



Brian Rosenberg, president of Macalester College, and Paul Cerkvénik, president, Minnesota Private College Council

Are Minnesota's private colleges diamonds in our back yard?

A Civic Caucus Focus on Competitiveness Interview

June 13, 2014

Present

John Adams, Paul Cerkvénik, Curt Johnson, Lars Johnson, Randy Johnson, Sallie Kemper, Ted Kolderie, Dan Loritz (chair), Brian Rosenberg, Dana Schroeder, Clarence Shallbetter. By phone: Janis Clay.

Biographies

Paul Cerkvénik has been president of the Minnesota Private College Council since 2009. He served as a member of the Council's board of directors from 1997 to 2003 and from 2006 to 2009 and chaired its Public Policy committee. Previously, Cerkvénik was an attorney in private practice in Virginia, Minn. He was born and raised on the Iron Range and moved back there to practice law in 1996. Prior to that, he worked as a law clerk at Faegre and Benson and with the Hon. Robert G. Renner on the Minnesota Federal District Court.

Before earning his law degree, he worked in politics, including serving as legislative director for three Speakers of the Minnesota House of Representatives and as researcher for the Democratic Study Group in the U.S. House of Representatives.

Cerkvenik holds a B.S. degree from St. John's University and a J.D. degree from the University of Minnesota.

Brian Rosenberg began his tenure as the 16th president of Macalester College in August 2003. He champions the liberal arts college in the United States: "The liberal arts model rests on a belief in the

transformative power of ideas, the necessity of collaborative action for the common good and the importance of individual self-determination."

Prior to becoming president of Macalester, Rosenberg was dean of the faculty and English professor at Lawrence University in Appleton, Wisc. He served as English professor and chair of the English Department at Allegheny College in Meadville, Penn., from 1983 to 1998. He is a member of the Itasca Project, an alliance of more than 50 leaders from the private, government and social sectors in Minnesota, whose goal is improving economic competitiveness and quality of life within the state.

A native of New York City, he received a B.A. from Cornell University and an M.A. and Ph.D. from Columbia University.

Summary

According to Paul Cerkvenik of the Minnesota Private College Council (MPCC), the major private, nonprofit liberal arts colleges in Minnesota have a large-scale collective economic and civic impact in the state. The 17 MPCC member colleges enroll 59,000 students and produce about 29 percent of the bachelor's degrees and 41 percent of the master's level degrees granted annually in Minnesota. Cerkvenik points out that the MPCC colleges employ more than 13,500 Minnesotans and add \$1.4 billion in operating and capital spending to the state's economy every year.

Brian Rosenberg, president of Macalester College, believes Minnesota is fortunate and more competitive because it has a diverse higher education system, including public institutions and the private liberal arts colleges. He says the private colleges get exceptional outcomes from a very small public investment. He states that the greatest inefficiency in American higher education is the failure of students to complete school, noting that 65 percent of MPCC colleges' first-time, full-time students graduate in four years, compared with much lower rates at the University of Minnesota and at the Minnesota State Colleges and Universities (MnSCU) four-year institutions.

According to Rosenberg, the private liberal arts colleges need to do a better job of connecting education to vocation. He maintains that the colleges' central mission, though, is to teach students to write well, speak cogently, think critically, be creative, work effectively in teams and be adaptive to change. Cerkvenik points out that the financial and business model of private colleges is as challenged as the public sector. Rosenberg adds that the only way to have a dramatic effect on the cost side in higher education is to fire people or reduce the workforce in other ways, like not replacing positions.

Background

The Minnesota Private College Council (MPCC) has 17 member schools, all private, nonprofit schools that are substantially liberal arts in character: Augsburg College; Bethany Lutheran College; Bethel University; Carleton College; College of Saint Benedict; College of St. Scholastica; Concordia College, Moorhead; Concordia College, St. Paul; Gustavus Adolphus College; Hamline University; Macalester College; Minneapolis College of Art and Design; Saint John's University; Saint Mary's University of Minnesota; St. Catherine University; St. Olaf College; and University of St. Thomas.

These 17 colleges accounted for 84 percent of the 2012-2013 graduate and undergraduate enrollment in all private, nonprofit higher education institutions in Minnesota. The figure is 83 percent for just undergraduate enrollment.

Discussion

The 17 member colleges and universities of the Minnesota Private College Council, all private liberal arts schools, have a large-scale collective economic and civic impact in Minnesota.

According to Paul Cerkenik of the Minnesota Private College Council (MPCC), the schools make an important contribution to the state's economy and to building human capital in Minnesota.

The 17 MPCC schools enroll 59,000 students. That figure is close to the enrollment at the University of Minnesota (68,000) or to the four-year student enrollment (67,000) in the Minnesota State Colleges and Universities system (MnSCU). Nearly three-quarters (42,500) of these MPCC students are undergraduates, while 16,500 are graduate students.

These private colleges produce about 29 percent of the bachelor's degrees granted annually in Minnesota. Cerkenik said the member schools produce a disproportionate share of bachelor's degrees in the state in some key fields of study: 52 percent in physical sciences, 29 percent of STEM degrees (science, technology, engineering and math), 38 percent in foreign languages, 36 percent in biological sciences, 35 percent in health professions, 33 percent in math and statistics, and 30 percent in business.

The member schools produce 41 percent of the master's level degrees granted each year in the state. Many of these degrees focus on professional areas, such as business, law, teaching, health professions, public administration and computer science.

Although they play a major role in higher education in Minnesota, private colleges receive no direct operating support from the State of Minnesota and students at MPCC colleges benefit from only three percent of all state spending on higher education.

Undergraduate students in the MPCC colleges have a diverse profile, both in race and income:

- 70 percent are from Minnesota;
- 28 percent are from families with incomes under \$50,000, comparable to the state's public institutions;
- 20 percent are first-generation college students;
- 18 percent are students of color, the same as at the U of M and slightly higher than the four-year MnSCU colleges. This mirrors the share of high school graduates of color in Minnesota.
- Enrollment of new freshmen of color has increased 114 percent in the last 10 years, while enrollment of new white students has declined nine percent.
- 34 percent of Minnesota resident students get a need-based state grant, a share that is higher than either the U of M or MnSCU four-year colleges.

27 percent get a Pell Grant, compared to 20 percent at the U of M and 29 percent at four-year MnSCU colleges.

The private college sector has high graduation rates: 65 percent of MPCC colleges' first-time, full-time students graduate in four years. Cerkvénik said that is the highest graduation rate of any postsecondary sector in Minnesota or the Midwest and ranks fourth nationally among private colleges compared state to state.

Financial aid is making private colleges as affordable as possible for as many students as possible. According to Cerkvénik, 90 percent of first-time, full-time students at the MPCC colleges get some financial aid that does not have to be paid back. The schools award \$460 million annually in institutional aid for scholarships. That compares to \$40 million the students receive from the state grant program and \$45 million they receive from federal Pell Grants.

Thanks to financial aid, Cerkvénik said, the average net tuition for first-year students at MPCC colleges is \$14,469, about 43 percent of the average published price. Financial aid, then, covers an average of about 57 percent of the cost of tuition. He noted that the first-year net tuition adjusted for inflation has been essentially flat since 2004-2005.

The average debt for four-year graduates of the MPCC schools is \$32,000. Cerkvénik said 28 percent of MPCC students graduate with no debt. These figures are comparable to the averages for four-year graduates of Minnesota's public colleges and universities, who have average debt of \$30,000, with 30 percent of students graduating without debt.

Private liberal arts colleges contribute significantly to Minnesota's economy. According to Cerkvénik, the MPCC colleges employ more than 13,500 Minnesotans, making those colleges collectively the ninth largest private-sector employer in the state. The colleges add \$1.4 billion in operating and capital spending to the state's economy every year.

The private liberal arts colleges serve as a talent magnet for the state. Cerkvénik said 30 percent of the students at MPCC schools are from outside Minnesota. Each year, private colleges enroll more new freshman from outside Minnesota than either the U of M or the MnSCU four-year colleges. After graduation, 68 percent of the MPCC graduates stay in Minnesota, regardless of where they came from. "Our schools are helping bring people here and they're staying in significant numbers," he said. "And, because our schools offer a different education option from the publics in Minnesota, we also help keep our own talented high school graduates here in Minnesota."

MPCC schools are leaders in global education. Cerkvénik said more than half of all Minnesota undergraduate students who have a study-abroad experience in college are enrolled in these private colleges. About 40 percent of new undergraduate international students in Minnesota are enrolled in MPCC colleges.

These private liberal arts colleges graduate many students who go on to pursue advanced degrees. According to Cerkvénik, 22 percent of graduates of MPCC schools pursue advanced degrees immediately upon receiving their bachelor's degrees. These colleges play a key role in Ph.D. degree production, graduating 52 percent of the students who earn their undergraduate degrees in Minnesota and then go on to earn a Ph.D. anywhere in the nation. And he noted that one analysis

showed that one in eight students in the U of M's graduate and professional programs came from MPCC colleges.

Minnesota is fortunate to have a diverse higher education system and the private, nonprofit colleges are doing an enormous service to the state. According to Brian Rosenberg, president of Macalester College, Minnesota students are distributed reasonably equally at the undergraduate level among the U of M, the four-year MnSCU schools and the private colleges. "That is not true in every state," he said. For example, he noted, the University of Wisconsin is very dominant in that state. One of the reasons Minnesota is a more thriving state is that Minnesota has a more diverse and thriving higher education system, he said.

"The variety of educational opportunities in Minnesota really benefits our students, Rosenberg said. "It particularly benefits the public good, because you get the most bang for your public dollar out of the privates. The amount of public money that goes into private colleges is a teaspoon, compared to the flood of money that goes into the MnSCU system and the University of Minnesota." Rosenberg said the private colleges get the outcomes described earlier at "a very, very, very small public investment."

The single greatest inefficiency in American higher education is the failure of students to complete school on time. While 65 percent of MPCC colleges' first-time, full-time students graduate in four years, Rosenberg said that in some of the higher education systems in Minnesota, the rate of students who don't complete in four years is "shockingly high." He said in the MnSCU system, more than 70 percent of students don't finish in four years. "That is an enormous inefficiency in the system," he said. "Even at the University of Minnesota, the percentage of students who either don't finish or don't finish on time is very, very high."

When you look at the cost of college, you can't just look at the sticker price or the actual price a student pays, you must look at the opportunity cost. "If a student isn't graduating or is taking a lot longer to graduate," Rosenberg said, "there is a real economic cost to the individual and to the state."

The biggest risk to Minnesota's competitiveness is complacency . "There's a lot about this state that is really, really good," Rosenberg said.

- **The unemployment rate in Minnesota is below the national average. The Twin Cities in particular has one of the lowest unemployment rates of any metro area in the country.**
- **The education levels in Minnesota are among the highest in the country. Collectively, our K-12 students perform better than in many other states. The quality of education is considered to be very good.**

But there are weaknesses, looking out 10, 20 or 30 years.

- **Our K-12 system has one of the highest race-based achievement gaps in the country.** Rosenberg said the state is becoming increasingly diverse. If that gap persists, he said, we will no longer be among the most educated states in the country. "That poses a direct threat to our economic competitiveness," he said. "Our current employers won't be able to hire the educated workers they need and the employers who are thinking about moving to Minnesota won't move

here, because we won't have that educated workforce. They don't come for the weather; they come for the workforce."

- **Although the trend has been somewhat reversed in the last couple of years, for 12 years there was a steady decline in public funding for higher education in Minnesota.** "We were approaching the bottom quartile nationally," Rosenberg said. Student debt is directly correlated with the level of public support, he added.
- **Minnesota is dramatically underinvesting in its transportation system, Rosenberg said.** "We're not maintaining our current transportation infrastructure," he said. "Transportation funding is stalled at the Legislature and we're not investing in the future."

"There's a lot that's great right now in Minnesota," Rosenberg continued. "But if we just expect it'll stay great, we're making a big mistake." He said Minnesota's business leaders understand that economic disparities, education and transportation are critical to the long-term futures of their businesses and of the state.

Employers are not necessarily looking for people with specific technical skills, as the media portray, but for "the educated person." An interviewer said employers are looking for people who can think critically, who can solve problems, who can work collaboratively. "Those are all things that liberal arts colleges say they're about," he said.

Cerkvenik quoted an executive of a major Minnesota corporation, who said, "We used to hire for skills and fire for character. Now we hire for character and train people for what we want them to do." "The public does not get that," the interviewer said.

"The truth lies somewhere in-between," Rosenberg said.

The Itasca Project's higher education task force is trying to bring what employers need and what schools offer into better alignment. "Colleges are not so good at talking to employers," Rosenberg said. "There has been too much of an ivory-tower attitude toward that. Employers are not reaching out to us to tell us what they need, either. Itasca is trying to facilitate those conversations."

He said it's difficult to try to predict what the job market will look like in 10 years, because it will look very different. "The most useful thing is to ask what skills employers want in an educated workforce," Rosenberg said. "I would hope employers would do better in the area of training. If they would invest a little time in training, they could fill those jobs."

Private colleges need to do a better job of connecting education to vocation. An interviewer said that in the last 40 years, things have changed, so that now the world is expected to respond to the individualistic tastes and outlook of kids, instead of the other way around. "There's a partially irreconcilable difference between what the kid thinks the world is all about and what the employer thinks the world is all about," he said. "How do the private colleges reconcile the supply side, what the schools and the faculty think they ought to provide, with what society thinks ought to be done?"

"We haven't done as good a job at this as we need to," Rosenberg said, "particularly in what I perceive as the most challenging economic climate for new college graduates in my lifetime. The old model of colleges like Macalester not really thinking about this doesn't work. We need to do a better job of connecting education to vocation."

"That's not our only responsibility, though," he said. "A college education should also prepare students to be educated citizens, to be civically engaged, and to live richer lives. But vocation is one of our responsibilities. Some of the responsibility rests with us to make the pathways easier and clearer."

The well-rounded education model of Minnesota's private colleges has proven to be a good investment for students. Rosenberg said the fundamental premise of a liberal arts education is to impart students with a certain set of skills and qualities of mind that will serve them well over the course of a professional lifetime, during which they'll change jobs six or seven times. "Our education is predicated on the assumption," he said, "that the best thing we can do is to teach students to write well, to speak cogently, to think critically, to be creative, to work effectively in teams, to be adaptive to change. The data support that that works." He said by the time graduates are in their 30s, the investment in this type of education has paid off financially.

Cerkvenik said one change he sees is that employers now place a premium on what kinds of experiential learning students have acquired in colleges. "All of our colleges are building that into their curriculums now," he said. "That is not a simple task."

The financial and business model of private colleges is as challenged as the public sector. An interviewer asked what combination of threats and opportunities private colleges see looking forward. "Published tuitions are rising," Cerkvenik said. "Colleges are doing everything they can to keep net tuitions flat. To do that, you have to increase financial aid, which means you must cut spending in all other areas. That affects the ability to deliver a quality education. It's a very difficult economic problem. Until the economy has the capacity to invest more in education, all of higher education will be squeezed. We're in a tight economic vice right now."

Rosenberg said the financial model worries him. First-year net tuition has not gone up at all, because financial aid has grown. But only Macalester and Carlton are able to meet the full financial need of every student they admit, he said. "Essentially, we're all discounting our product by more than 50 percent," he said. "That's a lot and it's growing. That's putting enormous financial pressure on the system."

The only way to have a dramatic effect on the cost side in higher education is to fire people or reduce the workforce in other ways, like not replacing positions. Rosenberg noted that two-thirds of Macalester's expenses go to pay people and 80 percent of people working in higher education have college degrees. "We suffer from cost disease," he said. "As the cost of hiring educated workers has gone up, our costs have gone up, but we haven't realized efficiencies." He likened higher education to the music industry, where you still need four musicians to play in a string quartet. But the cost of hiring those musicians has gone up, which is why symphony orchestras are going out of business.

Rosenberg said some private colleges are looking into a shared services model, beginning with IT services, which would allow each school to reduce costs. "Is there a way to reduce our collective workforce without reducing quality?" he asked.

The use of adjunct faculty is on the rise as institutions try to reduce their costs and take advantage of a dramatic oversupply of Ph.D.s in the job market. An interviewer commented that one way to tweak the financial model is the use of adjunct faculty. She asked what the long-term effects are of increasing reliance on adjunct faculty, who are less expensive than full-time faculty.

Macalester hasn't done that, Rosenberg replied, but nationally and at many institutions in the Twin Cities, it's true. He said it is a function of both the need of institutions to reduce their costs and a dramatic oversupply of Ph.D.s in the job market. "Colleges and universities can take advantage of that and hire cheap labor," he said. A lot of adjuncts are excellent teachers, he said, but they can't be expected to do what we expect of tenure-track faculty: teaching, advising, connecting students to alumni, doing research and serving on committees.

Some colleges are moving from the credit system to competency ratings. An interviewer noted that 60 or 70 colleges around the country are trying to migrate from the Carnegie credit system to competency ratings. He asked if this is a serious prospect.

Rosenberg said some migration from grades and credits to proof of competency is happening and will continue to happen. Minnesota is on the cutting edge of this. Cerkvénik added that funding for making this change is a challenge for many schools.

Increasingly, flagship public universities around the country are becoming educational institutions for the more affluent. Rosenberg said these schools are enrolling more and more affluent students who want amenities. He asked if we want to put all of our public eggs in one basket, which he thinks will not help the state in the long run. "It's not the right use of public dollars to make college inexpensive for the children of people who could afford to pay for it," he said. "Affluent students at the U of M are essentially getting an enormous public subsidy to go to college. I think that's wrong."

The attitude at the Legislature toward higher education has changed a little bit. "The pie's a little bigger," Cerkvénik said, "but there's not a dialogue going on at the Capitol about these issues. Growing the pie isn't enough, unless we can grow it in ways that result in quality outcomes."