Chairman Bakk, Senator Langseth, members of the Senate Taxes Committee, Representatives Marquart and Eken, and members of the audience, it is my pleasure to welcome you here to Minnesota State University Moorhead during our Inaugural, and, more important, our Founders Week celebration. We recognize one of your predecessors, Senator Solomon Comstock, as our founder. He introduced a Senate bill and donated land for what eventually became this university. Then, as now, legislators in this great state recognized the importance of higher education to the future of Minnesota.

When I began to consider presidencies, I decided that I wanted to come to a state that valued higher education and had a higher education system focused on students and the economy of the state and region. I am proud to say that is one of the major reasons I chose Minnesota State University Moorhead and the Minnesota State Colleges and Universities system (MnSCU). The MnSCU system is one of the most forward thinking in the nation. Through coordination rather than competition among the two and four year institutions, the system focuses on the development of human capital and the preparation of the workforce for the state. In fact, the MnSCU system prepares 78% of the state’s nursing graduates, 92% of the law enforcement graduates, and 51% of the state’s new teaching graduates. When we consider that 81% of the system’s graduates choose to live in Minnesota, it is clear that the MnSCU system is critical to the infrastructure of the state.

Today, our state and country are in economic crisis, and I do not envy the very difficult decisions you must make. Here at MSUM, we have already made significant cuts, are planning more, and are re-engineering our fiscal models to provide more long term stability and transparency. At the same time we are working to minimize adverse impacts on our students and to leverage our partnerships with MSCTC and Tri-College University to student advantage. Nonetheless, I worry that the extent of the proposed budget cuts to higher education is likely to weaken the economy of the state and region. I will explain my concern through two topics: the economic role of higher education, and the potential vulnerability of this region. Specific source citations are included at the end of the written version of this presentation.

Economic Role of Higher Education
Level of education is directly related to earnings. Those with associate degrees, on average, earn at least $100 per week more than those with only high school degrees. Those with bachelor’s degrees average in excess of $200 per week more than those with associate degrees. Increased earnings mean increased tax revenue. Thus higher education pays a relatively quick return on investment that can then be used to support K-12 schools and other needs for tax revenue. Conversely, budget cuts that decrease the number of higher education graduates will also decrease available tax revenue in the relatively near future.

Interestingly, educational level is inversely related to the need for some tax supported social programs. Specifically, higher rates of education are related to lower incidence of disease, lower unemployment, and less criminal behavior. Thus, higher levels of education tend to be related to lower needs for prisons and other social services.

Comparatively, Minnesota has held an economic advantage among states, ranking 8th in the nation in 2006 in educational attainment with 33.5% of the population having a bachelor’s degree or higher compared with our neighbor Wisconsin, which is at 24.6%. In fact, Wisconsin holds Minnesota up as its model in its plan to use higher education to grow the state’s economy (see [http://www.wisconsin.edu/growthagenda/](http://www.wisconsin.edu/growthagenda/)), a model that has been used successfully by many nations.
Over the last decade and more, we have seen repeated reports suggesting threats to our global competitiveness related to education of our workforce. The MnSCU system provides multiple levels of response to the urgent needs for a globally competitive workforce. The two year schools provide the technical skills needed by many growing industries, retraining for displaced workers, the first two years of a four year degree, and programs specially tailored for local businesses. The four year schools provide various professional degrees, versatile liberal arts preparation, and graduate degrees that serve the needs of the state and regional economy. There is little doubt that the magnitude of the proposed cuts to the MnSCU system will erode gains that Minnesota has made in preparing workers for the global economy along with its relative economic advantage among the states.

**Potential Vulnerability of Northwest Minnesota**

As state appropriations for higher education decrease, the amount that must be covered by students and families increases. This is clearly a problem for families with lower incomes, because higher education offers their best promise of raising family income, which will, of course, raise their contribution to state revenues.

Census data show that other than Clay County, many of our surrounding and nearby counties are in the bottom two quintiles of the state in family income and educational attainment. In fact, more than half of the state’s poorest counties are in our immediate region, and the educational attainment of our region of the state is well below the state average.

**Summary**

Given the above points, I fear that the magnitude of the proposed budget cuts to the MnSCU system will stimulate a downward spiral for the state and especially for our region of NW Minnesota. Lower funding for higher education will limit access, especially to those with lower incomes. Lower access will erode the state’s level of educational attainment at a time when education is particularly critical for competition in the global workforce. At the same time, a less well educated citizenry will need more prisons and social services, thus increasing the tax burden on the state and further eroding support for education.

**References and Sources**

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