school through graduate and professional programs, and was so effective that he was able to eliminate the University's preparatory department

¹ The 2010 State of the University Address was canceled due to the loss of the president's voice. This paper expands upon his planned remarks and was released online on Monday, April 5, 2010.

altogether.² And Lotus Coffman, who shepherded the University through the Great Depression, emphasized the need for universities to work for the public good *especially* in lean times, arguing that scholarship should inform good governance and public policy. In 1934, Coffman wrote a commentary for *The Journal of Higher Education*, including specific research projects that public universities should pursue in order to aid in economic and societal recovery, on issues from early childhood development to public health to equitable and adequate taxation.³

Today we are called to the same commitment. The University of Minnesota is unique in the state, chartered expressly for the public good, to educate our citizens, advance knowledge, and promote economic development. Clearly, we have a role to play in the future of Minnesota. For this reason, in my inaugural address seven years ago, I described the University of Minnesota as a partner for the public good.⁴ At the time, I spoke of a strong partnership with the state of Minnesota, an ideal for which I believe we must continue to strive. But as we move beyond next year's budget and address our longer-term financial challenges—and as we begin the transition to new leadership—increasingly the most important partnership we can foster is the bond within the University community. Certainly this community can agree that the University of Minnesota is worth preserving. Perhaps we can even agree that, although we may not see eye-to-eye on the solutions to the challenges we face, we all have the best interests of the University and our students at heart and are putting our best ideas on the table.

If we start from that common ground, we can achieve great things. It's the way in which dozens of diverse task forces forged a strategic plan that has received vocal support from state leaders, the business community, and the people of Minnesota. It's where we found the courage to make difficult decisions and how we've made such tremendous progress toward our aspirational goals in the past several years. Indeed, it's how we arrived at the faculty-proposed compensation plan approved last month.

² Appreciation of William Watts Folwell, submitted by the Senate of the University of Minnesota for the program of the William Watts Folwell Memorial Convocation, February 20, 1930.

³ Coffman, Lotus. "The Administration of Research During the Depression." *The Journal of Higher Education*, Vol. 5, No. 1, January 1934, pp. 1-6.

⁴ Bruininks, Robert H. "Advancing Knowledge: A Partner for the Public Good." February 28, 2003. Retrieved from http://www1.umn.edu/pres/02_speeches_030228.html.

I believe we can rally around this common purpose of preserving the University of Minnesota and chart a course for the University's future as a community that will ensure our academic excellence and financial vitality. The key word here is *we*—our best ideas arise from diverse perspectives joined in common purpose. We cannot approach each issue girded for battle with each other. As Benjamin Franklin said, “We must all hang together, or assuredly we shall all hang separately.”

The State of the University Today

Make no mistake: I am proud of what we have achieved together. Our aspirations are high, and the gap continues to narrow. As a direct result of priorities we have set and investments we have made, the state of the University is strong.

- With regard to our statewide education mission: application numbers, student diversity and academic profile, scholarship support, retention and graduation rates, and levels of student satisfaction continue to trend upward.
- Even in the current economy, we continue to attract approximately \$700 million in competitive grants and contracts, supporting tens of thousands of high-paying jobs for Minnesotans—and the gap between the University of Minnesota and the top universities in the nation continues to narrow.
- We continue to meet regional economic and educational needs with improved levels of productivity:
 - The University of Minnesota, Duluth, continues to forge a strong national reputation as a regional comprehensive university with programs in the health sciences, the arts, engineering, business, natural resource sciences, and countless other fields.
 - The University of Minnesota, Crookston, and the University of Minnesota, Morris, continue to redefine themselves in key ways:
 - The Crookston campus continues to expand its partnerships with international colleges and university and has substantially grown its international enrollment.

- The Morris campus has established itself as a leader on issues of sustainability and renewable energy and continues to provide an award-winning liberal-arts education to its students.
 - And even in these lean times, both campuses report that more than 95 percent of their alumni are employed within a year of graduating.
- The University of Minnesota, Rochester, has received national attention for the first year of its innovative undergraduate health sciences degree, which is changing how students think about health sciences and how some faculty think about teaching, research, and curriculum.
 - And University of Minnesota Extension has become a national model, not only of a regional approach to delivering extension programs, but also of leveraging interstate partnerships and technology to reduce costs and improve service.

These are just a few examples from a long list of accomplishments detailed in numerous public reports each year. Our groundbreaking research on devastating diseases like diabetes, Alzheimer's, and cancer inspires transformational gifts and new hope for cures. Our national and international profile—in interdisciplinary fields as diverse as food safety, biomedical technology, and sustainability—continues to attract funding, world-class scholars, and talented students. But while we should be proud of our achievements, we cannot rest on our laurels. The University faces paradigm shifts in both financial support and public expectations. We must act now, together, to meet these challenges, or risk our students and our peers passing us by.

In last year's address, I outlined four new realities that will continue to shape our future: declining public funding, changing demographics, intense competition for resources, and increasing demands for accountability. This year for the first time, tuition contributes substantially more to our budget than our state appropriation, and that trend is all but certain to continue. Yet even as our budget becomes increasingly tied to our enrollment, retention, and graduation, we know that the number of high school graduates in

Minnesota and surrounding states is projected to decline substantially in the future. The burgeoning enrollments at public and private campuses statewide cannot hold, meaning colleges and universities will more aggressively pursue the same students and limited public dollars. Growing competitive pressures on colleges and universities put both students and the state in a better position to demand that we show return on the public investment and demonstrate the value of the work and the education we provide.

While it's true that we saw these trends on the horizon, no one foresaw the depth and speed of the economic decline in recent years, or the nature of the state's response to it. As a result, these four new realities struck more quickly and severely than anticipated. As a result, we will see an additional cut of \$36 million to the University of Minnesota's budget for next year. This comes on the heels of an \$80 million cut last year and erases 10 years of incremental state funding increases, reducing our state funding base to the lowest level since 2001. The new proposed state cut and our ongoing financial obligations create a total budget shortfall of \$132.2 million for 2010-11—to say nothing of the deep budget shortfall the state faces in the following biennium.

In the past, higher education institutions might expect state funding to rebound with the economy, but for the past two decades, this has increasingly not been the case. In the near term, Minnesota can neither cut nor grow its way out of its budget woes—it must do both, and that will take time. There will not be enough public funding to offset, on a recurring basis, the temporary and one-time money being used to balance budgets today. As a result, I believe these new realities constitute a permanent *new normal* for higher education. This new normal will continue to demand more of public and land-grant universities, even as state and federal governments contribute less to support their missions.

Charting the University's Future

The good news is that our strategic goal, plan, and principles provide the framework to address the new normal. The bad news is that, as hard as we've worked in recent years, the most difficult choices are still before us—decisions that demand our individual

engagement because they impact the way we work every day. Reductions, reinvestments, reform, and redesign must occur not only centrally, but also within local units, colleges, and campuses. Our priorities must arise organically, as faculty, staff, and administrators work together with a clear view of the challenges the University will face in coming years. Individually and collectively, we bear a responsibility to lead this university forward with well-informed, strategic solutions to meet our long-term challenges. All of us must decide how best to cut costs, raise new revenue, or better apply the resources we already have.

The University's central administration cannot set local priorities unilaterally or in a top-down manner; change that does not have broad support from affected employees often does not stick. And while I will continue to advance the ideas that I think will best address our future challenges, my term as your president is winding down. The University needs your ideas, your commitment, and your leadership. You provide the connection to our students, to our mission, and to our systems of consultation and shared governance. More importantly, you can provide continuity in this time of transition. We cannot wait until "things get better" or until we have a new president. Our future challenges are serious; they require trust, collaboration, and immediate action.

Reaffirming our public mission

In order to chart the University's future in a way that makes sense during this time of transition, we must reaffirm our commitment to all three aspects of our historic mission. We know that we must become leaner, nimbler, and more productive in order to survive current and future budget shortfalls—but this must not happen at the expense of the University's academic strengths or comparative advantages. Our steadfast commitment to education, research, and public engagement is essential if we are to advance the University's quality and competitiveness in a strategic way.

Advancing academic excellence

As the state's premier source of human capital in key career fields and disciplines, our academic mission will always be tied to student success and the value of a University of

Minnesota degree. We provide an outstanding education to students at all levels of study, in a wide range of academic disciplines and career fields—but while our graduation rates have doubled in recent years, they still lag behind many of our aspirational peers. We must do more to help Minnesota high school students graduate college-ready. We must eliminate obstacles to degree completion on our own campuses, including excessive credit requirements and outmoded rules about which internal, external, or e-learning credits apply toward degree completion. We must consolidate or eliminate academic units in order to invest strategically in our strengths and best opportunities. We must make better use of space and technology—and weekends, evenings, and summer hours—to meet the needs of an increasingly diverse and non-traditional student population. And we must rationalize funding levels across all academic programs and establish clear expectations for how programs will finance their future operations.

A faculty colleague recently suggested that our campuses and colleges are “opportunity-weary”—that the University community is tired of hearing about the things we must do to secure our future, and that people want results. I feel the same frustration at times. It feels as though we can’t make decisions quickly enough, and yet each decision must be weighed against the myriad impacts it will have on real people and programs, and against countless other decisions that could be made.

This is why it takes a community of local leaders to make decisions within a systemwide framework. We need to know your top priorities and those programs at the bottom of your list, what you hope to strengthen, and what you are willing to cut. In the past, I’ve spoken about the importance of the late Peter Drucker’s concept of *planned abandonment*.⁵ It’s difficult enough to bury dead ideas once they have cemented themselves in our organization, but it’s far more difficult to weigh the benefits of two potentially good ideas and decide which to pursue and which to let drop. I would suggest that this is now our most challenging and urgent responsibility—and it cannot happen without you.

⁵ Drucker, P. F. Management: Tasks, Responsibilities, Practices. New York: Harper & Row, 1974.

Establishing the value of research

As the state's only comprehensive research university, we must also reassert the public value of new knowledge, research, and innovation to our state and nation. Last year, James Garland published *Saving Alma Mater*, in which he shared his views on the increasingly dysfunctional relationship between states and their institutions of higher education.⁶ Garland advanced a number of interesting ideas regarding the economics behind the education mission of colleges and universities, including that public funding should follow the students rather than flowing directly to institutions, and his book has garnered a great deal of attention. But for a University system like ours, it misses the mark in one significant way: it fails to address the critical importance of investing in university research for the advancement of knowledge and innovation.

By contrast, former Columbia University provost Jonathan R. Cole published *The Great American University*, which makes a compelling case that the preeminence of U.S. higher education has been due in large part to the volume of practical discoveries and fundamental advances in human knowledge achieved through scholarly research.⁷ Both of these perspectives warrant careful consideration as we plan for the future of the University of Minnesota, as well as the long-term needs of the state and the nation. Research universities, communities, and regions exist in a symbiotic relationship, in which the university not only educates students, but leverages public funding and other resources to create innovation and economic opportunity. We must not downplay the role of research and discovery on our economy and quality of life, or the benefits of students working alongside and learning from world-class scholars. As a state, Minnesota is blessed with numerous strong public and private institutions of higher learning—but only one comprehensive research university. The University of Minnesota system garners 98 percent of the competitive grants and contracts that support research in the state; in fact, approximately 95 percent comes to the Twin Cities campus alone, and historically, our Duluth campus garners more than the rest of the state's colleges and universities combined. We have internal strategies in place to enhance our research capacity and grow

⁶ Garland, James. *Saving Alma Mater: A Rescue Plan for America's Public Universities*. Chicago: The University of Chicago Press, 2009.

⁷ Cole, Jonathon R. *The Great American University: Its Rise to Preeminence, Its Indispensable National Role, Why It Must Be Protected*. New York: PublicAffairs™, Perseus Books Group, 2009.

support for our research mission—but to maintain our current momentum, we must support public policy that recognizes the economic value and public benefit of research and development, such as the Minnesota Science and Technology Authority Act currently under consideration in the Minnesota legislature, and urge state leaders to invest accordingly.

Renewing our commitment to the public good

Finally, as Minnesota's land-grant institution, we also have a historical responsibility to connect our expertise, our resources, and our human capital to real-world problems facing our state, region, and nation. Our focus on the public good goes beyond Extension, beyond R&D, even beyond the students we admit, educate, and graduate. For nearly 160 years, we have been the state's cultural center, preserving and sharing the state's natural history, the arts and humanities, the languages of our native populations and new immigrants. We help meet the unique needs of Minnesota business and industry, from agriculture to iron mining to recreation and tourism.

This strong commitment to public service differentiates the University of Minnesota from many of its research university peers, and it must be preserved. Why? First, because in keeping with our original charter and the Morrill Act 11 years later, our investment in Minnesota's communities and citizens improve the state's economy and quality of life. Second, because the breadth and scope of our academic enterprise make interdisciplinary scholarship an area of considerable comparative advantage for us. And third, because this aspect of our mission often enables the University to leverage synergies and partnerships with outside organizations, creating new opportunities to increase support for our students and our academic mission. Today many federal grants require such collaboration, but even when it is not required, it yields positive results. Strategic partnerships with our neighboring communities—whether at UMore Park or the new UROC here in Minneapolis or anywhere else in the state—create new opportunities and new support to the benefit of everyone.

Reducing costs and growing revenues

Reaffirming the three essential aspects of our mission provides important context for aggressively reducing costs and growing revenues; by doing so, we agree that we will not abandon any of our core responsibilities, but will instead refine and refocus our endeavors so that we deliver on our mission strategically, where and when we are most needed. This will require us all to be aggressive and entrepreneurial within our own units and departments, colleges, and campuses. We must each set a high bar and then stretch to reach it. For example, a 10 percent reduction in recurring costs systemwide would equal approximately \$150 million in recurring savings and potential new investment for the University. In the short term, this would be impossible to accomplish University-wide—we already face a budget problem of \$132 million for next year alone! But what about at the local level? What would 10 percent look like in your budget?

The Office for Equity and Diversity (OED) undertook such an exercise—a “reallocation of capacity plan”—in which staff was asked to identify 10 percent of existing activities that should be “furloughed” (either temporarily or permanently) this year. The criteria for decision-making included two primary considerations: how closely the purpose of the activities were linked to the University’s, the OED’s, and the individual unit’s missions and strategic goals, and how much impact these initiatives had been measured to have had in achieving these strategic goals. The act of putting these activities on hold resulted in 10 percent of the organization’s capacity being available for new initiatives judged to be of greater strategic importance or potential impact. The value of the staff capacity reallocated this year was approximately \$1 million, resulting in more than 50 new or strategically redirected initiatives.

OED undertook this exercise in a single year—but perhaps that wouldn’t be possible for everyone. What about over the longer term? Could we collectively reduce costs by 2 percent a year in each of the next five years? While I will not be president long enough to implement such a plan and see it through, I believe it could be achieved if we pursued our goals as a community, sharing the responsibility centrally and locally. Indeed, the groundwork is already under way.

People

For example, our efforts to control the costs associated with our largest cost center, our talented faculty and staff, began years ago, when we reformed the University's health care plan to save millions of dollars. Two years ago we launched a successful Retirement Incentive Option program to begin shrinking our workforce voluntarily, then followed it up with substantially restricted hiring in order to encourage careful consideration of workforce needs and priorities. Reducing the workforce through voluntary means and normal attrition means that we are able to balance the budget for next year with minimal unplanned job losses and modest impact on employee earnings—and without pushing fringe benefit cost increases to employees. We have also strategically consolidated or eliminated a number of administrative offices and functions.

How can we build on these efforts in a positive way—creating a leaner organization without unplanned job losses or steep cost increases? Going forward, we must continue to be more deliberate about long-term human resource planning and workforce management, including controlling fringe benefit costs, strategic hiring, leadership development, and succession planning. Because we are a people-intensive enterprise, any future efforts to redesign the University's academic programs, support services, and business processes and systems will necessitate changes in our workforce. A six-year human resources plan is a critical next step toward managing our biggest cost driver—especially given that people also drive our spending on facilities, technology, and goods and services.

Facilities

In the area of facilities, we have done tremendous work to reduce or avoid costs during the past decade, through reform of our construction management processes, centralization of heating and cooling systems, energy purchasing strategies, and more. In 2002, we made a conscious shift in our legislative strategy with regard to capital projects, putting substantially more emphasis on Higher Education Asset Preservation and Replacement, or HEAPR, funding. HEAPR projects require no internal matching funds from the

University, and such projects not only add to the life and functionality of existing buildings, but also improve efficiency. The results have been very positive: we have tripled our average HEAPR request, quadrupled our average appropriation, and reduced operating costs. We have also developed vastly improved methods of tracking facilities needs and space usage, in order to better identify capital priorities. As a result, we have cancelled or deferred roughly \$200 million in planned capital projects in order to save money and avoid debt.

We also have undertaken a building recommissioning program on the Twin Cities campus—essentially a building-by-building “tune-up,” in which we assess heating, ventilation, and air conditioning and other systems to ensure all building systems are working at peak efficiency. In the past several months, we’ve identified \$5 million in potential savings through recommissioning and have implemented approximately half of the required changes. When the effort is completed, we expect \$10 million in total savings for the Twin Cities campus. This program will continue on a four-year cycle, and similar efforts are under way at the coordinate campuses.

Finally, we are also taking existing buildings offline. Currently three buildings—Music Education, Eddy Hall Annex, and Tandem Accelerator Lab—are slated for demolition, saving the University at least \$4 million in needed renewal costs plus ongoing operating expenses. A space utilization study is also under way to determine how we can decommission 1 million gross square feet of supported space to generate \$10 million of recurring savings over the next several years. While it impacts only a fraction of the total assignable square feet of space the University maintains statewide, it is a good first step toward identifying how we can substantially reduce the footprint and cost of University facilities statewide. Even with the construction planned for the University in coming years, I anticipate fewer buildings and more green space on our campuses in the coming decades.

Technology

In the area of information technology, we continue to rethink the service-delivery model in an effort to substantially reduce costs. Each year, we spend approximately \$200 million systemwide to support the information technology needs of the University. Managing the costs of hardware, software, and licensing is important, but strategies that focus on effective management of technology and support services not only reduce technology, facilities, and energy costs, but help reduce labor costs, as well. By continuing to implement best practices for technology use and performance, such as improving server management, implementing desktop automation, and using viable commercial solutions wherever possible, I believe we can achieve savings as high as 10 percent (or \$20 million) in the next five years.

Goods and services

Finally, we are making progress toward reforming systemwide purchasing and procurement, identifying strategies for reducing costs in this area by leveraging technology, partnering with other institutions, and more. Each year we spend approximately \$700 million on goods and services systemwide. I believe that it is feasible to achieve \$25 million a year in savings—and although this is the kind of stretch goal we may fall short of, I believe we must take this challenge seriously.

Student support

Student financial support is also a rapidly growing cost center for the University. In order to improve financial access for students following deep budget cuts and tuition increases early in my term as president, we made scholarships and fellowships a top fundraising priority. In 2004, we announced the Promise of Tomorrow scholarship drive, which leveraged the combined strength of a strong matching funds strategy and a clearly stated commitment to excellence to generate giving rates of 7 to 10 times higher than average. The Promise of Tomorrow campaign began with an “audacious” goal of \$150 million, and is now approaching \$300 million in support for scholarships. We also leveraged other fundraising campaigns to raise tens of millions of dollars in additional academic support. For example, I made it a strong personal priority to ensure that every time we approached

a potential stadium donor, we asked them to support the University's academic priorities. We raised nearly \$45 million to support scholarships and other academic priorities as a result of stadium fundraising. In addition, the \$21 million TCF Bank naming gift agreement included a provision to generate at least \$25 million in additional student support over the next 25 years.

This year, we launched the University of Minnesota Promise Scholarship, or U Promise, which provides guaranteed need-based aid to 13,000 low- and middle-income Minnesota resident students systemwide. Thanks to our strong commitment to affordability, the average net price of a University education—the price undergraduate students actually pay to attend the University of Minnesota—has increased an average of just 3 percent per year over the past nine years. In fact, at times the net price has actually decreased!

Today the University provides undergraduates with \$75 million a year in scholarships and grants—more than the amount provided by the state of Minnesota and the federal government combined. I am particularly proud of the work we have done in this area, but we recognize that we cannot continue to increase tuition rates and the University's contribution to financial aid at our current pace. We must moderate future tuition increases by reducing costs and improving productivity, and must continue to grow external support through targeted fundraising, annual giving strategies, and leveraging of University assets in order to reduce this growing cost to the University. For example, Permanent University Fund dollars, or PUF funds, generated from University land holdings and mineral rights, have been used successfully to grow endowed chairs at the University, from just 17 in the mid-1980s to nearly 400 today. In a similar way, I hope we will be able to leverage the Legacy Fund created by the Board of Regents for future proceeds from the development of gravel and other assets at UMore Park to support and expand need-based student scholarships and meet other essential academic needs.

Revenue growth

Aggressive management of our costs is absolutely essential to our long-term financial future—we must be a leaner, more efficient, and more productive operation if we hope to

succeed in the New Normal. But I still believe that we cannot simply cut our way to the future. We must set aggressive goals to increase non-state revenue, as well. This must include moderate tuition rate increases; additional tuition revenue through new academic offerings such as evening, weekend, and summer programs, and expanded e-learning opportunities; additional private support; sponsored grants and contracts; development of real estate assets, and intellectual property and technology transfer revenue. Efforts are under way in each of these areas, but they must include aggressive short- and longer-term goals. Can we grow non-state revenue by 10 percent in five years? We must each look carefully at our current and future needs, and ask, “What will it take to achieve them?”

Of course, state support remains critically important. The economic downturn, election-cycle politics, and our own size, complexity, and inertia have produced an us-versus-them mentality that makes finding common ground increasingly difficult. We cannot raise private money quickly enough to replace state funds, so state funding will continue to play a significant role in our future. I began by saying that our internal partnership is the most important relationship we can nurture today, but we cannot afford to lose what state support we have. To this end, unity of purpose within the University will enable us to forge a stronger and more coherent partnership with Minnesota.

Higher education renaissance

Presenting the state with a unified vision matters because state leaders, our prospective students, and even our supporters are looking at us more critically in terms of service, value, responsiveness, and results. We must communicate a clear vision of our role in providing the human capital and innovation Minnesota needs to be competitive in the 21st century. The G.I. Bill, the creation of the National Science Foundation and the expansion of the National Institutes of Health, the National Defense Education Act, and the original Higher Education Act opened the doors to a college education for millions of Americans and sparked a half century of unprecedented scholarship and scientific achievement. But in recent years, our nation has begun to stagnate, and our state is no different.

Minnesota needs a higher education renaissance—a reawakening to the importance of teaching and learning, discovery and innovation, and outreach and service so apparent to our state’s founders. I believe we can help lead that renaissance—first by reaffirming our commitment to our mission and aggressively undertaking the key reforms outlined above, in order to improve our quality, service, productivity, and impact, and second, by pursuing a *new covenant* with the state, based upon a common vision, shared values, and clear definitions of our mutual responsibilities. I’ve talked before about the need for an agreement that would establish measurable goals, appropriate expectations regarding tuition and return on investment, and sufficient—and hopefully more sustainable—levels of state support. Not only would stable state funding make the cost of education more predictable for parents and students, but would enable us to better plan our academic investments, manage our costs, and set targets for other revenue sources, such as sponsored and private funding. This will not be easy work, particularly in this economy, and it requires willing partners among our state leaders, but the need is clear. Although I may not be your president long enough to bring such a covenant to fruition, I believe that now is the time to begin to push this conversation with state leaders.

In the long run, I believe that the University of Minnesota system, Minnesota State Colleges and Universities, and our state leaders will have to establish an even broader vision and compact, encompassing all of public higher education in the state. When our two systems of higher education were conceived, access to higher education referred to *distance in miles*—and despite the fact that we’ve overcome these obstacles with modern transportation and information technology, we still maintain a campus every 30 miles. Today, colleges that once complemented each other’s offerings are now competing with the same degree programs for the same students, and campuses in every legislative district are competing for scarce capital funding. Higher education leaders and state policymakers both need a shared, long-term vision for higher education in the state. I believe we must work together to rationalize education systems across the state in order to more effectively connect with our higher education peers and with preK-12 schools, to leverage and save precious state resources, and to better meet the state’s long-term education, workforce, and leadership needs.

Conclusion: A Culture of Continuous Renewal

At their best, great universities are pioneering, savvy, and inspired; at their worst, they cling to their medieval roots and give credence to James O'Toole's comment in *Leading Change*: "academia—where all change is resisted as a matter of principle."⁸ President Coffman shared a cautionary tale about such a university in Scotland—the venerable "beacon on the hill," giving light to the valley below.⁹ Its scholars were proud, and perhaps rightly so, that it had existed for 400 years, unchanged and unchanging. Coffman saw the writing on the wall. He concluded his story with this brief quote: "I am of the opinion that American universities will fail tragically if they keep their faces turned to the past."¹⁰

So we look to the future, as he did, and use words like *productivity*, *innovation*, and (worst of all) *human capital*. A natural tension arises when you apply business principles to an academic institution with deeply held traditions and values. But the University of Minnesota isn't just any academic institution. This university is a \$3 billion-a-year public/private partnership; a statewide community of 86,000 people living and working in a high-tech, high-touch environment; and Minnesota's premier source of new ideas, educated workers, entrepreneurs, and leaders. If we hope to thrive in the future, we must take our role in the state seriously. We cannot simply let nature take its course when it comes to our priorities. Without careful attention to every dollar—without clear priorities and fiscal discipline—we will not have the resources we need to deliver on our mission. We must be committed to decisive action, to results—and to each other. Without common ground, we have no place to stand. Without common purpose, our individual efforts won't amount to anything.

I've spent more than 40 years here, and will return to the faculty in July of 2011. With

⁸ O'Toole, James. *Leading Change*. San Francisco: Jossey-Bass, 1995.

⁹ Coffman, Lotus. "The Administration of Research During the Depression." *The Journal of Higher Education*, Vol. 5, No. 1, January, 1934, pp. 1-6.

¹⁰ *Ibid.*

several notable exceptions, many of the issues we debate today seem little different from when I started. Our Board of Regents, faculty, staff, students, and alumni all agree that now is a time for clear vision and strong leadership. We cannot spend another decade—or even another month—debating the importance of timely graduation for Minnesota students, or the impact of research and innovation on Minnesota’s economy, or the inherent logic of setting high aspirations and clear priorities and measuring what we value. Now is the time to ask, *What can I do?* Higher education in Minnesota must not stagnate. This great University must not falter. We must not let it.

Thank you.