

Written Statement for the Record

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Chairman Harkin, Ranking Member Chambliss, and Members of the Committee, I thank you for the opportunity to testify before the Committee on Agriculture, Nutrition, and Forestry regarding Rural Development challenges and opportunities, and I applaud your leadership in assuring that rural development receives more emphasis in this Farm Bill.

I am Joseph M. Sertich, Jr., President of the Northeast Minnesota Higher Education District in Chisholm, Minnesota. I was appointed president of the District in November 1999 and report to the Minnesota State Colleges and Universities Chancellor and Board of Trustees. The district consists of five comprehensive community colleges in six towns (Grand Rapids, Eveleth, Virginia, Ely, International Falls, and Hibbing) across Northeast Minnesota, with a combined enrollment of more than 4,000 full-year equivalent learners, with a \$40 million budget and 600 employees. I am also privileged to serve in the elected position of Chair of the Rural Community College Alliance, a membership organization of over 100 rural community colleges advocating for the 957 rural-serving community college campuses across this country.

I would like to provide testimony that addresses three key contexts which should inform decision-making regarding rural development progress within the new Farm Bill:

? Eight years of regional collaboration and what it means to rural Northeast Minnesota.

? An emerging set of rural regional dynamics taking form across our country despite the lack of supporting federal policies.

? How our nation's place-based community colleges can serve as intermediary catalysts in serving rural regions.

Eight Years of Progress in Northeast Minnesota - One of Many Stories

At the turn of the century, the Arrowhead Region of Northeast Minnesota discovered there was no better time to build the private/public partnerships necessary to position our region to better compete in the global economy. These partnerships would help strengthen our communities, by working in a new governance model based on regional collaboration. Driving this urgency was the realization that our rural region was fragmented in its view of the future of its economy. This lack of common focus eventually resulted in being at a tipping point moment, common in much of the rest of rural America, when an urgency to form regional frameworks even in the absence of supporting federal policy, became essential for our future.

The Arrowhead Region, including the Iron Range, has relied on a natural resource based economy for over 100 years. The three major drivers of the economy are often referred to as the three T's. The first T is taconite used in the making of steel through iron mining and ore processing. The second T is timber predominantly used in papermaking and fiberboard. And, the third T is tourism bringing millions of visitors to the region each year because of the beautiful lakes and forests.

In the early 1980's, mining accounted for 50 percent of the jobs and 60 percent of the income in Northeast Minnesota. Today, mining represents 10 percent of both. Asset identification to diversify the economy was always discussed across the region. But these discussions were not aligned with resources, signaling the need for the various threads to be woven into a single plan, based on strategic investments.

With economic health in decline, higher education saw an opportunity to serve as a catalytic intermediary for the region, which was ripe for change. Coincidentally, in early 1999, the community colleges saw the need to pool their resources to save administrative costs. Dramatic steps were implemented to reorganize the governing structure under one super regional umbrella. With one college president retiring and two more pending, the Minnesota State Colleges and Universities Board of Trustees chose to create the Northeast Minnesota Higher Education District effective October 1, 1999. Five community colleges were organized together in a District - the only one in the Minnesota State Colleges and Universities system. These five colleges share one regional President. The Mission is to provide quality higher education to the communities throughout Northeast Minnesota by developing a regional structure that will preserve college autonomy but will also align programs and services to better prepare residents for learning, employment, citizenship and life. By creating a balance between local autonomy and regional unity, the member colleges of the Northeast Minnesota Higher Education District are positioned as resources for the region's communities, employers, and students. In this way, the colleges in the District are truly anchored to their communities and capable of cooperating with other colleges to cost effectively provide quality education for smaller cells of students.

One of the greatest challenges facing the District was a lack of vitality in each of its

interdependent communities across the region. The economic crisis was challenging to the colleges, as were the decreasing statewide investments made in public higher education. Because of the heavier reliance on state appropriations, layoffs were imminent at smaller institutions. One advantage of the "consequence of challenges" was that it gave the followers the motivation to turn collective problems into progress, rather than just solve each of the problems as they arose. And, with LTV Steel Mining Company closing in 2000, it became obvious that there were serious regional problems. Fourteen hundred (1400) LTV workers lost their jobs. These workers and their families lived in communities across the entire region. Other mines, paper mills and wood product plants also announced layoffs or were threatening to close. Because of these and other catalytic events in June, 2000 we concluded that as our communities go - so go our colleges - and vice versa!

The plan for the proposed Northeast Higher Education District was centered upon five principles, intended to guide its future direction. The first was to insure appropriate measures of institutional autonomy. The second assured student and community access to quality educational programs. The third insured meaningful institutional cooperation. The fourth insured institutional stability and, the fifth--perhaps distinguishing principle, promoted effective relationships with the community, including advocacy and service to business and industry, and connections to regional and statewide economic development initiatives.

The region served is just over 13,000 square miles making it larger than the state of West Virginia. With a population of about 130,000 residents, the region has a population density of 10 people per square mile. This rural region is influenced by two important forces: globalizing markets and regionalizing strategies. Rural economies work best in a self-defined region where communities recognize their interdependence. The concept of community is often based on a shared sense of place, enabling "regions" to be defined as a "community." Thinking regionally may be the transcending answer to the question of how regions re-invent their economies.

I believe there are five critical components of a healthy community. The operative word for rural people is access. Access may have multiple descriptors, but at the end of the conversation, what's important is whether or not rural folks can get what they need in a reasonable period of time. Whether a community is defined as a town, village, city, county or larger economic region, it is still necessary to the residents to have access to all five critical components. The first one is government. People want a say in their own destiny and have a sense their voice is heard, especially as it relates to how people live together. Good government can be measured by voter turn out rates, numbers of candidates running for political offices or attendance at government meetings. The second critical component is health and social services. People want to sense they are taking care of one another for their collective and individual physical, social, and mental well-being. When unexpected circumstances arise, communities want safety nets to assure appropriate responses to health and welfare issues. This means rural people can get into clinics, have an ambulance to respond to an emergency, as well as have access to a wide portfolio of hospital and social services. The third component is education and training. This should start in the very early ages of child development and extends through Elderhostel programs for people in the twilight of their life. There should be strong coordinated higher education programming articulated with compulsory education. And, incumbent workers and

businesses need customized training so companies and organizations can become or remain globally competitive. The fourth critical component is community infrastructure. This isn't limited to streets, utilities and broadband internet access, but also includes the many groups of people who make up the fabric of those communities, like service and faith-based organizations. Finally, the fifth, and probably most critical component is the economy. Some would argue that without an economy, the other four critical components need not exist. Today, the economy should receive a disproportionate amount of emphasis, because most rural communities are witnessing how this critical component is slipping the fastest and is the most difficult to reinvent or turn around.

After identifying assets in Northeast Minnesota, it became obvious the region needed to move toward a fourth T - technology. Technology supports the infrastructure that allows individuals to be more productive in the work place and in their pursuit of opportunities as life long learners. Technologically trained and equipped individuals can be at the cutting edge of the changes and innovations that will serve the region. The greatest danger to the viability of rural communities is not globalization but a retreat into isolationism and protectionism, so the fourth T, technology, was used as a tool to create living wage jobs across the region. In addition to attracting Blue Cross/Blue Shield to the region, new healthcare training programs have spurred new investments by healthcare providers. And, with a heavy emphasis on creating new information technology firms, the business community is plugging gaps in the region's support network for new businesses.

We quickly realized that new governance for rural Northeast Minnesota must go well beyond the community college. By seeking new partnerships with the region's businesses and governments, we created a new commitment to the future of the region. That shared commitment is now captured in True North, the region's new brand that describes the cooperation among higher education, the private sector and government. The interaction among these three key sectors is a critical component of any region's new governance. True North as a concept grew out of the existing regional community college education model. The mission of True North is to ensure that Northeast Minnesota remains a viable place to live, learn, work and grow.

True North leaders made it clear that this was "a low threshold, inclusive and collaborative" strategy for the greater good of the region. True North was not interested in replacing, removing or taking over for any of the people or organizations currently serving the region in many valuable ways.

Being proactive, planning for constructive change and getting in quickly behind the economy as it evolves are characteristics of True North that have become assets clearly not recognized before the new governance process began. Iron Range Resources, a regional economic development agency, actively partnered from the beginning with True North to align regional leaders in support of local initiatives, many of which are tied to global opportunities. True North also engaged with the Arrowhead Growth Alliance, a Northeast Minnesota leaders' forum for aggressive new business initiatives. The Rural Policy Research Institute, a multi-sector policy institute seeking to support more pro-active federal policy provided invaluable connections to national partners and collaboration.

The Northeast Higher Education District was selected as one of 36 participants in the Ford Foundation funded Rural Community College Initiative. The Blandin Foundation with a mission of strengthening rural communities provided intercommunity leadership development and start-up financial resources to the Grand Rapids, Minnesota site called the Itasca Technology Exchange, the first TechNorth Prep Center. The initial investor, the Northland Foundation under the leadership of President Tom Renier has been an investor and valued partner from the days of initial launch. It must be remembered that regional planning is a team sport, and most of the action takes place face-to-face at the community level. Modeling interdependence, preserving autonomy and creating a new place-based framework would advance regionalism.

True North's first major economic initiative is the TechNorth Prep Center Network. It is a system of work sites to match students seeking training and experience with businesses seeking young talent. The tenants of the TechNorth Prep Centers include start-up businesses, back-office contract service providers to compete with outsourcing, and larger, established organizations.

This strategy was in direct response to the "out-sourcing" Minnesota companies and others across our country were moving toward. Our goal was to create "in-sourcing" opportunities proving our rural regions could compete. In Northeast Minnesota, we referred to the recruitment strategies as "lakeshoring" highlighting the quality of life benefits available to workers seeking employment in the Information Technology field. Senator Norm Coleman's Rural Renaissance supported our efforts when he conducted an Open Forum at our Hibbing Community College Campus focused on in-sourcing and the needs of the private sector.

The True North experience offers several perspectives for other regions across our country to consider. Government, higher education, and the private sector each have much to offer, but their differing structures and goals can create challenges. For example, business has many ideas but simply lacks time to execute them. Government, although interested, has very broad goals. And colleges, while willing and responsive, are sometimes slow to change. The new governance structure has created new recognition for the community college campuses, which in turn serve as a trusted link between government and the private sector. Catalyst organizations need to invest their own resources early to illustrate their commitment. Initiatives need to take a long-term outlook, understanding that partnerships take time to develop. In that spirit, True North is still in its infancy, striving to expand the roles of its government and private sector partners.

Emerging Dynamics Across our Country

While regional planning for postsecondary education programs and services is being presented here as a relatively new concept for Minnesota's community colleges, it is not new nationally among community colleges. Whereas Minnesota began a network of municipally funded junior colleges prior to the Great Depression, and added additional junior colleges and technical colleges in the baby boom era of the 1960s, other states adopted a more comprehensive approach to statewide planning that incorporated regional community colleges in rural areas from the date of establishment.

Thus, for rural-serving community colleges, the "new regionalism" may not be new. So why now is there such renewed attention today? First, there is a growing recognition that county government cannot serve as the 21st century intermediary which provides the training and retraining to produce a skilled workforce that rural America desperately needs. The rural-serving community college can play this role in rural America. Second, there is an ever-growing recognition among economic development experts, scholars, and policymakers of the need for regional approaches and thinking related to rural development strategies. As truly regional providers, the rural community college can get past the rampant "turfism" that exists within other structures of local government in rural America. So, regionally, True North happened not because it was the right time or the right place, but because it was both the right time and the right place.

This is best accomplished when local autonomy is preserved, because most economic development begins in communities, but planning is done regionally. America's rural community colleges offer unique "place-based" capacity to engage rural people and institutions in the process of building and sustaining healthy communities.

Governance is the means by which people come together to identify key problems and opportunities, craft intelligent strategies, marshal necessary resources, and evaluate outcomes. An essential starting point is understanding the importance of interdependence among governmental and nongovernmental organizations. Government's role seems likely to evolve into coordinator through multiple policy-related networks comprising public, private, non-profit, and associated actors. Each player in the governance network brings unique roles, power bases, skills, resources, and values.

Governance is especially important for rural areas because of their disadvantage in community capacity - their limited ability to craft and implement new economic development strategies. Rural communities are small and sparse, and have access to fewer resources than metro areas. Creating new governance structures can be difficult because rural communities are seldom accustomed to working with their neighbors to solve common problems. Rural elected officials often spread their time across many responsibilities with minimal professional support. Most rural regions have a good foundation for new governance right in their backyard - a strong base of grassroots institutions and organizations, such as a community college.

The role colleges and their leadership can play in regional and community development continues to get more attention. In a report entitled, "Capitalizing on the Potential of Minnesota's Rural Campuses," prepared for the Center for Rural Policy and Development, Manning, et al (2004) found that rural regions across the nation are currently threatened by declining populations, slowing economies, and legislative power transfers to urban and suburban regions. The report points out that the very survival of colleges located in these rural regions is at stake and the potential for these rural campuses to survive will depend on collaboration led by college leaders with their communities and better focused missions.

On a national level, Rural America is at a tipping point that is very real. There is a congealing set of forces at work, to combat the sense of hopelessness many rural places are experiencing. We must move from sector to place-based frameworks to improve linkages, move public sector investments from subsidy to a Regional Competitive Advantage, and create a governance

structure that will exploit the forces needed to advance regional cooperation.

The traditional, historic sector and governance lines were blurred in Northeast Minnesota. This resulted in building trust among partners for a shared vision of a new economy. Additionally local visions, expressed through a regional context have had national and international implications. When the True North story is shared, whether at a Rural Community College Alliance Annual Conference in Lexington, Kentucky or a Post Secondary International Network Meeting in Canberra, Australia, a common vision is linked, and new relationships and collaborations are forged, both supportive and practical. These new relationships have grown to include other countries and organizations. A new international collaboration of rural community colleges was formed in 2006 when representatives from Canada and the United States came together to identify common approaches to rural issues, including extending access and building sustainable communities. This new partnership, the Alliance of Rural Colleges, is a consortium representing the Association of Canadian Community Colleges, the Rural Policy Research Institute, and the Rural Community College Alliance, all partners in the National Institute for Rural Community Colleges.

Rural Community College Alliance colleagues are also members of the American Association of Community Colleges. Senior AACC principals, including Chair Ed Coulter, President George Boggs and Vice President of Government Relations David Baime participated in this year's Rural Community College Alliance conference, to reinforce a coordinated approach in addressing the special needs of rural America. We look forward to strengthening our efforts through an Affiliated Council in the American Association of Community Colleges and the development of rural policy as it relates to the community college role.

Our Rural Community Colleges

Regional colleges are now taking more proactive roles in developing their communities and regions, and most of these institutions are two-year degree granting community colleges. All seek to create better jobs and spur economic opportunity in their regions. There are 43 regional colleges with benchmark practices and well-defined programs to meet their economic development goals, both in the United States and abroad. Five goals stood out among the various regional colleges:

- ? Produce skilled and professional workers
- ? Act as the source of innovation and technology diffusion
- ? Act as a broker of services
- ? Act as a repository of information
- ? Act as a wellspring for new businesses

Entrepreneurship built rural America, but unless new ways of building partnerships and interacting among opinion leaders and entrepreneurs becomes more natural, the chances for continued entrepreneurship are slim. The role small entrepreneurial companies play in the United States economy, creating more than two-thirds of new jobs and accounting for two-thirds of the innovation in the last twenty years, means these "engines of innovation" are transforming new ideas and technology into real products and services sold to real customers in real markets, creating real jobs. True North focuses like a laser beam on entrepreneurship,

especially small companies, and successes are becoming more frequent. Because community colleges give students the skills desired by local industry, they have become the educational institution of choice for many rural businesses.

Rural communities must not be left behind. The shared interest of all of a region's people should result in policies to benefit smart growth for densely populated areas while removing barriers that prevent rural economies from thriving. Community colleges are in a unique position, as place-based institutions with the capacity to serve, to assist these rural regions. Unique private/public partnerships now serve as models for effective collaboration bridging fast-paced advancements and leading to new governance. Globalizing markets and regionalizing strategies can influence rural regions for positive change.

Across rural America, evidence of this success is mounting. Innovation, driven by entrepreneurial thinking, must be encouraged and implemented. Now is the time for all regional leaders to play forceful roles in community development, and rural community colleges are ready to step up and assist in this leadership challenge.

Thank you again, Mr. Chairman and members of the committee, for this opportunity to testify today on the rural community and economic development opportunities and challenges facing rural America. We appreciate your continuing leadership, and look forward to answering your questions.