



Mark Misukanis, formerly of the Minnesota Office of Higher Education

Minnesota higher ed over-produces some degree holders, under-produces others

A Civic Caucus Focus on Human Capital Interview

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Present

John Adams, Dave Broden (vice chair), Pat Davies, Dan Loritz (chair), John Lundberg, Mark Misukanis, Paul Ostrow, Dana Schroeder (associate director). By phone: Tom Abeles, Randy Johnson.

Summary

Mark Misukanis, formerly of the Minnesota Office of Higher Education and currently a faculty member at Metropolitan State and Hamline Universities, says Minnesota higher education institutions are over-producing certain degree holders and under-producing others, particularly postsecondary industry-certificate holders. He believes we must bring the supply and demand side of higher education into better alignment in order to provide qualified people to fill estimated job openings through 2018.

He stresses that ignoring the question of employers' need for people with various postsecondary levels of education results in the underemployment of highly educated people and jobs in the economy going unfilled. Ironically, while we're worrying about having a lack of alignment between postsecondary education and the economy, Misukanis's analysis shows there has been a recent increase in the percentage of Minnesota kids not graduating from high school.

The shift from higher state aid to higher tuition is changing the way higher education institutions do business, Misukanis asserts. Now the institutions are much more sensitive to class size and are more likely to drop a class if there aren't enough students enrolled to cover the costs through tuition.

Misukanis sees the dynamics of higher education changing as it faces a number of difficult issues, among them, online learning, declining government appropriations, direct competition among postsecondary institutions, changing student demographics and skyrocketing costs. He decries the

lack of transparency and availability of data on instructional costs from some institutions, which makes it difficult to know whether we're underinvesting in higher education. He contends that a governor deeply engaged in these issues could bring about needed changes in higher education.

Biography

Mark Misukanis is an adjunct faculty member at the Hamline University School of Business and assistant professor at Metropolitan State University. He has also served as senior consultant at New Pharos Consulting.

Prior to founding New Pharos in 2011, Misukanis was director of finance and research at the Minnesota Office of Higher Education from 2004 to 2011. From 1996 to 2004, he was director and chief budget officer at the Office of Fiscal Policy and Analysis in the Minnesota Senate. He was lead fiscal analyst for the Minnesota Senate's Finance Committee from 1987 to 1996.

Misukanis holds a Ph.D. in educational policy and administration from the University of Minnesota, where his doctoral coursework concentrated on the economics and administration of higher education. He also earned an M.A. in economics from the University of Wisconsin.

Background

The Civic Caucus has released two recent statements on human capital: [one in September 2014](#) laying out the human-capital challenges facing the state today and in coming years and [a follow-up paper in January 2015](#) offering recommendations for maintaining a high-quality workforce in Minnesota. The Civic Caucus interviewed Mark Misukanis about issues in higher education and the need for various levels of postsecondary education for the jobs that will have to be filled in Minnesota's near future. The Caucus also asked for his reaction to its January 2015 statement.

The comments from Misukanis reflect his views or past experience and do not reflect the current views of Metropolitan State University or the Minnesota State Colleges and Universities (MnSCU) system.

Discussion

Minnesota already has the share of people with postsecondary education that Georgetown University's Anthony Carnevale said the state would need to meet job demands by 2018.

Carnevale predicted that 70 percent of the jobs in Minnesota would require some level of postsecondary credential by 2018. Because of some controversy over the accuracy of Carnevale's prediction, an interviewer asked what the real need is for those credentials.

"We're already there," Mark Misukanis said, referencing a table he prepared in January 2015, based on the U.S. Census American Community Survey for Minnesota. His figures show that the share of people in different age cohorts with at least some postsecondary education is as follows:

- Ages 18 to 24: 61 percent;
- Ages 25 to 34: 74 percent;

- Ages 35 to 44: 74 percent;
- Ages 45 to 64: 68 percent; and
- Ages 65 and over: 49 percent.

He said the share of people with some postsecondary education started to fall off during the recession, at least partially explaining the lower share of people with some college among 18-to-24 year-olds, compared with people in the 25-to-64 age groups.

"Where's the urgency?" Misukanis asked. "We're where Carnevale said we need to be. We should ask the question whether this is where we should be. Is there a reason we should do this?"

Misukanis takes issue with the data and forecasting model Carnevale used, saying they were not intended to use for 10-year forecasts.

Based on Georgetown and Bureau of Labor Statistics (BLS) work, we need to look not only at the demand side for higher education, but also at the supply side and the alignment between them. In a January 2012 report Misukanis prepared for the Minnesota Career College Association, he used two sources of data to calculate the following estimated yearly needs for various postsecondary education levels. The estimates are based on an average of 91,350 new hires projected annually through 2018.

Estimates based on Bureau of Labor Statistics (BLS) data:

- 19,995 will require at least some college, but no degree;
- 8,318, at least an associate's degree;
- 17,564, at least a bachelor's degree;
- 6,709, at least a master's degree; and
- 3,071, at least a doctoral or professional degree.

Estimates based on Georgetown data, produced by Anthony Carnevale:

- 18,832 will require at least some college, but no degree;
- 11,655, at least an associate's degree;
- 24,207, at least a bachelor's degree;
- 6,172, at least a master's degree; and
- 2,829, at least a doctoral or professional degree.

The biggest difference between the two estimates is that the projections based on the Georgetown data suggest a need for a significantly higher number of associate and bachelor degrees than the BLS-based projections.

Data from the Minnesota Office of Higher Education show the following numbers of degrees actually awarded in Minnesota in 2010:

- Certificates below bachelor's level: 15,938;
- Associate's degrees: 18,468;
- Bachelor's degrees: 31,963;
- Master's degrees: 21,015; and
- Doctoral or professional degrees: 4,173.

"I'm concerned the question of need wasn't asked," Misukanis said. "This results in the underemployment of highly educated people. We may be over-producing one kind of degree and under-producing other degrees needed by the economy. This results in curricula based on student demand, not on employer demand for certain qualifications. The question of alignment is important. More current and extended research is needed to address this question."

"If you can walk and talk, you can get a B.A. today," an interviewer commented. "Deciding to hire someone because they have a B.A. doesn't show what's behind that degree. Do they have the attitude toward work and the ability to communicate and work with other people needed to succeed in the job? Fifty years ago, a B.A. degree might have represented those skills, but today, it does not."

"We're not zeroing in on the real questions we need to ask," the interviewer continued. "We haven't asked what we expect of our higher education institutions now and into the future to prepare the next generation for the world of work they're going to occupy and work in. The demand for what they need and want vs. what's being made available to them go past each other."

The shift from higher state aid to higher tuition is changing the way higher education institutions do business. Putting more of the financing weight on tuition, rather than state aid, has made the institutions more sensitive to class size, Misukanis said. "They're more likely to drop a class if there are not enough kids enrolled to cover the costs through tuition," he said. "There's no money to back up seven kids in a class."

People in higher education will deal with a range of other issues, but they won't deal with their own institutions. "There's no agreement as to what America's higher education system is supposed to do," an interviewer commented. "How does that conversation get promoted when nobody wants to talk about the large question?"

Misukanis responded, "The problem is there's nobody out there to generate the conversation. It's not going to come out of higher education. The institutions are busy running themselves and not looking at the bigger picture. A governor deeply engaged in this could move things."

For a long time we've been educating people just to be educated, without looking at the future of the world of work, an interviewer commented . The interviewer asked Misukanis how much more connectivity there should be between business and industry and education.

"I call this business vs. religion," Misukanis responded. "The side that argues education for education's sake takes on a religious sense. That would be OK if it were all self-paid, but once you have tax dollars involved, you have to ask yourself the hard question: How do we think about what we're paying for?"

Competition among postsecondary institutions is real. Misukanis said the Master of Public and Nonprofit Administration program at Metropolitan State University, where he teaches, competes in the metro area with Hamline University, the University of Minnesota's Humphrey School of Public Affairs, various online programs, Minnesota State University-Mankato's Bloomington program, the University of St. Thomas's program on public policy and leadership, and St. Cloud State University's newly approved program starting up in Maple Grove.

At Metro State, Misukanis said, "we're being responsive to new competition. It's healthy. Let the market work and let the good people survive. I think it's important. It changes attitudes dramatically. We have to be responsive. How do we improve things, make them better and build programs that lead to learning and skill-development competencies so our students are more in demand?"

It's hard to distinguish between the public and private return on education. "They both exist at the same time," Misukanis said. But government appropriations to higher education institutions are going down in every state, he said, indicating less support for the idea of a public return on education.

In certain programs at Metro State, online courses have larger enrollments, while in-person courses may be more difficult to fill. "People love the convenience of online classes," Misukanis said. "If you don't offer it, your clients will leave and go somewhere else."

The advantage Minnesota's workforce has had historically is its composition. " We're not any smarter than people in Iowa, Illinois or China," Misukanis said. "Our advantage is the composition of the population. Our high personal income per capita is due to our industry and occupational structure," he said. "We have industries with occupations here that pay more. We've needed a workforce that could serve those industries."

An opportunity for healthy competition was lost when former Gov. Tim Pawlenty went along with the Rochester community's desire to have a new University of Minnesota (U of M) campus there. Misukanis said the Office of Higher Education had recommended not a new U of M campus, but a new model of an Institute of Technology (IT) campus. It would have been an alternative to the way the U of M's IT program was doing business, he said, providing healthy competition.

Higher education institutions say the costs of a college education are skyrocketing because the institutions must offer new support services to today's students, who are different from the kinds of students higher education used to attract. Misukanis said the schools also point to the new technology capabilities they must have.

An interviewer commented that higher education institutions have been able to raise their prices with impunity for 20 years because students have so many loans and grants available.

Cross subsidies are not necessarily bad, but they should be transparent. Cross subsidies exist when students in one program pay more than the cost of that program and the resources are shifted to other more expensive programs. "I understand cross subsidies exist, but if we're doing it, why not let everyone know we're doing it?" Misukanis said. "And then we should have a conversation about why we're doing it."

The price of college often looks worse than it is, an interviewer said. The interviewer noted that a number of institutions list their prices at a premium level, because people often equate price with quality. But then the schools offer a deep discount through scholarships. "The price looks worse than it is," the interviewer said. "Costs are under a lot of pressure because they're discounting the price."

The interviewer noted that some private colleges use full-ride scholarships to attract the highest-performing students, even when their families could pay the full price.

College professors are very well compensated, asserted one interviewer. "It's egregious what's going on here," the interviewer who made that assertion commented. "Higher education is a totally inefficient enterprise. It's vacuous and we can't get to the level of public conversation we need to have about it."

There have been many good higher education committee chairs at the Legislature, but they never asked the tough questions. "We used to ask institutions for their instructional costs," Misukanis said. Now, he said, it's impossible to get data on instructional costs from certain large institutions. "They know," he said, "but they won't give them."

"We can't get transparency," he said. "How do you understand something if you can't get inside the tent? We don't know if we are underinvesting in higher education."

Misukanis noted that the Legislature used to appropriate money separately for research at the U of M. Now it's all rolled into one big appropriation and the University can determine itself how to use the money. "They hate set-asides of funds," he said.

A larger percentage of Minnesota young people in the 18-to-24 age group has not graduated from high school (12.9 percent) than in the older age groups. The percentage of non-graduates in the older working-age cohorts ranges from 5.7 percent among 45- to 64-year-olds to 7.0 percent for 25- to 34-year-olds. The interviewer who noted this trend commented that maybe we should be focusing on what's going on in the K-12 system that it's failing to prepare so many young people.

Misukanis attributed part of that phenomenon to recent demographic changes in Minnesota resulting in larger shares of racial minority populations in the state. "But the public policy response is ad hoc and very disparate, not consistent, strategic or systematic," he said. "This is a fundamental issue."

Misukanis raised several concerns about the January 2015 Civic Caucus statement, "A Statewide Crusade to Secure Minnesota's High Quality Workforce" :

1. That Georgetown University's report by Anthony Carnevale on Minnesota's workforce and higher education has framed too much of the recent discussion on higher education. In that report, Carnevale predicted that by 2018, 70 percent of the jobs in Minnesota would require some type of postsecondary education. Misukanis said all the postsecondary institutions supported the report, because it was good for them.
2. That the Civic Caucus got some things wrong in the statement, such as what the Caucus thinks the Minnesota Office of Higher Education (OHE) can do.
3. That the statement could have been bolder about where higher education is today and about issues like online learning and the shifts, pressures and changes that are going on.

"I think we're further ahead in some of these conversations than the statement touched on," Misukanis said. "For example, competition in the public sector is really changing how people think."

An interviewer commented that the statement should have a call for thorough transparency and data that doesn't protect sacred cows. It should also have been more overt in a call for political leadership.

Another interviewer asserted that we need collaboration among different sectors to work on issues in education, not "a czar." Misukanis responded that we still need leadership, even with a collaborative model.