



**BOARD OF TRUSTEES  
MEETING AGENDA  
WEDNESDAY, NOVEMBER 19, 2014, 1:00 PM  
MINNESOTA STATE COLLEGES AND UNIVERSITIES  
30 7TH STREET EAST  
SAINT PAUL, MN**

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All meetings are in the McCormick Room on the fourth floor unless otherwise noticed. Committee/board meeting times are tentative and may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot. In addition to the board or committee members attending in person, some members may participate by telephone.

Chair's Report, Thomas Renier

**A. Approval of Minutes**

- (1) **Board of Trustees Study Session on Positioning Assessment and Brand Strategy Update on June 17, 2014 (pp. 1-5)**
- (2) **Board of Trustees Study Session on Charting the Course for Diversity on June 18, 2014 (pp. 6-9)**
- (3) **Notes of Board of Trustees Retreat on September 16-17, 2014 (pp. 10-20)**
- (4) **Board of Trustees Study Session on System Finances of October 21, 2014 (pp. 21-23)**
- (5) **Board of Trustees Meeting on October 22, 2014 (pp. 24-34)**

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**  
**BOARD OF TRUSTEES STUDY SESSION**  
**JUNE 17, 2014**  
**MCCORMICK ROOM**  
**30 7TH STREET EAST**  
**ST. PAUL, MN**

**Board of Trustees Members Present:** Chair Clarence Hightower and Trustees Margaret Anderson Kelliher, Duane Benson, Alexander Cirillo, Cheryl Dickson, Dawn Erlandson, Philip Krinkie, Alfredo Oliveira, David Paskach, Maria Peluso, Thomas Renier, Elise Ristau, Louise Sundin, and Chancellor Rosenstone

**Leadership Council Representatives Present:** Carmen Shields, Sue Collins, Earl Potter III, Mary Jacobson

**Absent:** Trustees Ann Anaya and Michael Vekich

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**Study Session: Positioning Assessment and Brand Strategy Development Update**

**Convene**

Chair Clarence Hightower convened the study session at 3:00 p.m. Chair Higtower invited Chancellor Steven Rosenstone to introduce the update on the positioning assessment and brand strategy development. Chancellor Rosenstone reviewed the current situation and objectives.

**Current Situation**

1. The distinguishing features and unique characteristics of each MnSCU institution are among MnSCU's greatest strengths. These strengths however, present an ongoing challenge to our ability to communicate our collective value to the state and our contributions to the economy, the workforce, jobs, and the lives of Minnesotans.
2. Current positioning of MnSCU does not fully communicate what we offer students and does not adequately relay the benefits of public higher education, or result in meaningful connections with key audiences, or sufficiently differentiate us from the University of Minnesota, private and for-profit institutions.
3. Data show that awareness levels of MnSCU among prospective students, current students, parents, and other stakeholders are low. Data also show that the collective impact of MnSCU on the people of Minnesota and the state's economy is not well understood.
4. The challenge is how to communicate our collective value.

**Objectives**

- Strengthen the brand and positioning of each college and university.
- Improve the ability of each college and university to attract and serve students and communities.

- Increase awareness among key audiences, reinforce partnerships with communities and businesses, and increase strong support among opinion leaders and public officials, all of which results in increased enrollment and support for our colleges and universities. Give reasons for investing in one of MnSCU's institutions.

### **Steering Committee**

The Branding Steering Committee formed in January 2014. The committee includes six MnSCU presidents and 10 marketing and communications staff from campuses. Chancellor Rosenstone called upon President Earl Potter, St. Cloud State University.

### **Target Audiences**

The key audiences for the branding strategy are:

- prospective students
- influencers of prospective students (parents/families/high school guidance counselors/workforce center counselors/etc.)
- current students
- alumni
- donors
- elected and appointed officials
- community and business leaders
- industry partners and related state agencies
- residents of the state of Minnesota (metro and Greater Minnesota), especially those who live in the communities served by MnSCU colleges and universities
- faculty and staff

### **Request for Proposal**

A request for proposal was issued in February 2014. Eighteen proposals were received and reviewed by the steering committee. The top three agencies were interviewed. The steering committee felt PadillaCRT was the best partner to work on the objectives identified for this branding audit. PadillaCRT demonstrated that they understood the objectives, and their response and work plan were a good fit. They also had the qualifications and experience: a broad and varied portfolio of success with higher education and work with the University of Minnesota brand, making them familiar with our competitor. Their expertise in positioning brands was a good match on cost for value. PadillaCRT understands the power of a collective brand, and will work with stakeholders to figure out a way MnSCU can communicate that. The contract with PadillaCRT was finalized in May 2014.

President Sue Collins, Northeast Higher Education District (NHED), commented on the difficulty of branding the five institutions under the NHED brand and is excited to be a part of this team and to learn how to accomplish this collective branding strategy.

### **Building a Successful Brand**

The approach includes building a lasting identity that will be:

- Informed by inclusive research tightly linked to a process that builds consensus across the colleges and universities in the system

- Dynamic enough to engage faculty, staff, alumni, donors, board members, students, referral sources, civic leaders, and the community at large
- Tightly linked to MnSCU's Strategic Framework and Charting the Future (CTF) Initiative
- Able to create additional value without undermining the strength of the brand of each college and university

### **Approach**

Committed to understanding the array and figuring out the pieces to this collaborative puzzle, PadillaCRT will use:

- **Guiding principles:** Clear and common goals, fact-based recommendations, internal stakeholders (faculty, staff, and students) involved throughout
- **Research** – who to look at and study, include: for-profit institutions, UW, U of M. Need to ask a lot of questions
- **Phases:**
  - Current Assessment (including peers)
  - Constituent Research and insights
  - Positioning and Brand Strategy Options
  - Report and Recommendations
    - With the research, can tune and adjust strategies to develop the understanding.

### **Phase I: Current Positioning and Brand Assessment**

- Understand how MnSCU colleges and universities reference their own brands as well as their connection to the system brand (brand identity and college speak, imagery, communication to audiences)
- Understand peer approaches as well as strategies that work in similarly complex organizations outside of higher education
  - Trends
  - Evidence of best practices
- Understand benefits, barriers, and points of difference of our state colleges and universities
  - Diversity and commonality of positioning
  - Use of MnSCU brand
- Develop positioning and brand strategy options and recommendations to strengthen the MnSCU brand and change the reality/current perception. That is the approach Padilla will take with the MnSCU brand. They will also work this strategy hand in hand with the current CTF initiative.

### **Phase II: Constituent Research and Insights**

Qualitative one-on-one interviews will include the following participants: alumni, prospective students, parents of prospective students, current students, business leaders, community leaders, college and university presidents, legislators, and members of the Board of Trustees. Individual populations with strong distinct identities will be surveyed.

### **Phase III: Develop and Present Positioning and Brand Strategy Options and Recommendations**

Carmen Shields, system office interim chief communications officer, explained that PadillaCRT is working hard not to make assumptions about the right brand strategy, but rather research brand strategy options and pair them with the brand issues discovered for MnSCU – which we plan to do the same.

#### **Brand Strategy Options:**

- House of Brands: strong individual brands, tied together loosely – if at all - by an umbrella brand, e.g., NHED
- Endorsed Brands: common umbrella identity attached to each entity, e.g., UW or car companies
- Dual Brands: parent organization and individual brands share platform equally, e.g., Disney and our campuses (such as Anoka-Ramsey and Anoka Community College)
- Hybrid Brands: mix of different options, e.g., Google and Adobe
- Branded House: all brands presented as a single identity, e.g., Apple

#### **Discussion**

Chancellor Rosenstone explained that we are not proposing that college and university brands go away. We want to make the collaboration and shared values a more powerful tool for each campus. PadillaCRT is a firm that understands the complexity of our branding problem.

President Potter responded to trustees' question by clarifying that this is a brand identity-positioning contract. It will provide tactics of how to market what we now define and it will be in the spirit of shared services enterprise – as a system – that is essential.

Ms. Shields concluded her portion and Chancellor Rosenstone introduced Mary Jacobsen, Director of Marketing and Public Relations at Anoka-Ramsey Community College and Anoka Technical College and a member of the *Charting the Future* engagement team.

Ms. Jacobsen explained that PadillaCRT will present up to three positioning and brand strategy options based on research, and will then test at least two of these options with key stakeholders: 42 total individual interviews; six people from each of the following groups: students, faculty and staff, prospective students, business and community leaders, alumni, MnSCU board members, and MnSCU presidents.

### **Phase IV: Final Report and Recommendations**

Recommended brand platforms and approaches for implementation may also include:

- Recommendations for a multi-institutional brand advisory board that will guide and oversee the brand over the long term
- Recommendations for structural and operational initiatives to gain acceptance and consistency
- Adjustments to brand style guidelines

- Tools to help quickly and easily evaluate individual treatments to support brand standards
- Training for brand stewards and ambassadors

President Collins added that the progress of the teams and where they are headed will be provided in email updates to the steering committee and they will work with the chancellor and chief information officer to determine the best path for moving forward.

### **Board Discussion**

Chancellor Rosenstone raised the question of how to engage the board's experience and progress. A decision will not be made without early board support and opportunities for discussion/input. Trustee Benson stated that the Board has been engaged before on this audit and needs to provide input for possible missing information. Chancellor Rosenstone explained that PadillaCRT will have a track record of work according to board policy.

### **Adjournment**

Chair Hightower adjourned the study session at 3:52 p.m.

Respectfully submitted,  
Christine McGing, Recorder

## Minnesota State Colleges and Universities

**BOARD OF TRUSTEES  
STUDY SESSION  
JUNE 17, 2014  
McCORMICK ROOM  
30 7TH STREET EAST  
ST. PAUL, MN**

**Present:** Clarence Hightower, Chair, Duane Benson, Alexander Cirillo, Cheryl Dickson, Dawn Erlandson, Philip Krinkie, Maria Peluso, Alfredo Oliveira, Thomas Renier, Elise Ristau, Louise Sundin, and Michael Vekich

**Leadership Council Representatives Present:** Chancellor Steven Rosenstone and Chief Diversity Officer Leon Rodrigues

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### **Convene**

The Minnesota State Colleges and Universities Board of Trustees held its meeting on June 17, 2014, 4<sup>th</sup> Floor, McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Hightower called the study session to order at 10:42 a.m.

### **Study Session: Charting the Course for Diversity: Assessment and Priorities for 2014-2015**

Chancellor Rosenstone introduced Chief Diversity Officer Leon Rodrigues. Dr. Rodrigues was named chief diversity officer in January 2014. Since February 2014, Dr. Rodrigues has been executing on a bigger, bolder, more powerful plan to advance diversity throughout Minnesota State Colleges and Universities. Part of that plan includes a very deep campus assessment of current-state strengths and weaknesses, as well as the identification of elements needed to develop a plan. During the presentation, trustees will have an opportunity to see the results of the assessment as well as the steps that will be followed to push this plan forward.

Dr. Rodrigues expressed excitement to be a part of the mission of Minnesota State Colleges and Universities, to help address the formidable challenges the system faces, to work on *Charting the Future*, and to work toward eliminating the achievement/opportunity gap.

Dr. Rodrigues said that this presentation represents five months' work and is in no way inclusive. The system office has a Strategic Diversity Plan that includes a broader framework. Diversity has evolved over the past few decades, starting with civil rights, achieving equity, achieving inclusiveness, and has moved on to a multicultural focus. In the last 15 years, diversity has moved to focus on academic diversity. One may find that institutions have all of these focuses integrated or only one.

Dr. Rodrigues completed an environmental scan to become familiar with the system by reading documents, attending meetings, and talking to people on campuses and at the system

office. These activities also provided perspective on the model of diversity practices the campuses are using.

Dr. Rodrigues stated that the one of the goals is to move from a reactive model to a proactive one. Campuses may need to be reactive to deal with a crisis or to address issues that certain interest groups or communities have applied pressure to address. However, the preference is to have a more proactive approach. In other words, a plan for strategic diversity to happen.

There are several models of assessing diversity on campuses.

1. Educational opportunity model, which deals with students of color and deals with recruitment, retention, or academic preparation;
2. Self-contained model, which strongly focuses on developmental programs and retention programs;
3. Advocacy model, which focuses on single issues. This model may lead to conflict as students have to make the decision on which model to choose or where they would like to be, which issue they align with or support;
4. Integrated model, which says diversity is not the responsibility of a single department, but that recruitment, retention of faculty, staff, and student, and the development of a suitable campus environment are the charge of the entire campus and places emphasis on collaboration between departments.

Dr. Rodrigues has visited at least ten campuses thus far, and found that all of the models were present on campuses.

Dr. Rodrigues shared his observation that the campuses are doing a lot of work to address diversity issues and to create a welcoming environment for students. These programs range from efforts that assist students with diverse ethnic and racial backgrounds to ones that empower women, GLBTQ members, and other groups. Contemporary diversity practices are moving away from programs that meet social needs to ones that are intentional about student learning, access and opportunity, and graduating students with higher order skills into the workplace. How strategic are these? How do they meet the diverse needs of the students on campuses?

Dr. Rodrigues noted that during the April 2013 Board Study Session, the trustees discussed the issue of diversity in hiring and talked about the progress made, in particular at the administrative and the managerial levels, as well as professional and support levels. The instructional faculty level still needs to be increased. A goal is to move beyond the level set at the April 2013 Board Study Session and to achieve at least 12% in the next 5 years.

Dr. Rodrigues shared some of the priorities for the 2014-2015 year:

1. Enhance the capability of system diversity practice. This looks at comprehensive diversity on the campuses. How is the entire campus involved and committed to diversity? This will require a philosophical paradigm shift, from diversity



professionals to including the entire campus – from the president to academic and student affairs to research and development. Dr. Rodrigues would like to put together a work group to study the diversity professional. How do we hire diversity professionals? How do we appoint them? At what level these appointments function? What influence do they have for leading and empowering the campus to do strategic diversity?

2. Increase diversity recruitment and retention. Vice Chancellor Mark Carlson and Dr. Rodrigues have met around a strategy for recruitment, for growth, for diverse employees, for training for human resource practitioners, and for building a database of candidates for positions, as well as networks with organizations from which we can draw employees.
3. Facilitate strategic diversity leadership. What does it mean to create a welcoming environment? What does welcome mean across cultures? What does it mean to feel included? What does it mean to feel a sense of belonging on a campus?

Dr. Rodrigues talked about regularly sharing a variety of topics related to diversity and inclusion, particularly with the Leadership Council. One of the goals will be to help position the chief diversity officers to better assist presidents in attaining institutional diversity goals as well as providing ideas for effective implementation and effective institutional diversity practices. Presidents are leaders of diversity on their campuses and should have the ability to ensure regular communication with chief diversity officers and the inclusion of feedback into how they are attaining diversity objectives as a part of the institution's strategic plan.

Dr. Rodrigues shared some means to assess and monitor diversity efforts, including tools to assess practice and its impact. The campuses participate in many surveys, including CSSE/NSSE, which look at student satisfaction. These surveys would include questions on how a student feels but also gender, color, and GLBTQ issues. Survey assessments are not a general practice for diversity, as the topics may be controversial. We also do not know how to conceptualize some of the questions. Dr. Rodrigues recommended more measurement and assessment of culture on campuses to track progress and the impact on those targeted groups.

Dr. Rodrigues described changes in higher education in the last five years: student satisfaction, flexible learning, and student engagement are essential components that need to be tracked on the campuses to show progress and how it is impacting the student experience. One campus has taken on mapping study sessions. Minnesota State University Moorhead has engaged a study that will measure where diversity is happening on the campuses. Finally, there will be a need to assist campuses in building objectives, monitoring goals and outcomes, and building strategies and indicators.

Dr. Rodrigues stated that the colleges and universities are already providing incentives by awarding, motivating, and celebrating achievements. In terms of giving incentives to try new ideas, currently we are funding a mini grants program that allows campuses to submit proposals to try out new ideas in order to stimulate innovation. There are also diversity awards presented annually at the ASA and Diversity Conference.

Dr. Rodrigues discussed community engagement and partnership and their importance politically and socially. These things also assist with our branding, buy-in, and advocacy. Dr. Rodrigues attends regular meetings and sits on boards with organizations whose mission aligns with ours, as well as organizations that are doing innovative work or who advocate for diversity. Currently, he is on the Native Nations Task force with Vice Chancellor John O'Brien. They work closely with tribal administrations, colleges, and universities to provide better native community education.

Dr. Rodrigues asked the trustees if the priorities presented are the right ones. If so, do the trustees know of strategies that may be used to accomplish them?

Trustees raised the following key points:

1. Encouraged collaborative interaction with all bargaining units in the attainment of system diversity goals.
2. Encouraged tracking of student and employee diversity
3. Encouraged support and resources for campus diversity progress
4. Encouraged CDO to work closely with the board diversity and equity committee
5. Asked that the board to be informed of community feedback and engagement
6. Asked that the board be involved with diversity awards and incentives
7. Emphasized diversity focus beyond just race and ethnicity to include other aspects of broader diversity

Chancellor Rosenstone stated that this is a great start to the conversation and expressed appreciation to Trustee Cirillo, chair of the Diversity and Equity Committee, for working closely with Dr. Rodrigues. There will be very important discussions in the months ahead.

Dr. Rodrigues thanked the board for the engaging conversation and questions.

Chair Hightower called the session to a close.

The meeting adjourned at 11:34 a.m.

Respectfully submitted,  
Sonya Castillo, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**  
**BOARD OF TRUSTEES**  
**RETREAT NOTES**  
**SEPTEMBER 16-17, 2014**

**Present:** Chair Thomas Renier, Trustees Ann Anaya, Margaret Anderson Kelliher, Duane Benson, Kelly Charpentier-Berg, Alexander Cirillo, John Cowles, Dawn Erlandson, Robert Hoffman, Philip Krinkie, Maleah Otterson, Elise Ristau, Louise Sundin, Michael Vekich, Erma Vizenor, and Chancellor Steven Rosenstone

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**Board of Trustees Retreat**

The retreat was held at Fitger's Inn, Duluth, Minnesota.

**Welcome and Introductions**

Chair Thomas Renier convened the retreat at 1:15 PM on September 16, 2014. He welcomed new trustees Kelly Charpentier-Berg, John Cowles, Robert Hoffman, Maleah Otterson, and Erma Vizenor. He also congratulated Trustee Louise Sundin on her reappointment. Chair Renier asked all trustees to introduce themselves and he introduced staff members.

Chair Renier reviewed the retreat schedule.

**Trusteeship**

Chair Renier introduced Facilitator Kathryn Keeley, of the Keeley Group. Ms. Keeley led a discussion on working together as a board.

**FY2016-FY2017 Biennial Legislative Request**

Chair Renier called upon Vice Chancellor Laura King to introduce a discussion on the FY2016-2017 Biennial Legislative Request. Vice Chancellor King introduced presidents who sit on the Leadership Council executive committee: Ron Anderson, Century College; Larry Anderson, Fond du Lac Tribal and Community College; Richard Hanson, Bemidji State University and Northwest Technical College; and Earl Potter, St. Cloud State University.

Vice Chancellor King opened with the objective of today's discussion, namely to engage the board in formulating the system's FY2016-FY2017 legislative biennial budget strategy. The Board of Trustees' formal request to the legislature is for two years of state operating funds for Minnesota State Colleges and Universities.

The suggested goals of the biennial request are to:

- Develop a proposal that serves our students and communities across the state
- Protects access and affordability
- Improves student success
- Advances academic excellence
- Meets community and workforce needs
- Forges a proposal that builds a strong coalition of support among students, faculty, staff, and community partners

The summary of the preliminary legislative request is in two elements: \$72M to cover a portion of annual 2% salary + 1% fringe benefit cost increase (total of 3% total annual compensation increase) plus \$70M to cover a portion of annual 2% salary increase + 1% fringe benefit increase + inflation on operating costs, which equals \$142M. This will reduce the student share from 56% to 53% by 2017 – on track to 50% by 2019.

Vice Chancellor King reviewed the recommended approach and strategies for managing risk. She discussed the concerns and consequences of not securing the \$72M for the tuition buy-down and the \$70M needed to cover compensation and inflationary costs.

Consultation: Twenty-four colleges and universities forwarded ideas from campus discussions. All bargaining units and student associations were consulted multiple times; written feedback was received from Minnesota Association of Professional Employees (MAPE), American Federation of State, County and Municipal Employees (AFSCME), and the Inter Faculty Organization (IFO.)

President Hanson stated that there is and will be continued consultation – this is our story. Our request and our impact is our people. President Lundblad stated the importance of disseminating the strategic messages with a summary of the legislative request and the math behind the request. President Potter stated that the request for the \$142M has strong legislative support and moves the state back to historic levels covering a tuition freeze. Also, it sends a strong message that failure to go with the \$142M will cause implications to our employees. He continued that there are cuts every year on the campuses. An alternative scenario of \$72m and a 3% tuition increase will break faith with the public. President Anderson stated that the scenarios offer pros and cons and risks. There are cuts at the campuses due to falling enrollments. There continues to be a great deal of discussion on the campuses.

### **Board Discussion**

Trustee Cirillo inquired if there is an estimate of the amount from enrollment shortfalls. Vice Chancellor King replied that the information will be available in October. Chancellor Rosenstone stated that a driver of the decline in enrollment is related to a decline in high school enrollment.

Trustee Hoffman inquired about the budget details on the last slide of the presentation. Vice Chancellor King stated that each year, the campuses go through their budget to identify what resources to move from one activity to another activity. She added that it is expected that we reallocate as necessary.

Chair Renier introduced and invited the student association and bargaining unit leaders to join the conversation.

- Kayley Schoonmaker, president, Minnesota State College Student Association, remarked that the two-year colleges are a good price but are about one-third percent higher than others across the country. Students are graduating with huge debt. MSCSA fully supports a request for a tuition freeze.
- Laura Duscher, vice chair, Minnesota State University Student Association, added that MSUSA also supports a request to freeze tuition.

- Jim Grabowska, president, Inter Faculty Organization, stated that the IFO supports MnSCU's request. He continued that the state has a commitment to education and it is important to tell the story that we have to tell and to make it compelling.
- Kevin Lindstrom, president, Minnesota State College Faculty, remarked that MSCF also supports the request and added that it is important to be united with the request.
- June Clark, MnSCU Policy Committee, American Federation of State, County and Municipal Employees, stated that AFSCME also supports a tuition freeze and is ready to work with MnSCU.
- Adam Klepetar, president, Minnesota State University Association of Administrative and Service Faculty, stated that MSUAASF supports the request and will join in to support MnSCU.
- Jerry Jeffries, Representative, Minnesota Association of Professional Employees, offered the support of MAPE for the request. He commented that there are concerns regarding bargaining.

Chair Renier thanked each representative, noting that he was struck by their unity and full support. Mr. Grabowska added: "We are all in."

Chancellor Rosenstone stated that it is important to be ready for the risk of not getting the full \$142M. He reviewed the risks on slide 28 remarking on how it will impact programs, faculty advisors, and support staff. Chair Renier added that there will be further discussion in the next few months. Chancellor Rosenstone concluded that once the board takes its position, the next steps are: a strategy, and how the board wants the consultation to look. He added that he continues meeting regularly with legislative leadership. Chair Renier concluded the discussion.

### **Enterprise Risk Management (ERM)**

Chair Renier stated that this is the third conversation the board has had on ERM. He commented on slides 10 and 11, which show how MnSCU compares very well with other systems nationally. Chair Renier stated that Chancellor Rosenstone has suggested three goals on slide two of the presentation.

- Review, provide feedback and oversight of the enterprise risk management strategy.
- Review, provide feedback and oversight of the identification, assessment, and management of the top strategic and operational risks.
- Discuss board strategies for effective oversight of enterprise risk management.

Chair Renier stated that the board would not go through each slide. Part of this discussion will include work done over the summer on assessing the financial resiliency of our colleges and universities.

Chair Renier invited Chancellor Rosenstone to give a brief background on ERM and the risks confronting the system. Presidents Earl Potter and Richard Hanson also were invited to join in the conversation. Chancellor Rosenstone referred to slide five regarding who is responsible for risk management. The assessment and management of risk is everyone's responsibility. The board oversees the entire ERM effort. The chancellor is responsible for the system as a whole; he does not delegate this responsibility.

The presidents lead the campuses at their level. The system-level is led by the ERM team (chancellor, vice chancellors, director of internal audit, general counsel, chief of staff, associate vice chancellor for facilities, government relations, and communications officers).

Chancellor Rosenstone referred to slide six on risks – strategic and operational. He commented that it is good when people point out something they see that may not be right. He gave the example of an employee who sees a policy that is not the same across the system, and he commended the employee for bringing attention to the inconsistency of the policy.

Chancellor Rosenstone called upon Presidents Potter and Hanson to comment on ERM on the campuses. President Potter noted that the first step is to make sure you have a team thinking strategically to evaluate the risks with the tools to access the risks. Analytical tools are in place to take apart and develop strategies to address risks and threats. Examples of risks include enrollments; operational risks regarding safety and security; and enterprise risks in an unsafe neighborhood that's not safe for students. President Potter remarked that the university pays the salaries of two police officers to ensure safety for students. The university also has an investigative team for crimes against students.

President Hanson commented that even though Bemidji State University is further out, it has some of the same dynamics as President Potter's experiences at St. Cloud State. President Hanson stated that he assigns risks in four categories: responsibilities of senior vice presidents; strategic risk; recruiting talent; and a financial category of having reliable, predictable data. He commented on some of the risks at the university. There are risks such as sexual assault crimes, technology risks from data hacking, as well as the risk of locational disadvantages.

Chancellor Rosenstone stated that the goal is not to eliminate all risks as there needs to be some risk in order to be creative. Chancellor Rosenstone added that the system is performing very well in terms of ERM compared with similar higher education systems nationally. The State University of New York (SUNY) just had their first conversation on ERM.

Chancellor Rosenstone reviewed the questions on slide 12 regarding the board's assessment and oversight. Chair Renier commented that a session for every risk is impossible. He inquired as to how deep the board should go to assess specific risks. Chancellor Rosenstone stated that his position is that it remains a board responsibility. The board also may take a deeper dive into operational risks such as IT by Finance or Audit as a closed meeting to not reveal or take on more risks. The board may decide to keep the strategic risks to an annual conversation, but not less than annually.

Chancellor Rosenstone reviewed the top strategic risks on slide 15.

- Growth among first-time college students
- Increased competition from public and private higher education providers
- 5000 fewer graduates than last year
- Growing need for space on campuses which could hit a wall with the legislature
- Threats to longterm financial sustainability
- New technologies
- Changes in careers – not just technical capabilities;

- Increased regulatory and public accountability expectation
- Low public/marketplace awareness
- Fear of change which blocks progress.

Chair Renier thanked Chancellor Rosenstone for the good overview. Trustee Vekich stated that there are more than the expected risks related to IT and Finance. He suggested a risk statement or guiding principles for board use with eyes wide open to know how to measure the risks. Trustee Anaya referred to the increased scrutiny and suggested a code of conduct and implementation procedure be in place to be certain that employees and students are acting accordingly.

Chancellor Rosenstone asked if the board felt that anything was missing or needed to be added to slide 15, adding that the top risks should not be compartmentalized. He does not see the risks as narrowly as just this top ten viewed in isolation. Trustee Krinkie inquired about student safety on the list. Chancellor Rosenstone responded that the top risks are systemwide with a shared systemwide solution – campus plans need to be managed at the campus level and are seen on their plans. Trustee Krinkie inquired about the records of the campuses. General Counsel Gail Olson replied that there is a federal campus security act which requires the campus to report, and there is a system group of campus security officers.

Trustee Benson remarked that this is a very well done presentation. He wondered, from the perspective of the presidents and the board, how to define a new funding model. Chancellor Rosenstone stated that they may need to have a broader conversation on that topic.

Trustee Jay Cowles remarked on the significant list of risks from operational risks to systemwide management, and the process for the risk management of a potential loss of forty percent of the workforce in the next five years. He continued that there ought to be a systemwide approach on that issue. Chancellor Rosenstone responded that the operational risks are at the systemwide level. Trustee Dawn Erlandson commented that some other changing dynamics are the changes in affordability and family income.

Chancellor Rosenstone asked the trustees to share with him what they see as big things in the environment and to keep on talking even when there is no agenda item. Chancellor Rosenstone commented on an alignment to keep students on track in high schools to start college earlier. He added that every student needs to have a plan in alignment with their passions and capabilities.

Chancellor Rosenstone noted that another risk is an aging faculty, which has led to conversations around the nation. Part of the student success team reviewed the evidence and found what was working.

Trustee Erma Vizenor inquired if the tribal partnership relationship could be added to slide 16. Chancellor Rosenstone noted the omission and said it would be added. Trustee Anaya inquired if there is an outreach to the Red Lake Reservation community and President Hanson replied that there is.

Chair Renier asked the board if they felt they are getting to the right questions and which question will be followed up in the committees. Trustee Vekich responded that some questions should focus on strategy and which committee it will go to. Chair Renier stated that it is thoughtful and productive work to spend an hour study session to ensure a deeper discussion at a committee. Chancellor Rosenstone suggested consulting with the individual members of the board.

Trustee Vekich asked what happens if enrollments continue to drop and if tuition is capped by the legislature and the governor? What more can the institutions stand? Vice Chancellor King replied that at the request of the trustees and the chancellor, they developed a stress test tool. Chair Renier inquired how a tool would be used given that there are some significant differences in the sizes of campuses. Vice Chancellor King responded that it is to be used productively with comparable data between institutions. Trustee Cirillo inquired if it will tell presidents what options are available. Vice Chancellor King replied that there are two parts in the tool: enrollment and financial resiliency. Chancellor Rosenstone returned to the issue of agendas and suggested that the finance committee review a 20/20 tool.

Chair Renier concluded the discussion.

### **Contract Oversight**

Chair Renier reported that this past July, Chancellor Rosenstone asked Presidents Dick Hanson and Phil Davis, the Leadership Council liaisons to the board's Finance and Facilities committee, and Vice Chancellor Laura King, to provide consultation and advice concerning the board's contract oversight role with the expectation that any recommendations for change would be brought to the full board this fall. The three were asked to consult with Finance and Facilities Committee Chair Mike Vekich and Vice Chair Dawn Erlandson.

The chancellor's charge to them set out the following goals:

1. Review current board policy and practice concerning contract approval levels.
2. Review the current reporting and monitoring methods.
3. Provide available national best practice insights concerning board governance standards and practices.
4. Recommend any changes to policy or reporting practices in order to assure the board has appropriate oversight and due diligence.

Chair Renier called upon Trustee Vekich to report on the results of the discussion. Trustee Vekich reported that the discussion group convened to examine board policy 5.14, Procurement and Contracts. The group examined the current assurance framework in policy and procedure and what the board currently approves; the delegation between the board and chancellor; the systemwide contract activity for the past year; and a review of board policies and practices for eight other higher education systems. The general conclusions were that the current \$3M board approval level for professional technical and other service contracts and procurements is higher than typically found; the construction contract program is working well and additional periodic board reporting would improve oversight and awareness.



Trustee Vekich continued that proposed changes in the policy include decreasing the threshold for board approval of certain contracts and procurements from \$3M to \$1M. (Note that this would not apply to contracts associated with projects otherwise approved by the board in the capital program per Board Policy 6.5); leaving in place the \$3M threshold for interagency agreements with other governmental units like Minnesota Management and Budget (MMB) and the Department of Employment and Economic Development (DEED), etc.; and adding a bi-annual reporting requirement for all contracts subject to this policy and over \$1M. This report would likewise exclude the construction related contracts since those are reported in the biannual capital improvement report. The effect of this change will be an increase in the number of Finance agenda items.

Trustee Krinkie commented that construction project contracts can lead to nuances in the process of who gets selected. It is important to pay attention to large projects. Vice Chancellor King replied that there are currently over \$300 million in projects out there. Trustee Sundin stated that she supports the changes in the cut-off amounts. She added that the board did not have the opportunity to discuss a contract that should have been brought before them. Trustee Vekich noted that the new dollar numbers should help and that it is a different day with different leadership on the board. Trustee Erlandson noted that dollar amounts can trigger a test to not be caught off guard.

Chair Renier concluded the discussion by reporting that the proposed policy will be heard as a first reading in October. Chancellor Rosenstone thanked Trustees Vekich, Erlandson, and the group for their work as the board considers the proposed policy.

### **Charting the Future (Update on Implementation)**

Chair Renier recalled the beginnings of *Charting the Future* and how it has evolved to this date. At the board's retreat in 2012, the board carefully looked at the challenges facing higher education, challenges which could weaken educational quality and the ability to deliver on the Strategic Framework and Board Policy 3.36. Discussion unfolded around nine policy briefs. As a result of that discussion, two months later in November 2012, Chancellor Rosenstone created three workgroups charged with formulating recommendations for how best to meet those challenges:

- Education of the future;
- Workforce of the future; and
- System of the future

The workgroups were comprised of 46 students, faculty, staff, and trustees. The board reviewed the initial draft recommendations in June 2013. After five months of reflection, discussion, and debate – including 108 feedback sessions in which 5,400 students, faculty, and staff participated – the initial draft was revised and the board unanimously adopted the *Charting the Future* recommendations last November. In January of this year, the chancellor shared the implementation strategy and five months later, four of the eight implementation teams kicked off. Another four teams begin their work this month.

The board received an update on implementation at their June meeting. One hundred forty-six people are serving on implementation teams, with 86% of the team members coming from our campuses across Minnesota. The highlight of the June update was hearing from students, faculty, and staff from across our colleges and universities who are serving on the teams. They had begun their work not long before that. They let us know that they understand how important *Charting the Future* is to Minnesota State Colleges and Universities.

From the beginning, the board realized that *Charting the Future* was going to be anything but easy. Despite the challenges, they recognized that *Charting the Future* is the roadmap to providing an extraordinary education to our students, and to deliver on our Strategic Framework for the people of Minnesota.

Chair Renier remarked that in his ten years on the board, he has never seen a more engaging, comprehensive, consultative, and thorough effort to identify strategies to meet the challenges facing our colleges and universities. Chair Renier called upon Chancellor Rosenstone.

Chancellor Rosenstone recalled that last January, he shared with the board a plan for implementing the *Charting the Future* recommendations which the board unanimously adopted last November. The board requested that implementation updates occur in board study sessions so that the full board could monitor the progress, provide oversight, and offer counsel.

Chancellor Rosenstone noted that this was the second such session; the first occurred last June. Implementation is on track and this update includes the progress the implementation teams have made since June, as well as suggestions that have been offered for ensuring the integrity of the process.

Chancellor Rosenstone stated that he remains energized by the enthusiasm of our colleagues, their commitment to working together, to thinking creatively about new ways that our colleges and universities can collaborate to better serve our students and ensure their success.

Chancellor Rosenstone introduced Ms. Jaime Simonsen, system director tasked with coordinating our *Charting the Future* implementation efforts. In 2012, Minnesota State Colleges and Universities joined with DEED and the Minnesota Chamber of Commerce to conduct 55 employer listening sessions around the state to better understand the workforce needs of Minnesota. Ms. Simonsen managed that effort. Most recently, she helped support the Itasca Project Workforce Alignment effort and helped launch the pilot studies that nine of our colleges and three of our universities participated in to test new tools to help us better align our academic programs with workforce needs. Prior to joining the system office, Ms. Simonsen worked at North Hennepin Community College in a variety of roles focused on growing programs and enhancing services to meet the needs of adult learners and businesses in the area.

Ms. Simonsen thanked the board for the opportunity to join in the presentation to share an update on the implementation teams. She thanked the team conveners for their leadership and recognized the Organizational Capability team. She explained that the campus-led teams have students, faculty, staff, and subject matter experts from colleges and universities across the state, and they are deeply committed to our students and doing what is right for the communities.

Throughout the summer, Student Success, Diversity, Comprehensive Workplace Solutions, and System Incentives and Rewards implementation teams actively met.

- Teams have looked at research from around the country; brought in experts from our colleges and universities and community leaders.
- Teams have asked questions (e.g., What do they believe will make a difference? What do our students, faculty, and staff need? What do our colleges and universities need to continue to offer the best education possible?).
- Teams are currently developing and gathering initial ideas on which they want feedback from students, faculty, and staff when they attend the gallery walks that will be held across the state. (See below for a description of gallery walks.)

Engagement activities have continued and there is a great deal of excitement about what has been the participation up to this point:

- Over 75 ideas/suggestions/questions have been sent to the MyIdeas email address.
- Over 12,000 visitors have visited the *Charting the Future* blog, where team meeting agendas and synthesis are being posted.
- Discussions with MSCSA and MSUSA were held over the summer to get their ideas about better ways to connect with students, get their ideas, and get their stories.
- MSUAASF invited Ms. Simonson and others to their summer board meeting. They gave some great feedback that was then passed on to the implementation teams.
- Over 350 MAPE members participated in more than 25 events at campuses around the state, which resulted in some great recommendations that were passed along to the implementation teams.

The four teams launching this fall (and holding their first team meetings by September 19) are:

- Academic Planning and Collaboration
- Competency Certification and Credit for Prior Learning
- Information Technology Systems
- Education Technology implementation

Ms. Simonson identified the conveners of the teams:

- Phil Davis, associate vice chancellor and managing director of the Campus Service Cooperative: convener of the Systems Incentives and Rewards team.
- Scott Olson, president of Winona State University: convener of the Diversity team. (Unfortunately he was not available to participate. Winona State serves over 1000 students at their Rochester campus, in addition to the students they serve in Winona.)
- Leon Rodrigues, chief diversity officer for MnSCU and a member of the Diversity team.
- Connie Gores, president of Southwest Minnesota State University: convener of the Student Success team. (President Gores joined in the meeting by phone.)
- President Sue Collins of the Northeast Higher Education District: convener of the Comprehensive Workplace Solutions team. President Collins was unable to attend.)

- Ramon Padilla, vice chancellor for information technology and chief information officer: convener of the Information Technology Systems team.
- Richard Hanson, president of Bemidji State University and Northwest Technical College: convener of the Academic Planning and Collaboration team.
- Ron Anderson, president of Century College: convener of the Education Technology team.
- Annette Parker, president of South Central College: convener of the Competency Certification and Credit for Prior Learning team.

The conveners present at the retreat each gave brief updates on their groups.

Ms. Simonsen stated that at the June meeting, they touched briefly on an ambitious plan to bring the work of the spring implementation teams to all of the colleges and universities via gallery walks. The teams are going to hold gallery walks on 37 campuses in four weeks between October 16th and November 21<sup>st</sup>.

Gallery walks are the spring implementation teams' opportunity to share what they have been discussing for the past few months – their initial ideas. They are an opportunity to test ideas with students, faculty, and staff at all of our colleges and universities. Feedback will be shared not only with implementation teams but also with the campus communities and online. The gallery walks are part of the commitment that this effort deeply engages students, faculty, and staff from across the state. All voices must be heard and all ideas, even the ones that might end up on the cutting room floor, must be shared. This level of engagement is unprecedented in the nearly 20-year history of MnSCU. The board will have an opportunity to view the gallery walk at their meeting in November.

Chancellor Rosenstone stated that every team member's views are being taken into consideration. Implementation teams' strategies and initiatives have not been inappropriately influenced by others. Dissent is not being ignored in the effort to prioritize initiatives. Transparency is in the process by which implementation team agendas are set, priorities decided upon, and differences in opinion are being tracked, and there is clear coordination among the implementation teams. Chancellor Rosenstone added that they continue to address logistics issues that arise around scheduling meetings, reimbursements, etc.

Chancellor Rosenstone emphasized that whatever emerges is the best thinking to success from the teams. It is their implementation, not ours. They have the power to set their own agendas and consult with any constituent, and this is not a secret plan shaped by McKinsey. Chancellor Rosenstone continued that McKinsey has had no role in charting the work of the teams, and the board can see every document. Chancellor Rosenstone stated that the risks if we do nothing are huge and these challenges have never been met on a scale of this magnitude.

Chancellor Rosenstone commented that change is difficult and sometimes messy. He quoted Trustee Benson who wrote in an op-ed in December 2011, "Everyone supports change in the abstract. It's only when we start getting specific that people start getting nervous." Chancellor Rosenstone added that this process welcomes everyone's best ideas.

Trustee Vekich asked what the barriers are, and what resources are needed. Chancellor Rosenstone replied that some recommendations will cost money, i.e., using system balances to reimburse students to be engaged, or if a pilot or analysis is needed.

Trustee Vekich asked if anyone has doubt in moving forward. Chair Renier commented that if the excitement and commitment of the teams is clear, and all the while team members continue doing their regular full time work. Chair Renier stated that he sees no reason to pull in any reins. Trustee Hoffman stated that he agrees it is a great plan. He asked where the coordination will occur, more to the steering committee, one big committee, or separate autonomous groups and then the coordination of the groups. Ms. Simonsen stated that the fall teams will be in sync with the spring teams, with a pause to wait and see what comes next from the other implementation teams. While they have complete autonomy, they don't have control over policy; the board does, with a formal consultative process.

Chair Renier concluded the discussion.

### **Building Momentum**

Chair Renier reviewed the board calendar and the draft document of the committees, topics, and schedules.

Chair Renier led a brief discussion on the advantages of scheduling concurrent vs. consecutive committee meetings. He suggested that the board have a conversation about the structure of meetings. He concluded the discussion, adding that he will take under advisement the possibility of concurrent meetings and he will discuss it with trustees as well.

Chair Renier stated the importance of social time for team building and special recognitions. He added that a breakfast or dinner event may be added on occasion as schedules allow.

Chair Renier commented that trustees should feel welcome to schedule a campus visit. He added that no approval is needed for trustees to visit a campus but they should work with the board staff to schedule their visit. He mentioned that it is important to respect the campus' time and to be considerate of the campus' calendars if an event is taking place. He also encouraged trustees to attend and participate in national conferences of the Association of Community College Trustees (ACCT) and the Association of Governing Boards (AGB).

Chair Renier reported that the Chancellor Performance Review Committee (Trustees Anaya, Cirillo, Erlandson, and Renier) will meet throughout the year. The board will return to Fitger's for their retreat next September 15-16, 2015. He recognized and thanked board staff Patty McCann, Inge Chapin, and Vicki Tschida for their work on the retreat.

The retreat concluded at 2:15 PM.

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Patty McCann, Executive Assistant to the Board

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES STUDY SESSION MINUTES  
SYSTEM FINANCE (Finance 101)  
OCTOBER 21, 2014**

*Board of Trustees Members Present: Chair Thomas Renier, Trustees Margaret Anderson Kelliher, Duane Benson, Kelly Charpentier-Berg, Alexander Cirillo, Jay Cowles, Dawn Erlandson, Philip Krinkie, Maleah Otterson, Elise Ristau, Louise Sundin, Michael Vekich*

*Leadership Council Representatives Present: Chancellor Steven Rosenstone and Vice Chancellor Laura King*

**SYSTEM FINANCE (Finance 101)**

The Minnesota State Colleges and Universities (MnSCU) Board of Trustees held its meeting on October 21, 2014, 4th Floor, McCormick Room, 30 East 7th Street in St. Paul. Chair Renier called the study session to order at 11:07 a.m. and asked Trustee Vekich to lead the discussion.

Trustee Vekich stated that this presentation is meant to introduce new members to the system finance structure and provide review for returning members. Trustee Vekich turned the discussion to Vice Chancellor King. Vice Chancellor King recognized Deb Bednarz, Denise Kirkeby and Brian Yolitz, who helped put the presentation together.

Vice Chancellor King introduced a detailed presentation contained in the meeting materials. The presentation focused on the board policy and control framework, and overview of operating and capital budget management, and a discussion of the allocation framework for allocation of state funds.

Vice Chancellor King said the board's primary role is to set fiscal policy and carry out responsibilities defined in state statute, law or board policy. In general, the board's attention should be focused on the "big picture" and the future, while ensuring that proper policies, procedures and systems are place to ensure fiscal integrity. The board, by action, delegates certain decisions and responsibilities to the chancellor, who keeps the board apprised of financial issues as necessary. In turn, the chancellor delegates to the campus presidents, who are responsible for administrative, financial, and budget management. Board policy requires the system office to report to the board on the financial wellbeing of the system and each college and university. The system office oversees the financial health of the system and its institutions through monitoring, reporting and certification requirements.

Vice Chancellor King reported that the control environment of the system is very layered. The board, the chancellor, and the presidents all have oversight and monitoring methods. MnSCU depends on three primary operating revenue sources – state appropriation, tuition, and federal and state grants.

Factors influencing revenues include the state economic outlook, public support for higher education, tuition rates, enrollment and federal and state financial aid. State support has been declining, but it is still very important to access and affordability. The financial aid funding is sensitive to unemployment rates.

Vice Chancellor King said MnSCU has remained committed to affordability for many years. In terms of tuition and fees as a percent of median family income, the state college percent has been essentially flat from 2011 – 2014, and increased less than one percent since 2005. The state university has increased less than one percent since 2009. In addition, financial aid lowers the household contribution for a considerable portion of MnSCU students.

In FY2015, estimated net student tuition cost for very low income students and families is very affordable after state and Pell grants are applied. For students receiving a state grant, the average annual cost of tuition for a full-time student is \$1,247 at a state college and \$2,022 dollars at a state university. Even for students receiving no financial grant aid, the average annual cost of tuition at a state college is \$4,816 and at a state university is \$6,782. Chancellor Rosenstone added that tuition would be even lower if scholarships were applied.

MnSCU has been exercising revenue and expense controls. Per FYE costs are down 8 percent since FY2002. Institutional support spending, which includes executive, Human resources, Finance, IT spending, and similar non classroom costs, receives close attention.

Another measure is the cost of the system office as a measure of total system revenues. This cost has been driven steadily downward over the past ten years and currently sits at 2.3 percent of revenue. Like the campuses, there is constant pressure on this number as service demands and campus assistance push for growth.

Vice Chancellor King noted that the system ranks 38th out of 51 in institutional spending per FYI and is 15 percent below the national average. While predicting the future economic performance of the state is difficult, Minnesota's budget and economic outlook has improved significantly over the past few years: Minnesota's employment picture is considerably better than the nation as a whole (4.5 percent compared to 6.2 percent nationwide), the state budget is structurally balanced, and state reserve accounts have been restored and K-12 shifts repaid. But, recent economic updates have shown some signs of concern for the state's budget outlook. Minnesota's Budget and Economic Forecast will be updated in November, resulting in a much better understanding of the state's budget outlook at that time.

Investment requirements for quality academic and student support are pressured by the affordability commitment, enrollment growth strategies, continued increases in state investments, capital investments (which compete for operating funds), and the focus on financial sustainability by the board and accreditation agencies.

The Composite Financial Index (CFI) is used to measure of each college and university's balance sheet and income statement condition and performance based upon full accrual financial statements. The target ratio is in the range of 3.0, allowing for some considerable complexity in the underlying calculations.

The CFI is influenced by net operating income and capital spending. The results can be volatile, therefore, calculations are made every two years and there continues to be variability between campuses.

The State of Minnesota has invested only seven percent of its general fund to higher education. Of that, MnSCU received 43 percent, the University of Minnesota (41percent), and the Office of Higher Education (16 percent). This distribution has been relatively constant for many years. In 2015, \$618 million was allocated to the board by the legislature.

The state support allocation model was developed in 2000 – 2001 and fully implemented in 2006. The purpose was to find a single model that equitably recognized the diversity of MnSCU students' needs and supported the unique educational goals of each institution. The model was built based on enrollment, cost of instruction, national benchmark data, and institutional data, rewarding cost efficient instruction at the campus level. The allocation formula was developed by workgroups and approved by the board. The framework can only distribute what the state provides, and that has declined over \$100 million since the model was first approved.

Efforts have been made in the past five years to move as much of the state support from special initiatives and into the base allocation because the base allocation is the most flexible funds distributed through the model. The framework is now under the study of the Charting the Future implementation team. In addition, the Technical Advisory Group, made up of employees throughout the system, studies elements and dynamics where concerns have emerged.

Capital investments come from three sources: Campus resources which comes from the operating budget or gifts; General obligation bonds sold by the state to finance new construction, renovation or demolition to improve learning; Revenue bonds sold by the board to finance revenue producing facilities such as dormitories, dining halls and student unions.

Vice Chancellor King added that there needs to be substantial regular investments to maintain the system's facilities and the goal has been to decrease project backlog by 50 percent.

Trustee Vekich thanked Vice Chancellor King for the presentation and adjourned the meeting at 12:03 p.m.

Respectfully submitted,  
Laury Anderson, Recorder



**Minnesota State Colleges and Universities  
Board of Trustees Meeting Minutes  
October 22, 2014**

Present: Chair Thomas Renier, Trustees Ann Anaya, Margaret Anderson Kelliher, Kelly Charpentier-Berg, Alexander Cirillo, John Cowles, Dawn Erlandson, Robert Hoffman, Philip Krinkie, Maleah Otterson, Elise Ristau, Louise Sundin, Michael Vekich, and Chancellor Steven Rosenstone

Absent: Trustees Duane Benson and Erma Vizenor

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**1. Call to Order**

Chair Thomas Renier called the meeting to order at 2:37 PM and announced that a quorum was present. Trustee Dawn Erlandson participated by phone.

**2. Chair's Report: *Thomas Renier***

**A. Approval of Minutes**

Chair Renier stated that items 2, 3, and 8 of the following minutes are postponed to the November meeting.

- (1) **Board of Trustees Study Session on First Impressions and Priorities on June 17, 2014 (Handout)**
- (2) **Board of Trustees Study Session on Positioning Assessment and Brand Strategy Update on June 17, 2014 (Postponed)**
- (3) **Board of Trustees Study Session on Charting the Course for Diversity on June 18, 2014 (Postponed)**
- (4) **Board of Trustees Study Session on Update on Implementation of Charting the Future for a Prosperous Minnesota on June 18, 2014**
- (5) **Annual Board of Trustees Meeting on June 18, 2014**
- (6) **Special Board of Trustees Meeting on July 23, 2014**
- (7) **Special Board of Trustees Meeting on September 16, 2014**
- (8) **Notes of Board of Trustees Retreat on September 16-17, 2014 (Postponed)**

*Trustee Anderson Kelliher moved approval of the remaining minutes, items 1,4,5,6, and 7. The minutes were seconded and approved as written.*

**B. Proposed Amendments to Board Policies (First Readings)**

- (1) Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration

Chair Renier stated that board policies and system procedures are reviewed on a five-year rotating cycle. They may also be reviewed as the need arises. As the board works to strengthen its governance of the system, some board policies within Chapter 1, System Organization and Administration, were recently reviewed. In addition, one policy in Chapter 5, Administration, was reviewed.

Amendments to strengthen board oversight and clarify structures are recommended in these policies. The materials in the board book summarize the proposed changes; the full policies are in the materials as well. The proposed amendments in Policy 1A.1 include:

- Part 2, subparts A & B: Updated language in the board's vision and mission statements to reflect the board's adoption of the strategic framework.
- Part 6, subpart E: Addresses distribution of system procedures. The proposed change clarifies that the system procedures will be made available electronically in the same manner as board policies.
- Part 6, subpart I: Language requiring that the board be given notice when a policy or procedure has been published.
- Part 6, subpart I: A change that eliminates the need to print paper copies of policy and procedures.

(2) Policy 1A.3 System Administration, Chancellor

Trustee Alex Cirillo stated that the proposed amendments are mostly in Part 3, the section on evaluation of the chancellor.

The proposed revisions to Board Policy 1A.3 require that all chancellor contracts, changes in contracts, and changes in remuneration be approved by the full Board of Trustees. This clears up all ambiguity that caused some misunderstanding last year.

The proposed changes in this policy codify the process that we are already using this year. The proposed revisions are consistent with the provisions in the chancellor's current contract.

Trustee Cirillo noted that Chair Renier appointed a committee to work with the chancellor on setting his goals and evaluating his performance. He asked Trustee Cirillo as chair of the Human Resources Committee to chair the Chancellor Performance Review Committee.

The committee will work with the chancellor on setting goals and will meet with the chancellor periodically to review his performance. The committee will provide a written evaluation to the chancellor – written evaluations are a valuable HR practice that we do for most employees in our system, but have not consistently been provided to the chancellor. The proposed revisions are very specific that the full board will have the opportunity to meet with the chancellor privately to discuss his performance.

(3) Policy 5.14 Procurement and Contracts

Trustee Michael Vekich stated that Chancellor Rosenstone asked him and Trustee Dawn Erlandson to work with Vice Chancellor Laura King and Presidents Phil Davis and Richard Hanson (Leadership Council Finance Liaisons) to consider the following:

1. Review current board policy and practice concerning contract approval levels
2. Review the current reporting and monitoring methods
3. Provide available national best practice insights concerning board governance standards and practices
4. Recommend any changes to policy or reporting practices in order to assure the board has appropriate oversight and due diligence.

Trustee Vekich stated that the group discussed the current assurances framework of the policies and procedures. They reviewed the delegation architecture between the board and the chancellor. They also reviewed the systemwide contract activity over the last fiscal year. Ten contracts were between \$1M and \$2M, and five were between \$2M and \$3M. Ten of the twenty-one contracts reviewed were approved by the board.

They also reviewed board practices and policies of eight other higher education systems and concluded that nationally, board control was very varied. Also, what was delegated to the chancellor or president was just as widespread. Trustee Vekich stated that MnSCU is well ahead in national practices as it relates to governance.

The group's general conclusions were that the current \$3M board approval for professional, technical, and other services contracts was higher than typically found. In addition, the construction contract program is working well. Finally, the additional periodic reporting will improve with the board's oversight. He continued that the group arrived at three recommendations:

1. Decrease the threshold of approval of certain defined contracts from \$3M to \$1M
2. Leave in place the \$3M threshold for inter-agency agreements
3. Add a biennial reporting requirement for all contracts over \$1M

Chair Renier stated that the proposed amendments to the policies will be presented for a second reading and approval on November 19, 2014.

**3. Chancellor's Report: *Steven Rosenstone***

Chancellor Rosenstone outlined three topics he would address: our future, our funding, and our faculty.

Chancellor Rosenstone quoted Chair Renier from the board's retreat in September: "The future's going to happen whether we chart it or not." Chancellor Rosenstone remarked that he believes it is important that we chart our future rather than have the future chart us. He continued that we have spent the past two years getting the ideas and the strategy right. And "we" doesn't just mean the board and the chancellor. It means the board and the chancellor and the 5,400 students, faculty, and staff who have contributed their best thinking every step of the way since 2012.

Now we are at a very exciting juncture in our work on *Charting the Future*. At the board's retreat, they heard about the 39 gallery walks being held at all of our colleges and universities this month and next as part of our commitment to engage deeply with students, faculty, and staff from across the state. Gallery walks are an opportunity for the four spring implementation teams to share their initial ideas and test them with their colleagues. And they are an opportunity for all voices and all ideas to be heard. This level of engagement is unprecedented in the nearly 20-year history of MnSCU.

Chancellor Rosenstone stressed that the gallery walks are sharing initial ideas, not final ideas. Implementation teams expect their ideas to inspire constructive criticism. The feedback each team receives will ultimately make their ideas stronger. Initial reports from the first two gallery walks – one at Pine Technical and Community College last week; the other at Saint Paul College just yesterday – confirmed the strong interest on the campuses. Both were very well attended by students, faculty, and staff. The ideas presented got people talking, sometimes sparking lengthy conversations and raising excellent questions, including something a staff member at Saint Paul College asked: “We have to do this work. How are we going to get it done?” The gallery walks inspired loads of additional ideas from visitors and they represent a springboard for the next phase, when the implementation begins. And they are going to be a wealth of information for the teams that began their work this fall. At the next board meeting, a gallery walk will be here for the board to see. He encouraged students, faculty, and staff who have questions to attend a gallery walk.

Chancellor Rosenstone turned to the second topic, our funding, including some exciting grants and our upcoming biennial legislative request.

Chancellor Rosenstone congratulated the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant recipients. Garnered for the second year in a row, this grant will help us serve more than 3,000 students and scores of communities throughout Minnesota to ensure that we are preparing graduates for careers in this important sector, enabling them not only to secure high paying jobs, but also enabling firms in communities across Minnesota to grow. As Vice President Biden said when he announced this year's grant recipients: “This is transformative. It's good for workers, it's good for business, and it's good for the economy.”

#### Scholarship Campaign Update

A year ago July 1, we kicked off a two-year, \$20 million Access to excellence scholarship campaign. At the end of the first of the two years of the campaign, we have already raised \$17.4 million in new scholarships – fully 87% of our campaign goal. The chancellor thanked all who have made powerful investments to ensure that our colleges and universities remain a place of hope and opportunity. With an entire year of the campaign still ahead of us, the final total should far exceed any expectations when the campaign was launched last year.

#### Bremer Scholarship Update

Last May, Chancellor Rosenstone announced the Otto Bremer Foundation's pledge of \$4 million over a two-year period, to support the Finish Line Scholarship Program at colleges in Bremer Bank communities.

Last week the Otto Bremer Foundation announced the ten colleges to which it will award \$1.9 million – for the first year of the program. Upon successful implementation in Year one, funding will be available for a second year. The Otto Bremer Foundation grants will expand scholarship support and student services to improve on-time completion of certificate and degree programs. The P\program targets students who face financial, academic, and other struggles as they strive to realize their educational goals, with particular attention to students of color, American Indian students, low-income students, and those whose parents did not attend college.

Chancellor Rosenstone thanked the ten colleges below that won these grants and said that he joined the board in expressing our gratitude to the Otto Bremer Foundation for their generous support of our students.

- Alexandria Technical and Community College
- Anoka-Ramsey Community College
- Anoka Technical College
- Hennepin Technical College
- Minnesota State Community and Technical College
- Minnesota West Community and Technical College
- Normandale Community College
- North Hennepin Community College
- Ridgewater College, and
- Riverland Community College

#### Legislative Request Update

Chancellor Rosenstone noted that the request that the board is considering is focused on four things that we absolutely must protect: affordability and the access it ensures; the talented faculty and staff who work directly with our students; the programs Minnesota needs to serve our students and communities across Minnesota – programs that are vital to the economic growth of our state; and the statutory authority of the board to make the tough decisions. The chancellor said that one thing is very clear: when our state colleges and universities are strong, people, families, and communities across Minnesota thrive.

Chancellor Rosenstone turned to his third topic: the faculty. He promised that at a future meeting, he would share with the board the extraordinary work of our frontline workers. Today he would focus on the faculty.

The chancellor visited 16 campuses over the past six weeks, including Minnesota State University Moorhead; St. Cloud State University; St. Cloud Community and Technical College; Bemidji State University; Metropolitan State University; Hennepin Tech in Brooklyn Park and Eden Prairie; North Hennepin Community College; Northland Community and Technical College in East Grand Forks, Northland, and Thief River Falls; Itasca Community College; Mesabi Range College in Evelyth and Virginia; Vermilion College; Rainy River Community College; and Hibbing Community College. During these visits, Chancellor Rosenstone met with remarkable faculty in a wide range of programs. Highlights include:

#### MSU Moorhead

- Erin Gillett and Keri DeSutter from the Elementary Inclusive Education Program in the College of Education and Human Services are preparing graduates to be effective teachers in our increasingly diverse K-6 classrooms, particularly in greater Minnesota.
- Rinita Dalan, TJ Hansen, and Kirk Stueve from Economics, Anthropology and Earth Science have built a remarkable Interdisciplinary Geospatial Information Systems Center that prepares students for leading edge public and private sector careers in everything from agriculture, to business, to urban planning.
- Ryan Jackson and Kyja Kristjansson-Nelson from the School of Media, Arts, and Design are preparing students not only to be wonderful artists, but also to understand how to navigate the industries they will enter.

#### Bemidji State University

- Misty Condiff and Christy Cook from the Nursing Program gave the chancellor an insider's view of the remarkable nursing education they are providing our students, including the new nursing simulation labs that are shared by nursing faculty and students from the university and Northwest Technical College.
- Chemistry professor Ken Traxler gave the chancellor a tour of the department's nine world class chemistry labs with the health and safety features that enable a range of learning experiences for our students – experiences that had heretofore not been possible.
- Steve Sundahl from Technology, Art & Design introduced the chancellor to the digital and exhibit design program – one of three in the nation – a program that recruits and places students globally and draws upon the expertise of an international advisory board.

#### Metropolitan State University

- Sarah Dimick Gray, who teaches organic chemistry, spoke with great passion about the 19 classrooms and laboratories being built that will provide access in science and allied health in the metro area to underserved students, including students of color, adult students, and working students.

Chancellor Rosenstone described the passion with which the faculty on all of his visits spoke about, or demonstrated their commitment to, students and student success. For example, at Rainy River Community college, one faculty member said, “We never give up on our students.” And at Hennepin Technical College, 71% of the college's faculty and staff have donated money to the HTC Foundation – a powerful statement about their commitment to the college being a place of hope and opportunity for all students.

Students on the campuses were just as passionate about their faculty. At Bemidji State University, one student said: “You can walk into the chemistry department with a question and any faculty member – not only your teacher – any faculty member will help you with your question.” An Itasca Community College student described the commitment of the faculty: “If I need math help, the faculty is there, sometimes until 2:00 in the morning.”

Another said, “If you need help, there will always be someone there for you.” Students at Northland Community and Technical College in Thief River Falls said, “Here you are part of something. We love our teachers. They care. The education is hands on, one-on-one, and we have small classes. Faculty push you to success and they help you succeed.” At Mesabi Range College, a student told of how faculty open their homes each year to over 100 students to connect with them on a personal level and make them feel at home. At Vermillion Community College, students reported on faculty fundraising to help students pay for their textbooks.

Chancellor Rosenstone said that this was small sample of his visits with faculty, which gives the board a flavor for the inspiring work our faculty do every day, as well as a sense of their excellence and their dedication. He thanked all faculty for the extraordinary education they provide our students and for truly caring about teaching and learning and the success of our students.

Chancellor Rosenstone commented that Trustee Anderson Kelliher has often said that in the board room we can sometimes lose touch with the real work of education on our campuses across the state and the faculty and staff who make that magic happen. He urged the new trustees to spend a few days over the next few months learning about the remarkable teaching that goes on every day on every college and university campus.

Chancellor Rosenstone concluded his remarks by thanking the students at our colleges and universities for their involvement in our statewide get out the vote drive. He co-signed letters with MSCSA president Kaylee Schoonmaker in support of the Get Out The Vote efforts on our college campuses. He thanked the presidents, faculty, and staff for all that they are doing to support this student-led initiative. Chancellor Rosenstone congratulated MSCSA president Kaylee Schoonmaker and MSUSA state chair Kari Cooper for all they have done to ensure students will be able to exercise their right to vote on November 4.

**4. Consent Agenda**

**(1) 2015 Capital Bonding Recommendation and Update**

**(2) Rochester Community and Technical College Workforce Center Lease Exceeding \$3 Million**

**(3) Minnesota State University, Mankato Contract Approval Exceeding \$3 Million for Beverage Sponsorship**

**(4) Mesabi Range College Mission Statement**

*Trustee Michael Vekich moved approval of the Consent Agenda. The motion was seconded and carried.*

**5. Board Policy Decisions**

There were no board policy decisions.

**6. Board Standing Committee Reports**

**a. Human Resources Committee, Alex Cirillo, Chair**

**(1) Appointment of General Counsel Kris Kaplan interim effective December 1**

*Committee Chair Cirillo moved that the Board of Trustees, upon the recommendation of Chancellor Rosenstone, appoint Kristine Kaplan as interim general counsel for Minnesota State Colleges and Universities effective December 1, 2014.*

*Chair Renier called the question and the motion carried.*

**(2) Emeriti Recognition**

*Committee Chair Cirillo moved that the Board of Trustees, upon the recommendation of Chancellor Steven Rosenstone, and in recognition that they have served with great distinction, the Board of Trustees hereby confers the honorary title of President Emeritus upon Phillip Davis, Minneapolis Community and Technical College; James Johnson, Minnesota State College - Southeast Technical; Kevin Kopischke, Alexandria Technical and Community College; Joseph Opatz, Normandale Community College; and Edna Mora Szymanski, Minnesota State University Moorhead.*

*Chair Renier called the question and the motion carried.*

**(3) Authorization of Leadership Employment Agreements**

*Committee Chair Cirillo moved that the Board of Trustees authorize the chancellor, in consultation with the chair of the Board of Trustees and chair of the Human Resources Committee, to enter into employment agreements with presidents and vice chancellors during FY2015-FY2016.*

*Chair Renier called the question and the motion carried.*

**(4) Executive Search Process and Onboarding**

Committee Chair Cirillo reported that the committee heard a report on the executive search process and onboarding from Chancellor Rosenstone and Chief of Staff Nancy Joyer.

**b. Audit Committee, Philip Krinkie, Chair**

**(1) Internal Audit Update**

Committee Chair Krinkie reported that the committee heard an Internal Audit update.

**(2) Review Annual Internal Auditing Report for FY2014**

Committee Chair Krinkie reported that the committee reviewed the annual internal auditing report for FY2014.



(3) Roles and Responsibilities of Audit Committee Members

Committee Chair Krinkie reported that the committee reviewed the roles and responsibilities of the Audit committee members.

**c. Finance and Facilities Committee, Michael Vekich, Chair**

(1) FY2016-FY2017 Legislative Request (First Reading)

Committee Chair Vekich reported that the committee heard a first reading of the FY2016-FY2017 Legislative Request. This will be presented for a second reading and approval on November 19, 2014.

(2) 2015 Revenue Fund Bond Sale (First Reading)

Committee Chair Vekich reported that the committee heard a first reading of the 2015 Revenue Fund Bond Sale. This will be presented for a second reading and approval on November 19, 2014.

(3) Proposed Policy 5.25 Use of Electronic Signatures (First Reading)

Committee Chair Vekich reported that the committee heard a first reading of the Proposed Policy 5.25 Use of Electronic Signatures. This will be presented for a second reading and approval on November 19, 2014.

(4) Campus Service Cooperative Update

Committee Chair Vekich reported that the committee heard an update on the Campus Service Cooperative.

**d. Diversity and Equity Committee, Ann Anaya, Chair**

(1) Recruitment, Retention, and Professional Development of Diverse Campus and System Leadership

Committee Chair Ann Anaya reported that the committee heard a presentation on the Recruitment, Retention, and Professional Development of Diverse Campus and System Leadership.

**e. Academic and Student Affairs Committee, Margaret Anderson Kelliher, Chair**

(1) Developmental Education

Committee Chair Margaret Anderson Kelliher reported that the committee heard a presentation on Developmental Education.

(2) TRIO

Committee Chair Anderson Kelliher reported that the committee heard a presentation on TRIO.

(3) Student Spotlight – Saint Paul College

Trustee Anderson Kelliher introduced Saint Paul College students Mr. Anthony Sawyer and Ms. Leena Jamaledin, who were accompanied by Dr. Kelly Murtaugh.

Anthony Sawyer

Trustee Anderson Kelliher stated that Anthony, a former homeless drug addict with few financial resources, is now sober and chair of the Saint Paul College President's Group. Anthony has taken the lead on starting Students in Recovery, a student group to provide anonymous, closed session support meetings for students on the campus who are struggling with drug and alcohol addiction.

Leena Jamaledin

Trustee Anderson Kelliher stated that Leena started her college career two months after arriving in the United States from Palestine. She immediately worked to redefine what "student involvement" meant.

Not only did she serve as a math and writing tutor, she was treasurer of the student senate and the El Futuro Club, as well as the marketing and events coordinator for the Muslim Student Association. With those groups, she helped organize Islam Awareness Week and the Cinco de Mayo festival. At her graduation, she received the President's Scholarship.

Mr. Sawyer and Ms. Jamaledin addressed the board. Trustee Anderson Kelliher thanked Mr. Sawyer and Ms. Jamaledin for sharing their stories and their contributions.

**8. Trustee Reports**

Trustee Jay Cowles reported that he attended the groundbreaking of Metropolitan State University's Science Center.

Trustee Louise Sundin reported that the late former Trustee Nellie Stone Johnson, civil rights and labor leader who died in 2002, will be honored with a bust displayed in the Minnesota State Capitol. Trustee Robert Hoffman added that Former Trustee Johnson was a key player in higher education.

Trustee Hoffman reported that he attended the South Central College Faribault Campus Expansion. Trustee Kelly Charpentier-Berg reported that she attended the ribbon cutting of North Hennepin Community College's biomedical building, South Central College Faribault Campus Expansion, and the groundbreaking of Metropolitan State University's Science Center. She also attended the MSCSA student leaders meeting with Trustee Maleah Otterson.

**9. Joint Council of Student Associations**

- a. Minnesota State College Student Association  
Kayley Schoonmaker, president, addressed the Board of Trustees.

**10. Minnesota State Colleges and Universities' Bargaining Units**

- a. Inter Faculty Organization  
Jim Grabowska, president, addressed the Board of Trustees.

- b. Minnesota State University Association of Administrative and Service Faculty  
Adam Klepetar, president, addressed the Board of Trustees.
  - c. Minnesota Associate of Professional Employees  
Jerry Jeffries, regional director, addressed the Board of Trustees.
  - c. American Federation of State, County, and Municipal Employees  
June Clark, president, AFSCME Local 4001, addressed the Board of Trustees.
  - d. Middle Management Association  
Robyn Cousins and My Lee, business agents, addressed the Board.
- 11. Other Business**  
There was no other business.
- 12. Adjournment**  
Chair Renier adjourned the meeting at 4:36 PM.

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Ingeborg K. Chapin, Secretary to the Board