



Board of Trustees Meetings  
January 26-27, 2016

Minneapolis Community and Technical College  
Wheelock Whitney Hall L Building  
Room L-3000  
1501 Hennepin Avenue, Minneapolis, MN



**Board of Trustees Meeting Schedule  
Tuesday and Wednesday, January 26 and 27, 2016  
Minneapolis Community and Technical College  
Wheelock Whitney Hall/ L Building, Room L-3000  
1501 Hennepin Avenue, Minneapolis, Minnesota**

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All meetings are in Room L-3000 on the third 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.

**TUESDAY, JANUARY 26, 2016**

- 10:00 AM Study Session One: Board of Trustees and Leadership Council  
Michael Vekich, Chair and Steven Rosenstone, Chancellor
- Strategies for Addressing the Impact of Poverty on our Students
- 12:00 PM Luncheon: Plaza Dining Room, First Floor, T.1400
- 1:30 PM Academic and Student Affairs Committee, Alex Cirillo, Chair
1. **Minutes of November 17, 2015 (pp. 1-5)**
  2. Metro Baccalaureate Update (pp. 6-37)
  3. Transfer Degree Pathways for Baccalaureate Completion (pp. 38-47)
  4. Proposed Amendment to Policy 2.1 Campus Student Associations (First Reading) (pp. 48-50)
  5. Proposed Amendment to Policy 3.7 Statewide Student Association (First Reading) (pp. 51-53)
  6. Proposed Amendment to Policy 3.29 College and University Transcripts (First Reading) (pp. 54-55)
- 3:00 PM Study Session Two: Board of Trustees, Michael Vekich, Chair
- Strategies for Managing Strategic Risks
- 4:00 PM Meeting Ends
- 5:00 PM Dinner (social event, not a meeting)

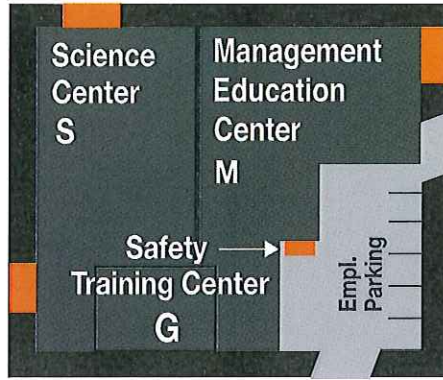
**WEDNESDAY, JANUARY 27, 2016**

- 8:00 AM Audit Committee, Robert Hoffman, Chair
1. **Minutes of November 17, 2015 (pp. 1-8)**
  2. NCAA Agreed Upon Procedures External Audit (pp. 9-14)
  3. Progress on Recommendations from January 2015 Payroll Special Review (pp.15-17)

4. MSU, Mankato Internal Control and Compliance Audit (pp. 18-34)
- 9:00 AM Finance and Facilities Committee, Jay Cowles, Chair
1. **Minutes of November 17, 2015, Joint Meeting with the Diversity and Equity Committee (pp. 1-7)**
  2. **Minutes of November 18, 2015**
  3. **Approval of Contracts Exceeding \$1M for: (pp. 13-19)**
    - **Retirement Program Recordkeeping**
    - **E-Procurement Vendor**
    - **Oracle Service Agreement**
    - **Microsoft Office 365 License**
    - **Student Housing Module Vendor**
    - **Grant Award to Minnesota West Community and Technical College**
    - **MSU, Mankato Bookstore Vendor**
    - **MSU Moorhead Renovation of South Snarr**
    - **Bemidji State University Phone Service Vendor**
  4. Proposed Amendments to Board Policy 5.9 Biennial Budget Planning (First Reading) (pp. 20-25)
  5. FY2015 Financial Statement Review and FY2016-FY2017 Operating Budget Update (pp. 26-53)
  6. Discussion of FY2018 Capital Planning Guidelines (First Reading) (pp. 54-70)
  7. Update on the Work of the Long Term Financial Sustainability Workgroup (pp. 71-87)
  8. FY2018-FY2019 Operating Budget Outlook (pp. 88-102)
- 11:00 AM Study Session Three: Board of Trustees, Michael Vekich, Chair
- Charting the Future Update
- 12:00 PM Closed Session: Human Resources Committee, Dawn Erlandson, Chair  
Pursuant to Minn. Stat. § 13D.03 (Minnesota Open Meeting Law) (2015) Labor Negotiations Strategy
- Minnesota State College Faculty
- 12:15 PM Board of Trustees Luncheon, Plaza Dining Room, First Floor, T.1400
- 1:15 PM Human Resources Committee, Dawn Erlandson, Chair
1. **Minutes of November 17, 2015 (pp. 2-5)**
  2. **Appointment of Interim President of Rochester Community and Technical College (pp. 6-7)**
- 1:30 PM Board of Trustees Meeting, Michael Vekich, Chair
- 3:00 PM Meeting Ends

Minneapolis Community & Technical College  
1501 Hennepin Ave.  
Minneapolis, MN 55403

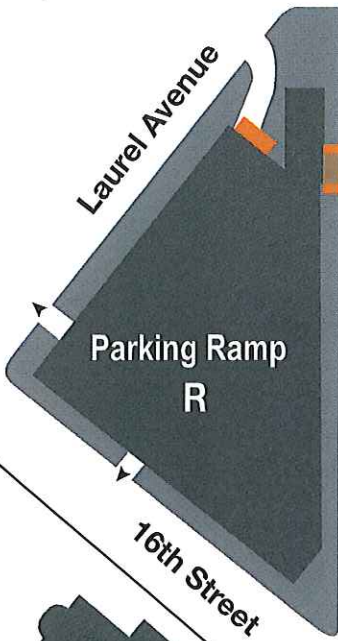
13th Street



Harmon Place

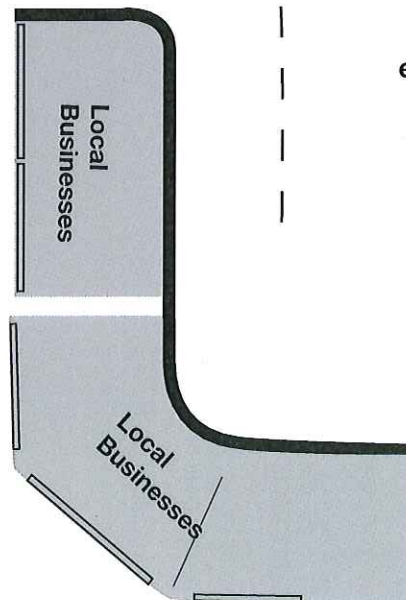
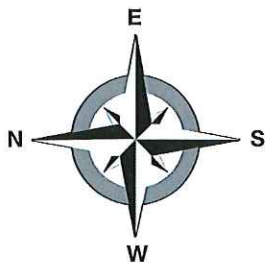
Yale Place

Spruce Street



Hennepin Avenue

Maple Street



entrances

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**APPROVED FY2016 - FY2017 MEETING CALENDAR**

**BACKGROUND**

The board approved the calendar on June 17, 2015. The calendar is subject to change with the approval of the board chair.

**Approved FY2016 Meeting Dates**

<b>Meeting</b>	<b>Date</b>	<b>If agendas require less time, these dates will be cancelled.</b>
Added: Closed Session Chancellor Performance Review Committee	August 24, 2015	
Orientation and Board Retreat	September 15-16, 2015	
Added: Board of Trustees Closed Session: Chancellor Performance Review Committee / Board Meetings	September 28, 2015	
Added: Executive Committee	October 20-21, 2015	October 20, 2015
Added: Executive Committee	November 12, 2015	
Committee / Board Meetings	November 17-18, 2015	November 17, 2015
Added: Executive Committee	December 14, 2015	
Added: Executive Committee	January 7, 2016	
Committee / Board Meetings	January 26-27, 2016	January 26, 2016
Committee / Board Meetings	March 15-16, 2016	March 15, 2016
Committee / Board Meetings Awards for Excellence in Teaching	April 19-20, 2016	
Committee / Board Meetings	May 17-18, 2016	May 17, 2016
Committee / Annual Board Meetings	June 21-22, 2016	

**Approved FY2017 Meeting Dates**

<b>Meeting</b>	<b>Date</b>	<b>If agendas require less time, these dates will be cancelled.</b>
Orientation and Board Retreat	September 20-21, 2016	
Committee / Board Meetings	October 18-19, 2016	October 18, 2016
Committee / Board Meetings	November 15-16, 2016	November 15, 2016
Committee / Board Meetings	January 24-25, 2017	January 24, 2017
Committee / Board Meetings	March 21-22, 2017	March 21, 2017
Committee / Board Meetings Awards for Excellence in Teaching	April 18-19, 2017	
Committee / Board Meetings	May 16-17, 2017	May 16, 2017
Committee / Annual Board Meetings	June 20-21, 2017	June 20, 2017



BOARD OF TRUSTEES  
Policy Committees  
July 23, 2015

**Executive Committee**

Michael Vekich, Chair  
Margaret Anderson Kelliher, Vice Chair  
Jay Cowles, Treasurer  
Thomas Renier, Immediate Past Chair  
Alexander Cirillo  
Dawn Erlandson  
Robert Hoffman

**Diversity and Equity Committee**

Duane Benson Chair  
Louise Sundin, Vice Chair  
Ann Anaya  
Kelly Charpentier-Berg  
Erma Vizenor

**Academic and Student Affairs Committee**

Alexander Cirillo, Chair  
Louise Sundin, Vice Chair  
Duane Benson  
Dawn Erlandson  
Maleah Otterson  
Thomas Renier  
Elise Ristau

**Finance and Facilities Committee**

Jay Cowles, Chair  
Thomas Renier, Vice Chair  
Ann Anaya  
Philip Krinkie  
Maleah Otterson  
Erma Vizenor

**Audit Committee**

Robert Hoffman Chair  
Philip Krinkie, Vice Chair  
Kelly Charpentier-Berg  
Jay Cowles  
Erma Vizenor

**Human Resources Committee**

Dawn Erlandson, Chair  
Ann Anaya, Vice Chair  
Margaret Anderson Kelliher  
Duane Benson  
Alexander Cirillo  
Robert Hoffman  
Elise Ristau



**BOARD OF TRUSTEES AND LEADERSHIP COUNCIL  
STUDY SESSION  
TUESDAY, JANUARY 26, 2016  
10:00 AM**

**MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE  
ROOM 3000, WHITNEY HALL  
1501 HENNEPIN AVENUE  
MINNEAPOLIS, MN**

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Study Session One: Board of Trustees and Leadership Council  
Michael Vekich, Chair and Steven Rosenstone, Chancellor

- Strategies for Addressing the Impact of Poverty on our Students

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>INFORMATION ITEM</b>
<b>BOARD OF TRUSTEES AND LEADERSHIP COUNCIL STUDY SESSION ONE</b>

**STRATEGES FOR ADDRESSING THE IMPACT OF POVERTY ON OUR STUDENTS**

This is the first of what we hope will be several study sessions to better understand the needs of our students and how our colleges and universities can do a better job serving them.

During November’s Academic and Student Affairs Committee, we saw that

- 36% of our students (92,000) are Pell-eligible, compared to 23% a decade ago.
- 62% of our students receive some form of financial aid – up about 10 points over the past decade.

Those with high financial need don’t succeed at our colleges and universities as well as those with little or no financial need:

How hospitable are our campuses to students living in poverty, who are homeless and/or hungry and are struggling to hold body and soul together while pursuing their education? How can we better understand the struggles of students in poverty? What do our colleges and universities look like from their point of view? What do we need to change to do a better job?

Dr. Donna Beegle’s life work has focused on these kinds of questions – questions we need to address if we are going to break the iron cage of poverty, as she puts it.

Dr. Beegle is author of several books, including *An Action Approach to Educating Students who Live in the Crisis of Poverty*, and has worked with educators, social service agencies, and other organizations who strive to make a difference for people living in the crisis of poverty. Donna grew up in poverty and struggled with poverty through a good part of her life. In her mid-20s she started down a path that began with completion of her G.E.D., then an A.A. in journalism, a B.A. and Masters in Communication, and eventually a doctorate in Educational Leadership. In 1989 she co-founded Communication Across Barriers – she serves as its president – and in 2014 was named a Woodrow Wilson Princeton Fellow.

Her life’s work and passion are to help people who are trapped in poverty. In Donna’s words, “This can only happen if the voices of those struggling with poverty can be heard and their perspectives understood.”



The study session is devoted to better understanding the voices of those struggling with poverty and to better understand how we should reshape our colleges and universities to meet the needs of students who are struggling to break the iron cage of poverty.

**Scheduled Presenter:**

Dr. Donna M. Beegle, Communication Across Barriers

## **Donna Beegle**

Dr. Donna M. Beegle, is an authentic voice who speaks, writes, and trains across the nation to break the iron cage of poverty. She is the author of “See Poverty, Be The Difference,” and “An Action Approach to Educating Students Who Live in the Crisis of Poverty.” Donna’s inspiring story and work have been featured in newspapers around the nation, and on local and national TV, including PBS. For 25 years, Donna has worked with educators, justice professionals, health care providers, social service agencies, and other organizations who want to make a difference for those living in the crisis of poverty.

She was selected 2008 National Speaker of the Year by the New Mexico State Bar Foundation. In 2010, Portland State University's School of Social Work dedicated the Donna M. Beegle Community Classrooms in her honor. In 2011, she received the Oregon Ethics in Business award.

Donna is the only member of her family who has not been incarcerated. After growing up in generational migrant labor poverty, leaving school for marriage at 15, having two children and continuing to cope with poverty, she found herself, at 25, with no husband, little education, and no job skills. What followed were: self-confidence, a G.E.D., an A.A. in Journalism, a B.A. (with honors) in Communications, a master’s degree in communication with a minor in gender studies (with honors), and completion of a doctorate in Educational Leadership. Donna co-founded *Communication Across Barriers* with her mentor, Dr. Bob Fulford in 1989. She currently serves as president.

Donna lives in Tigard, Oregon with her husband and three children.



**ACADEMIC AND STUDENT AFFAIRS COMMITTEE**  
**JANUARY 26, 2016**  
**1:30 P.M.**

**MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE**  
**ROOM 3000, 1501 HENNEPIN AVENUE**  
**MINNEAPOLIS, MN**

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**ACADEMIC AND STUDENT AFFAIRS COMMITTEE**

Alexander Cirillo, Chair  
Louise Sundin, Vice Chair  
Duane Benson  
Dawn Erlandson  
Maleah Otterson  
Thomas Renier  
Elise Ristau

**Bolded** items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
ACADEMIC AND STUDENT AFFAIRS COMMITTEE  
NOVEMBER 17, 2015**

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*Academic and Student Affairs Committee Members Present: Chair Alexander Cirillo; Trustees Duane Benson, Dawn Erlandson, Maleah Otterson, Thomas Renier, Elise Ristau and Louise Sundin.*

*Other Board Members Present: Trustees Margaret Anderson Kelliher, Kelly Charpentier-Berg, Robert Hoffman, Jay Cowles, Michael Vekich and Erma Vizenor.*

The Minnesota State Colleges and Universities Academic and Student Affairs Committee held a meeting on October 20, 2015 at Wells Fargo Place, 4<sup>th</sup> Floor, McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Academic and Student Affairs Committee Chair Alexander Cirillo called the session to order at 2:33 pm.

**1. Minutes of the October 20, 2015 Academic and Student Affairs Committee meeting**

*Trustee Erlandson moved and Trustee Ristau seconded that the minutes from the October 20, 2015 meeting be approved as written. Motion carried.*

**2. ASA Fall Leadership Conference Update – Vice Chancellor Ron Anderson**

Each fall the Academic and Student Affairs division hosts a leadership conference for system academic and student affairs administrators. The conference provides an opportunity for administrators to discuss critical issues facing their colleges and universities and to share best practices, Vice Chancellor Anderson said.

This year's nearly 70 conference sessions focused on the theme of leading for change, equity and inclusion. Luke Wood and Frank Harris, professors at San Diego State University, offered a keynote address and several break-out sessions on ways to achieve positive learning outcomes for students of color. Chancellor Rosenstone also addressed the group.

During an evening meal, an awards ceremony honored programs for being innovative and exemplary in partnering and collaboration, global education, student affairs and in curriculum development. Also recognized as the year's outstanding academic and student affairs administrators were Tom Williamson from Minneapolis Community Technical College and David Jones from Minnesota State University, Mankato.

The ceremony was attended by Chair Cirillo. Trustee Sundin said she has attended the awards ceremony before and asked that she and other trustees be invited to this event, as well as others like it, in the future.

### **3. Charting the Future: Implementation Update of Academic and Student Affairs Initiatives – Ron Anderson**

Of the 21 initiatives in the Charting the Future work plan, 13 are in the academic and student affairs area, Vice Chancellor Anderson said. The role of system office staff will be to support campus-based teams and the Leadership Council by assisting with the coordination and communication of activities and strategies. Initiatives include:

- Providing support on the evaluation of online and technology resources, services and strategies to meet the needs of both current and future students. This will include exploring emerging technologies and offering professional development opportunities for students, faculty and staff.
- Supporting the Leadership Council in developing shared strategies for colleges and universities to deliver comprehensive workplace solutions and provide support to competency-certification and credit-for-prior learning pilots.
- Providing professional development to increase faculty and staff intercultural and global competency and to increase the understanding and use of culturally relevant pedagogy.
- Engaging existing groups, such as the ASA Policy Council, in policy review and revision to mitigate unintended consequences and remove unnecessary barriers for students.

Workgroups of campus faculty, administrators and system office staff will address initiatives where collaborative approaches are needed, such as the transfer pathways plan. An academic workgroup will assist campus-based groups in researching best practices and developing recommendations pertaining to advising. Existing campus technology and resources used to support student completion and retention will be evaluated by an education technology workgroup.

Campus and union appointments to these teams and workgroups are being gathered and they will be convened in the coming weeks, Vice Chancellor Anderson said. Updates will be offered at future meetings.

### **4. Student Demographics**

#### **Presenters:**

Ron Anderson, Vice Chancellor for Academic and Student Affairs  
Craig Schoenecker, Senior System Director for Research

This presentation covered trends in college and university enrollment and student characteristics and will serve as context for Board discussions and deliberations throughout the year.

Trustees were offered data on student demographics:

- In 2015, the system served 395,700 students in credit and non-credit courses.
- Total student headcount peaked during the recession and has decreased since 2013, but remains 6,000 students above 2008 levels.

- Students of color and American Indian students accounted for 24 percent of credit students in 2015, up from 15 percent in 2006.
- Pell-eligible students accounted for 36 percent of credit students in 2015, up from 23 percent in 2006.
- Over one-third of credit students are 25 years old or older.
- First-time undergraduate students account for 36 percent of credit students.
- Part-time students accounted for 51 percent of credit students in 2015, up from 43 percent in 2006.
- College and university student completion rates vary by college readiness and financial need.
- 62 percent of students receive some form of financial aid in 2015, up from 53 percent in 2005.
- 27 percent of bachelor's degree graduates, 34 percent of associate degree graduates and 46 percent of certificate degree graduates complete their degree with no student loan debt.

In the near future, the average “new” student in the system will be a person of color or of American Indian heritage. His or her average age will be 26. Students will most likely be Pell-grant eligible, be enrolled on a part-time basis and will have parents who did not earn a bachelor's degree, Senior System Schoenecker said.

Trustee Cowles asked about student debt data, especially as it pertains to loans and the impact they have on students.

Chancellor Rosenstone said the system is focusing efforts on dramatically increasing student scholarships and grants and is not promoting affordability through excessive use of student loans. Trustees need to consider what a “manageable” debt load is for students in terms of their potential earnings after graduation, he said.

Trustee Benson noted that the state's funding formula for college students is outdated. K-12 schools receive funding on a per-pupil basis, but that is not the case for higher education.

Representatives from North Hennepin Community College and Metropolitan State University offered presentations on how their campuses are responding to the changing demographics of their students.

### **North Hennepin Community College**

#### **Presenters:**

Barbara McDonald, President  
Landon Pirius, Vice President  
Michael Birchard, Chief Diversity Officer

President McDonald offered a profile of the student body at her college:

- 72 percent of students attend college part-time and 28 percent attend fulltime.
- 57 percent are female and 42 percent are male.
- The average student age is 27.

- 45 percent are student of color or American Indian students. In 2006, there were 3,000 students of color and now the total is 4,500 and growing.
- 45 percent of enrolled students are low income.
- 59 percent are first-generation students.

President McDonald said a new, student-focused initiative on her campus is a “free” campus health services center. This initiative was spurred by students’ request and is funded by a \$1-per-credit student fee. Students are being surveyed on the level and types of services desired and an existing campus site is being reconfigured into a health care office with two exam rooms. The center is expected to open this summer.

Other initiatives aimed at helping students include a campus food shelf, a subsidy for bus transportation, personal and mental health counseling and increased funding to assist students facing emergencies.

Chief Diversity Officer Michael Birchard said the college is striving to create environments in which the needs of diverse populations are understood and celebrated. Staff-led initiatives, such as the black men’s leadership group, has been successful in the retention rate of participants. Additional student groups have since been formed, including ones focused on women, Latino success, Asian heritage and American Indian education initiatives.

North Hennepin Community College has worked to design relevant curriculum and promote faculty practices that support student engagement and success, such as accelerated developmental education curriculum and faculty engagement best practices, Birchard said.

Vice President Pirius described the use of predictive analytics to drive change at the college and impact student success. Promising initiatives include strategic enrollment management and mandatory orientation and advising.

McDonald said the college also is making efforts to recruit staff and faculty that mirror the student body. Between 2013 and 2015 there was a 4 percent increase in diverse faculty, she said.

### **Metropolitan State University**

#### **Presenters:**

Devinder Malhotra, Interim President

Ginny Arthur, Executive Vice President and Provost

Interim President Malhotra said Metropolitan State University’s mission, as well as its diverse student body and faculty, are quintessentially urban. The school’s demographic profile shows:

- Of the 11,500 student at Metropolitan State University, 26 percent are American Indian/non-white.
- Two-thirds are part-time students.

- 41 percent are historically underserved.
- 42 percent are Pell-eligible.
- 23 percent are first-generation students.
- The average student age is 32.

The university's mission and vision is based on the concept of providing accessible, high-quality education with a continued emphasis on underserved groups, Malhotra said. Faculty, staff and students reflect the area's rich diversity and the university strives to build a competent, anti-racist learning community.

Provost Arthur said the university creates an inclusive environment through community engagement. For example, "Love Grows Here" is an initiative in which students serve meals and offer basic wellness checks, foot care and oral hygiene education in a church building near campus. The university's social work students offer services at various diverse learning locations, such as the Guadalupe Alternative Learning Center. Both of these initiatives have been well received by the diverse urban communities, Arthur said.

Inclusion takes many forms on the Metropolitan State University campus. For example, a racial issues graduation requirement has been adopted and a faculty development workshop called "Race Matters" was developed, Arthur said. There are cultural coordinators and dedicated admissions liaisons in student services. A campus auditorium is being updated to host Hmong, African-American and international film festival.

Metropolitan State University also has been recognized by the International Center for Academic Integrity for its academic integrity policy revision, Arthur said.

The role of student advisors in promoting student success cannot be underestimated, Trustee Renier said. He said it is important to ensure student advisors are trained to be cognizant of cultural differences.

Vice Chancellor Anderson agreed that advising is a major concern. Faculty, staff and campus leaders need to understand the complex life issues students are facing and offer effective ways for them to navigate them, he said.

The meeting adjourned at 4:08 pm  
Respectfully submitted,  
Margie Takash, Recorder



**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Academic & Student Affairs

**Date:** January 26, 2016

**Title:** Metro Baccalaureate Update

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input checked="" type="checkbox"/> Information             |   |

**Brief Description:**

This presentation updates the board on system efforts to grow baccalaureate completion in the Twin Cities metropolitan area. Recent work identifying and quantifying program expansion by the state universities provides the structure for future program delivery and the creation of a comprehensive array of program offerings aligned with high growth, high demand industry sector needs. The update will provide an overview of program delivery strategy, the metro baccalaureate student experience, and remaining steps to be taken in completing the metro baccalaureate plan.

**Scheduled Presenter(s):** Ron Anderson, Vice Chancellor for Academic and Student Affairs  
Lynda Milne, Associate Vice Chancellor for Academic Affairs  
Todd Harmening, System Director for Planning and Collaboration

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>INFORMATION ITEM</b>
<b>METRO BACCALAUREATE UPDATE</b>

**BACKGROUND**

This presentation updates the board on system efforts to grow baccalaureate completion in the Twin Cities metropolitan area. Recent work identifying and quantifying program expansion by the state universities provides the structure for future program delivery and the creation of a comprehensive array of program offerings aligned with high growth, high demand industry sector needs. The update will an overview of the following:

- Work completed since the last metro baccalaureate update
- Results of program capacity assessment and planning
- The baccalaureate student experience
- Next steps
- Strategic questions

## Metro Baccalaureate Update



Board of Trustees  
Academic and Student Affairs Committee

January 26, 2016



## Presentation agenda

- Update on work completed since the last metro baccalaureate update
- Results of program capacity assessment and planning
- Overview of the metro baccalaureate student experience
- Next steps
- Strategic questions



## Work that has been completed since our last update

Task	Completed
Comprehensive inventory of program offerings in metro area	✓
University assessments of capacity to offer programming in metro area and identification of programs to be offered	✓
Forecasting of incremental degrees awarded by program	✓
Mapping of proposed programs to key industry sectors	✓
Review of programs plans with university presidents and provosts and metro college presidents and chief academic officers	✓
Identification of program area and attainment gaps	✓
Preliminary determination of program locations	✓



## Work to be completed during spring semester

Task	To be completed by:
Complete enrollment projections for existing college programs and proposed baccalaureate programs	31-Jan-16
Complete space utilization analysis and capacity determination, and finalize program locations	31-Jan-16
Finalize criteria for ongoing program planning	31-Mar-16
Complete development of student services model	1-Jun-16
Complete development of revenue and expense sharing model	1-Jun-16
Development of marketing strategy aligned with system branding	1-Jun-16



## We are on track to:

- 1 Meet the incremental need for baccalaureate attainment over the next decade
- 2 Provide programming in each high-demand, high-growth sector identified by *GreaterMSP*
- 3 Address gaps in proposed programming
- 4 Provide access to baccalaureate programming offered at locations across the metro area, with an emphasis on locations accessible via public transportation



## How we will meet the need for baccalaureate education in the metro area

- 1 The seven state universities will strategically and collaboratively expand baccalaureate programming in the metro area
  - Anchored by Metropolitan State University
  - Augmented by Greater Minnesota universities
- 2 Programs will be located on all metro area college campuses, with the largest concentration of offerings on the western and northwestern metro campuses
- 3 Use existing campus facilities without the need to incur additional capital expenditures for new buildings



Growth of Metropolitan State University addressing 50% of incremental growth  
Growth of Greater Minnesota State Universities offerings in the metro area addressing 30% of incremental growth  
Growth of Greater Minnesota State Universities offerings outside the metro area addressing 20% of incremental growth



## The baccalaureate student experience

- 1 Access to a full array of high growth, high demand baccalaureate programs
- 2 Range of baccalaureate options available to students at metro area colleges, at Metropolitan State University, and at Greater Minnesota state universities
- 3 Support services on metro campuses that ease student transition and closely parallel the experience at a state university campus
- 4 Full benefits of enrolling in a collaborative system of colleges and universities



Our baccalaureate strategy aims to create a consistent MnSCU experience for students in the metro area that not only builds the expectation that transfer minded students will remain within the system but also smooths the way for them to do so.

## Strategic Questions

- What additional strategies should we advance to meet our objective of growing baccalaureate program offerings?
- What could we do to gain more external input, support, and visibility for our metro area baccalaureate efforts?



## Background Materials



## The Opportunity

### Problem Statement

We are underserving the Twin Cities Metropolitan area, and need to significantly increase access to and completion of baccalaureate programs.

### Potential Solution

Bring the power and collaborative capacity of seven state universities together, in partnership with our metro colleges, to provide metro students with access to a full range of baccalaureate programs and services.

The metro baccalaureate strategy has been guided by the following challenges:

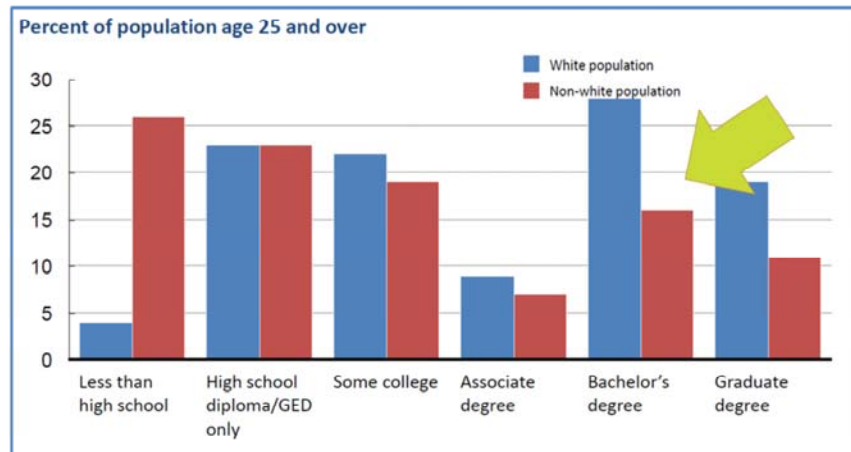
- We must respond to growing demand in the Twin Cities metropolitan area for employees with baccalaureate credentials
- We must serve students who have traditionally been underrepresented in higher education and/or have location constraints
- We lose a significant number of transfer-minded students who complete their associate's degrees

There is a growing need for an educated workforce –  
 420,000 incremental new jobs will require post-secondary  
 credentials

	2010	2020	2030	2040
Population	2,850,000	3,144,000	3,447,000	3,743,000
Employment	1,548,000	1,743,000	1,943,000	2,118,000
Incremental employment		195,000	395,000	570,000
Incremental employees needed with post-secondary credentials		144,300	292,300	421,800
Incremental employees needed with baccalaureate degrees		74,170	150,242	216,805

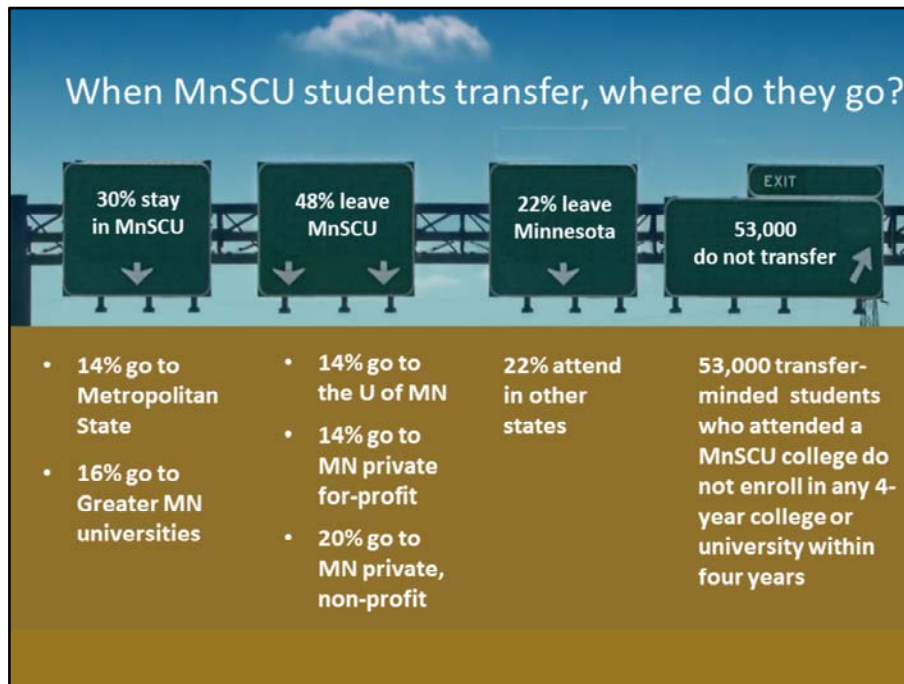
The Twin Cities population is forecast to grow by nearly a million people over the next three decades, accompanied by the growth of more than half a million new jobs. Of those 570,000 new jobs, more than a third (216,805) will require a baccalaureate degree.

## The fastest growing populations have been the least likely to participate in post-secondary education



The forecasted Twin Cities population growth will occur entirely among people of color and American Indians; populations that have historically been underrepresented and underserved in higher education.

As can be seen in the graph above representing degree attainment nationally, the largest gap in degree attainment between the white majority and people of color/American Indians exists at the baccalaureate level.

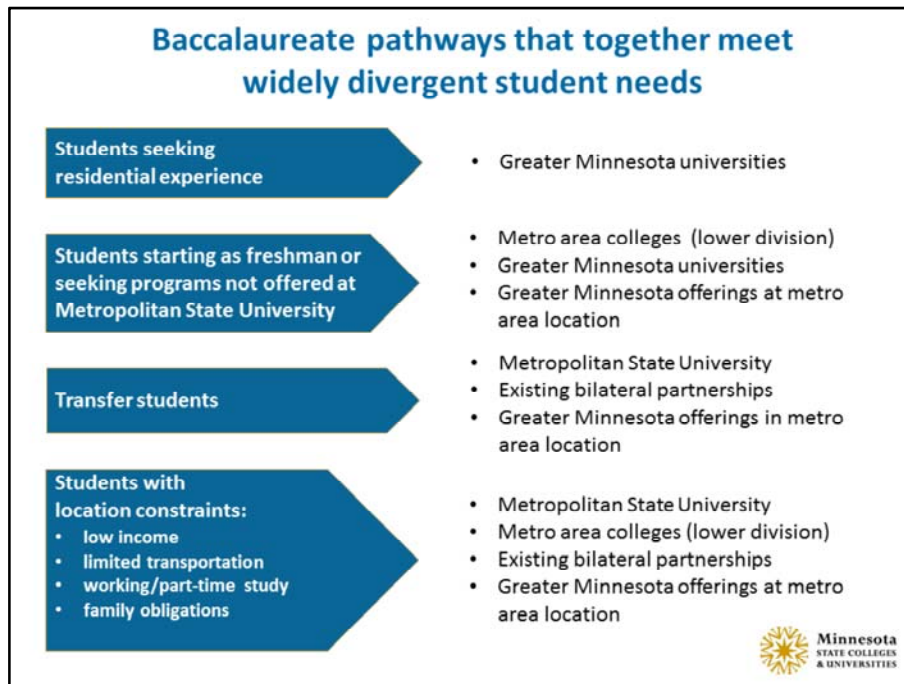


Historically, nearly  $\frac{3}{4}$  of the 100,000 students that attend one of our two-year metro colleges indicate that they intend to complete a bachelor's degree at some time in the future.

While 30% of these transfer-minded college students subsequently enroll in a MnSCU university, 70% do not:

- 48% of our transfer-minded college students remain in Minnesota but enroll in a non-MnSCU institution
  - 14% transfer to the U of MN
  - 14% transfer to a private, for-profit college or university
  - 20% transfer to a private, non-profit college or university
- 22% enroll in an institution outside the state

Most concerning of all is that approximately two-thirds of our transfer minded students who start on the road to a baccalaureate degree at a metro area college do not enroll in any college or university within four years of leaving us. If we are to meet the future need for baccalaureate educated workers in Minnesota, we must provide additional opportunity for these students to enroll in one of our universities.



Meeting the baccalaureate needs of metro area students would be relatively simple if our students were all the same: had the same demographic characteristics, the same support needs, and the same economic opportunity. We know, however, that this is not the case.

While the diversity of our student body is a core strength of our system, it brings along with it challenges that require us to provide multiple approaches and pathways to meet these differing needs, desires, and life situations.

While some of our students seek traditional residential experiences, others are limited in their mobility due to family or work obligations and/or limited access to transportation. As a result, our approach to baccalaureate education must be multi-pronged to meet the needs of all potential students.



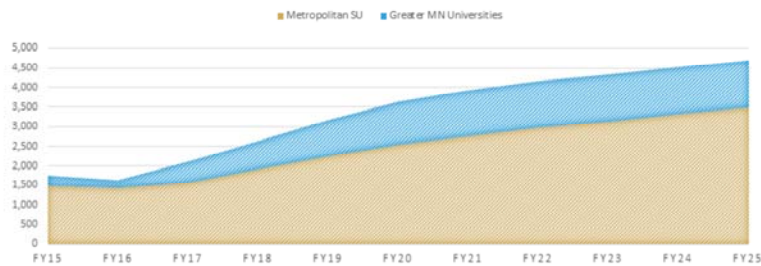
## Baccalaureate Growth Strategy

Grow Metropolitan State University	~50% of incremental need by 2040
Grow Greater Minnesota programs offered in the metro area	~30% of incremental need by 2040
Grow Greater Minnesota programs offered outside the metro area	~20% of incremental need by 2040

- Grow Metropolitan State University programs to meet ~50% of need by 2040
- Grow Greater Minnesota programs offered in the metro area ~30% of the incremental need by 2040
- Grow Greater Minnesota programs offered outside the metro area ~20% of the incremental need by 2040

## Targets for Baccalaureate Completion

### PROJECTED TOTAL BACCALAUREATE AWARDS FOR TWIN CITIES METRO AREA PROGRAMS



Annual Graduates	Current	2020	2025
Target	2,000	3,000	5,000
Preliminary Forecast		3,640	4,705

In order to meet the overall demand for baccalaureate degrees by 2040, we have identified incrementally increasing attainment targets for the next 25 years. Over the next decade we are forecasting the need for 5000 annual baccalaureate degrees. Based on an aggregation of the individual university forecasts provided in the REII, we anticipate reaching the intended target with modest additional programming beyond that which has been identified to date.

## Program Capacity Assessment and Planning

- 1 Comprehensive understanding of baccalaureate programs currently being offered in the metro area, programs under development, and future program development intentions
- 2 Estimates of incremental baccalaureate awards to be conferred within each area/discipline
- 3 Identification of major challenges and opportunities, and corresponding strategies to address these challenges
- 4 Identification of baccalaureate programs of interest to current metro college students



Consistent with the metro baccalaureate update presented to the ASA Committee last June, ASA staff worked with all seven university presidents and provosts last fall to assess university interest in and capacity for expanding baccalaureate programming in the metro area. This assessment was completed through the issuing of a *Request for Expressions of Interest and Intent (REII)*, from which a comprehensive view of potential programming was developed and is under collaborative refinement. Concurrently, metro area colleges were asked to identify the baccalaureate programs that were of greatest interest to their students.

High-growth, high-demand sectors targeted by <i>GreaterMSP</i>	
<b>Financial Services and Insurance</b> <ul style="list-style-type: none"> <li>• Financial advisory</li> <li>• Banking</li> <li>• Insurance</li> </ul>	<b>Health and Life Sciences</b> <ul style="list-style-type: none"> <li>• Biotechnology</li> <li>• Medical devices</li> <li>• Healthcare IT</li> <li>• Healthcare providers</li> </ul>
<b>Innovation Technology &amp; Advanced Manufacturing</b> <ul style="list-style-type: none"> <li>• Advanced manufacturing</li> <li>• R&amp;D centers</li> <li>• Software/IT development</li> <li>• Energy/renewables</li> </ul>	<b>Headquarters &amp; Business Services</b> <ul style="list-style-type: none"> <li>• Business headquarters</li> <li>• Creative services</li> <li>• Professional services</li> <li>• Data centers</li> </ul>
<b>Food and Agribusiness</b> <ul style="list-style-type: none"> <li>• Agribusiness</li> <li>• Nutrition</li> <li>• Agrichemicals</li> <li>• Seed production</li> </ul>	<ul style="list-style-type: none"> <li>• Water filtration</li> <li>• Water purification</li> <li>• Food processors</li> <li>• Food production</li> </ul>

As shared in previous metro baccaureate presentations, we have been focusing our program planning on the high-growth, high demand employment sectors, as well as those areas in greatest demand by students. While these sectors and jobs often do not map to a single, specific baccaureate program, they do provide significant guidance to relevant academic disciplines and program clusters.

The baccaureate programs put forward by the state universities are organized in the appendix slides by each of these industry sectors. In addition to these programs, it is worth noting that our state universities currently offer a number of liberal arts programs that also serve these sectors.

## Results of Program Capacity Assessment

- 1 Projections indicate that we are on track to meet near term (next decade) targets for baccalaureate growth
- 2 Additional program planning will need to occur over the coming months to address gaps in industry sector need
- 3 Areas of duplication among interests of Greater Minnesota state universities and offerings at Metropolitan State University will require further review and discussion
- 4 Metro colleges and the state universities are committed to building strong collaborative partnerships in student services and shared financing and facilities



## Where will these new baccalaureate programs be offered?

- 1 Cushman-Wakefield analysis identified the northwest quadrant of the metro as a primary area for expansion, with significant untapped adult learner markets
- 2 Greater Minnesota state universities program offerings will be located primarily in the west metro area, building on existing college partnerships
- 3 Metropolitan State University will continue to offer programs on college campuses across all of the metro area



## What facilities will be used to deliver these new baccalaureate programs?

- 1 Existing capacity at Metropolitan State University and on metro area college campuses will adequately support the growth of baccalaureate program offerings for the next decade. We will not pursue the construction or leasing of a new building.
- 2 Metropolitan State University will continue to focus its program offerings on its main campus, distributed community sites, and metro area college campuses.



## Charting the Future work that will support our metro baccalaureate strategy

- 1 Academic planning and collaboration
- 2 Advising
- 3 Transfer pathways
- 4 Bachelor's of Applied Science (BAS) program expansion



## Key tasks remaining: Subgroup Work

Academic programs	Student services
Finalize the process and criteria for ongoing program planning, collaboration, and coordination across the metro area <ul style="list-style-type: none"> <li>• Unnecessary duplication</li> <li>• Program-industry cluster strategy</li> <li>• Possible shared faculty and programming</li> </ul>	Finalize a model for delivering services to students enrolled online or in baccalaureate programs at metro colleges <ul style="list-style-type: none"> <li>• Bilateral college-university or broader consortia approach led by Metropolitan SU or Campus Services Cooperative</li> <li>• Online student services</li> </ul>
Finance and facilities	Marketing and engagement
Define a model for college-university partnerships to support and share costs, revenue, and physical space <ul style="list-style-type: none"> <li>• Common business processes and cost structures</li> <li>• Parameters for space scheduling and use (library, classroom, offices, etc.)</li> </ul>	Develop an internal and external communication and engagement strategy <ul style="list-style-type: none"> <li>• Collective marketing strategy to promote all programs across metro colleges</li> <li>• Engagement of faculty interested in collaborative program delivery in metro area</li> </ul>

During the coming months, subgroups of state university and college vice presidents will work with ASA and Finance staff to develop and refine the collaborative framework and key processes to support the execution of our baccalaureate strategy. This includes finalizing:

- the process and criteria for ongoing program planning, collaboration and coordination,
- the student services delivery model,
- a revenue and expense sharing model and shared facility agreements, and
- a marketing strategy aligned with system branding efforts.

## Appendix: Program Array by Sector



## Financial Services and Insurance Sector

Metropolitan State University	Greater Minnesota State Universities
<ul style="list-style-type: none"><li>• Accounting</li><li>• Applied Analytics</li><li>• Business Administration</li><li>• Economics</li><li>• Entrepreneurship</li><li>• Finance</li><li>• Management</li><li>• Statistics</li></ul>	<ul style="list-style-type: none"><li>• Accounting</li><li>• Business Administration</li><li>• Data Analytics</li><li>• Economics</li><li>• Entrepreneurship</li><li>• Finance</li></ul>



Within this sector, there is significant overlap among the program offerings proposed by great Minnesota state universities and the existing program offerings of Metropolitan State University. Discussions among ASA staff, university provosts and CAOs are focused on creating appropriate decision criteria for use in determining when multiple programs within the same discipline or field are appropriate and necessary to meet demand, and when such duplication is detrimental.

## Health and Life Sciences Sector

Metropolitan State University	Greater Minnesota State Universities
<ul style="list-style-type: none"><li>• Biochemistry</li><li>• Biology</li><li>• Cell Biology</li><li>• Chemistry</li><li>• Chemistry Teaching</li><li>• Dental Hygiene</li><li>• Ecology/Environmental Biology</li><li>• Environmental Science</li><li>• Geology/Geoscience/Hydrology</li><li>• Health Communications</li><li>• Materials Science</li><li>• Neuroscience</li><li>• Nursing</li><li>• Physics</li></ul>	<ul style="list-style-type: none"><li>• Clinical Lab Science</li><li>• Health Information</li><li>• Medical Technology</li></ul>



With the opening of the new science building at Metropolitan State University, there will be a significant increase in health and life science programming. Analysis of the space utilization among existing classrooms and labs at our metro colleges is also underway, and will likely reveal additional capacity for expansion on some college campuses.

Additional expansion of critical STEM program offerings may be needed in order to meet growing demand for these graduates in a timely manner.

## Innovation Technology and Advanced Manufacturing Sector

Metropolitan State University	Greater Minnesota State Universities
<ul style="list-style-type: none"><li>• Computer Forensics</li><li>• Computer Information Technology</li><li>• Computer Science</li><li>• Information Assurance</li><li>• Management Information Systems</li><li>• Industrial Management</li></ul>	<ul style="list-style-type: none"><li>• Computer Applications Development</li><li>• Computer Information Systems</li><li>• Construction Management</li><li>• Information Technology Security</li><li>• Software Engineering</li><li>• Tech Management</li><li>• Applied Engineering</li><li>• Integrated Engineering</li><li>• Operations Management</li><li>• Supply Chain Management</li></ul>



Much of the state university capacity in this industry area is focused in Information Technology. Additional programming to be offered by greater MN universities will be critical to broadening access and meeting workforce demand in the next decade.

Programmatic gaps in engineering, emerging IT fields, and other innovation technology areas will need to be addressed, and will require significant program development and investment.

## Headquarters and Business Services Sector

Metropolitan State University	Greater Minnesota State Universities
<ul style="list-style-type: none"> <li>• Accounting</li> <li>• Actuarial Science</li> <li>• Actuarial Linguistics</li> <li>• Advertising and Business Management</li> <li>• Applied Analytics</li> <li>• Business Administration</li> <li>• Economics</li> <li>• Entrepreneurship</li> <li>• Finance</li> <li>• International Business</li> <li>• International Commerce</li> <li>• Management</li> <li>• Marketing</li> <li>• Statistics</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting</li> <li>• Business Administration</li> <li>• Data Analytics</li> <li>• Economics</li> <li>• Entrepreneurship</li> <li>• Finance</li> <li>• Management</li> <li>• Marketing</li> </ul>



Metropolitan State University has a significant range of programs in place to serve this industry area, and currently delivers many of these programs at multiple metro college campuses. As noted earlier, ASA staff, university provosts, and metro college CAOs are discussing how to best coordinate and collaborate in program areas (as above) where multiple state universities have an interest and there is sufficient demand to support multiple programs.

## Food and Agribusiness Sector

Metropolitan State University	Greater Minnesota State Universities
Urban Agriculture Food, Community, and Sustainability	Agriculture Management Agronomy



Programming in this sector is sparse and opportunities to expand related programming will be further explored in the coming months.

## Additional Programs

Metropolitan State University	Greater Minnesota State Universities	
<ul style="list-style-type: none"> <li>• Communication Studies</li> <li>• Earth &amp; Space Science Teaching</li> <li>• Fine Arts</li> <li>• Game Studies</li> <li>• Gerontology</li> <li>• Human Rights &amp; Social Change</li> <li>• Physics Teaching</li> <li>• Project Management</li> <li>• World Studies</li> </ul>	<ul style="list-style-type: none"> <li>• Alcohol &amp; Drug Studies</li> <li>• Art-Graphic Design</li> <li>• Chemical Dependency</li> <li>• Communication Studies</li> <li>• Community Health</li> <li>• Community Psychology</li> <li>• Creative Writing</li> <li>• Criminal Justice</li> <li>• Design</li> <li>• Elementary Education</li> <li>• English</li> <li>• Ethnic Studies</li> <li>• Film Studies</li> <li>• History</li> <li>• Integrated Studies</li> </ul>	<ul style="list-style-type: none"> <li>• Interdisciplinary Studies</li> <li>• Land Surveying/Mapping</li> <li>• Literature</li> <li>• Mass Communications</li> <li>• Music</li> <li>• Philosophy</li> <li>• Professional Writing</li> <li>• Psychology</li> <li>• Real Estate</li> <li>• Social Work</li> <li>• Sociology</li> <li>• Spanish</li> <li>• Special Education</li> <li>• Theater</li> </ul>



In addition to programming in the target sectors mentioned earlier, our strategy also involves the expansion of programming in areas of high student interest and demand, and institutional capacity. As noted earlier, many of these discipline/programmatic areas provide relevant background for employment within the high growth/high demand industry sectors, though they do not always align directly with specific jobs.



**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Academic & Student Affairs

**Date:** January 26, 2016

**Title:** Transfer Degree Pathways for Baccalaureate Completion

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input checked="" type="checkbox"/> Monitoring /<br>Compliance                        | <input type="checkbox"/> Information                        |   |

**Brief Description:**

Since 1995, the Legislature has maintained a consistent focus on MnSCU’s mission to ensure smooth transfer for the system’s students and has enacted legislation supporting various advancements in process and policy. In 2015, session law directed MnSCU to implement a plan described in the board’s March 2015 report, “Transfer Pathways for Baccalaureate Completion.” The plan described how the system will create new guaranteed pathways to the baccalaureate for students who complete associate of arts, associate of fine arts, and associate of science degrees. The development of these pathways is engaging faculty from the system’s two-year colleges and universities in significant collaboration on curricular alignment. The implementation began in October 2015 and is on track for completion by August 2018, when new transfer pathways will be available to students in 25 to 30 of the system’s most popular bachelor’s degrees. (Thirty major baccalaureate fields account for two-thirds of all baccalaureate graduates at the state universities.) A report on the plan’s early progress is due to the Legislature by March 15, 2016.

**Scheduled Presenter(s):**

Ron Anderson, Vice Chancellor for Academic and Student Affairs  
Lynda Milne, Associate Vice Chancellor for Academic Affairs.

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**INFORMATION ITEM**

**TRANSFER DEGREE PATHWAYS FOR BACCALAUREATE COMPLETION**

**BACKGROUND**

Since 1995, the Legislature has maintained a consistent focus on MnSCU’s mission to ensure smooth transfer for the system’s students and has enacted legislation supporting various advancements in process and policy. In 2015, it directed MnSCU in 2015 to implement a plan described in the board’s March 2015 report, “Transfer Pathways for Baccalaureate Completion.” The plan describes how the system will create new guaranteed pathways to the baccalaureate for students who complete associate of arts, associate of fine arts, and associate of science degrees. The development of these pathways will involve faculty from the system’s two-year colleges and universities in significant collaboration on curricular alignment. The implementation began in October 2015 and is on track for completion by August 2018, by which time new transfer pathways will be available to students in 25 to 30 of the system’s most popular bachelor’s degrees. (Thirty major baccalaureate fields account for two-thirds of all baccalaureate graduates at the state universities.) A report on the plan’s progress is due to the Legislature by March 15, 2016.

No immediate policy review or action is required, but the plan calls for eventual consideration and recommendation to the board of any needed changes in Policy 3.21 Undergraduate Course Credit Transfer, Policy 3.36 Academic Programs, and Policy 3.37 Minnesota Transfer Curriculum.

At its March 18, 2015, the board received the final report submitted to the Legislature in accordance with 2014 Session Laws H.F. 3172, Chapter 312, Sec. 12. At its January 28, 2015 meeting, the board had reviewed and approved the draft report.

The transfer pathways will involve every college and university in the system. Pathway degrees will be designed to ensure that students who complete an AA, AS, or AFA degree at a two-year college will have their coursework and credits transfer into any existing parallel baccalaureate program at any of the state universities, with full junior standing and without the need for course-by-course equivalency.

Board recommendations are sought relative to the progress of the implementation.

# Transfer Pathways for Baccalaureate Completion



Board of Trustees  
Academic & Student Affairs Committee

January 26, 2016



**Minnesota**  
STATE COLLEGES  
& UNIVERSITIES

# Presentation agenda

- Overview of background transfer legislation
- Our approach
- How it will be accomplished
- When it will be accomplished
- What this will mean for students
- Discussion Questions

# Background Legislation

2014

Session Laws S.F. 5, Chapter 69, Sec. 21

Develop a **plan** to

- Implement multi-campus articulation agreements that
- Lead to baccalaureate degree completion
- Upon earning the number of credits required for the degree minus 60
- After earning an associate in arts, associate of science, associate of fine arts degree from a system college.

2015

Session Laws H.F. 3172, Chapter 312, Sec. 12

**Implement** transfer pathways

- For associate in arts, associate of science, associate of fine arts degrees
- Toward baccalaureate degree programs
- To the greatest extent possible in accordance with the March 2015 implementation plan

# The Opportunity

## Problem Statement

The system has multiple and differing associate and bachelor degrees created independently, leading to students loss of credits, time, money—and an increase in the likelihood of student attrition

## Solution

Collaboratively create consistent and guaranteed degree pathways that provide common student learning outcomes and lead to more timely degree completion

# How is this being accomplished?

- 1 College and university faculty are working together in discipline-based Transfer Pathway Teams to align associate and bachelor's degree curricula.
- 2 The Transfer Pathways Coordinating Team has created guidelines and an informational toolkit for Transfer Pathways Teams in each discipline.
- 3 A spring 2016 pilot is developing and refining alignment processes in four degree areas (biology, business, psychology, and theater)
- 4 All colleges and universities that offer parallel associate and bachelor degree programs are included in the new degree pathways, and will be invited to “discipline stakeholder meetings” to review draft pathways.
- 5 After each pathway is defined, campuses will have one year to revise curriculum, publish new catalogs, train advisors and inform students.

# When will this be accomplished?

- 1 Spring 2016: pilots completed in biology, business, psychology, and theatre
- 2 Fall 2016: 12-13 additional pathway degrees created
- 3 Spring 2017: 12-13 additional pathway degrees created
- 3 Transfer pathways degree programs will be available to students in fall 2017, spring 2018, and fall 2018.



# What will this mean for our students ?

- 1 A guarantee for associate to bachelor's transfer in 25-30 disciplines, with junior status and the same opportunities for program admission as students who entered the university as freshmen
- 2 Transfer opportunities that are consistent from all colleges to all universities within MnSCU
- 3 Fewer lost credits, resulting in increased affordability, less attrition, and shorter time to degree completion
- 4 Increase in success rates, at both associate and bachelor's levels. Students who complete associate degrees are significantly more likely to earn bachelor's degrees than are those who transfer only some credits.

# Questions

- What advice do you have about both internal and external communication as we proceed with implementation?
- What suggestions do you have for other ways to meet Legislative and Board of Trustees transfer objectives?

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Academic and Student Affairs Committee

**Date:** January 26, 2016

**Title:** Proposed Amendment to Policy 2.1 Campus Student Associations

**Purpose (check one):**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance  | <input type="checkbox"/> Information                        |   |

**Brief Description:**

ASA staff reviewed Policy 2.1 as part of the five year review cycle pursuant to Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6, Subpart H, Periodic review. The proposed amendment contains technical edits consisting of updated formatting and writing standards and the replacement of obsolete language.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation were taken into consideration.

**Scheduled Presenter(s):**

Ron Anderson, Vice Chancellor for Academic and Student Affairs  
Toyia Younger, Associate Vice Chancellor for Student Affairs

BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES

<b>BOARD POLICY</b>	<b>2.1</b>
Chapter 2. Students	
Section 1. Campus Student Associations	

**2.1 Campus Student Associations**

**Part 1. Recognition.**

Students at each ~~institution~~ college and university ~~shall~~ must have the right to establish a student government herein referred to as a campus student association. Students establishing a campus student association shall develop a constitution for the association. Only currently enrolled students ~~shall be~~ are eligible to serve as student representatives or officers. The college or university ~~institution~~ shall recognize the campus student association as the official representative of the students; upon receipt of evidence that the student body has approved the constitution. ~~Multi-campus institutions~~ Colleges and universities that have multiple campuses shall develop policies and procedures to assure representation and participation in a campus student association by students at their constituent campuses.

**Part 2. Duties.**

In addition to the duties listed in ~~institution~~ college, university, and board policies and in the campus student association constitution, the campus student association shall have the sole authority to recommend the chartering of student clubs and organizations for approval by the ~~institution~~ college or university president.

**Part 3. Appeal.**

The appeal of decisions made by the campus student association relative to chartering, funding, or providing service to student organizations when such decisions may be in violation of law, policy, or procedure ~~shall~~ must be conducted in accordance with the existing ~~institutional~~ college or university grievance policy.

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**Related Documents:**

- [Policy 3.7 Statewide Student Association](#)

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**Policy History:**

*Date of Adoption:* 10/18/94  
*Date of Implementation:* 10/18/94  
*Date of Last Review:* xx/xx/xx

37 *Date & Subject of Amendment:*  
38 *xx/xx/xx – Updated the formatting style, replaced obsolete language; added Policy 3.7*  
39 *Statewide Student Associations in Related Documents section, and added “Date of Last*  
40 *Review” in Policy History section.*  
41 *01/20/05 - editorial changes; removal of obsolete language; definition of enrolled credit*  
42 *added; delegated authority to chancellor for agreement approval.*  
43  
44 *Additional HISTORY*

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Academic and Student Affairs Committee

**Date:** January 26, 2016

**Title:** Proposed Amendment to Policy 3.7 Statewide Student Association

**Purpose (check one):**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance  | <input type="checkbox"/> Information                        |   |

**Brief Description:**

ASA staff reviewed Policy 3.7 as part of the five year review cycle pursuant to Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6, Subpart H, Periodic review. The proposed amendment contains technical edits consisting of updated formatting and writing styles and the replacement of obsolete language.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations and campus leadership groups. All comments received from the consultation were taken into consideration.

**Scheduled Presenter(s):**

Ron Anderson, Vice Chancellor for Academic and Student Affairs  
Toyia Younger, Associate Vice Chancellor for Student Affairs

BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES

<b>BOARD POLICY</b>	<b>3.7</b>
Chapter 3. Educational Policies	
Section 7. Statewide Student Association	

1 **3.7 Statewide Student Associations**

2  
3 **Part 1. Statewide Student Association Recognition-**

4 The Minnesota State University Student Association, for state university students, and the  
5 Minnesota State College Student Association, for state community and technical college  
6 students, are each recognized as the one statewide student association for their respective student  
7 associations and students.

8  
9 **Part 2. Campus Student Association Affiliation-**

10 Each campus student association shall be affiliated with its statewide student association and all  
11 students enrolled in credit courses ~~shall~~ will be members of their respective statewide  
12 association.

13  
14 **Part 3. Fees-**

15 Each statewide student association shall set its fees and shall submit any changes in its fees to the  
16 ~~B~~board for review. The ~~B~~board may revise or reject the fee change during the two board  
17 meetings immediately following the fee change submission. Fees must ~~shall~~ be collected for each  
18 enrolled credit by each college and university and must ~~shall~~ be credited to each association's  
19 account to be spent as determined by that association. For purposes of this policy, enrolled  
20 credits include all credits in which a student has enrolled and not dropped before the ~~institution's~~  
21 college or university drop deadlines. Fees must ~~shall~~ be forwarded by the ~~institution~~ the college  
22 or university to the statewide student association whether or not the ~~institution~~ college or  
23 university has received payment for fees.

24  
25 **Part 4. Recognition Process-**

26  
27 **Subpart A. Statewide student association recognition-**

28 Recognition of the associations listed in Part 1 ~~shall~~ must continue until such recognition is  
29 repealed by the ~~B~~board and succeeded by an appropriately constituted association  
30 representing the same group of students.

31  
32 **Subpart B. Repeal of recognition-**

- 33 1. Repeal of recognition by the ~~B~~board ~~shall~~ must occur if the following actions occur:

- 1 a. ~~A~~Two-thirds vote, by the existing statewide student association indicating no  
2 confidence, expressed by a petition to the ~~B~~board in accordance with the  
3 procedures set forth in the association's governing documents; and  
4 b. Two-thirds of existing campus student associations, in accordance with their  
5 governing rules, submit petitions to the board indicating no confidence. ~~to the~~  
6 ~~Board~~.
- 7
- 8 2. Dissolution of a statewide student association must shall be subject to each  
9 association's internal procedures as indicated in their respective governing documents.  
10 Recognition of a statewide student association is repealed automatically upon  
11 dissolution of the student association. A notice of intent to dissolve must shall be sent  
12 to the ~~B~~board.
- 13

14 **Subpart C. Recognition of new statewide student association-**

15 Following repeal of recognition of a statewide student association, recognition of a new  
16 statewide student association must shall be granted after the presentation of a petition to the  
17 ~~B~~board which expresses support of the new association and is approved by two-thirds of the  
18 campus student associations.

19

20 **Part 5. Implementation-**

21 The chancellor shall develop an agreements between Minnesota State Colleges and Universities  
22 and each statewide student association to implement this policy, including provisions addressing  
23 payment of fees collected.

24

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25 **Related Documents:**

- 26 • [Policy 2.1 Campus Student Associations](#)
  - 27 • [Minn. Stat. § 136F.22 Student Associations](#)
- 28

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29 **Policy History:**

30 *Date of Adoption: 10/18/94*

31 *Date of Implementation: 10/18/94*

32 *Date of Last Review: xx/xx/xx*

33 *Date & Subject of Amendment:*

34 *xx/xx/xx – Updated the formatting and writing styles, in Part 5 the word “agreements” was*  
35 *made singular; added Policy 2.1 Campus Student Associations to the Related Documents*  
36 *section; added “Date of Last Review” to the Policy History section, and inserted the*  
37 *11/20/2009 date and information below..*

38 *11/20/09 – reviewed, no changes.*

39 *01/20/05 - editorial changes; removal of obsolete language; definition of enrolled credit*  
40 *added; delegated authority to chancellor for agreement approval.*

41 *Additional [HISTORY](#)*

42

43

44

45



**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Academic and Student Affairs Committee

**Date:** January 26, 2016

**Title:** Proposed Amendment to Policy 3.29 College and University Transcripts

**Purpose (check one):**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance  | <input type="checkbox"/> Information                        |   |

**Brief Description:**

ASA staff reviewed Policy 3.29 as part of the five year review cycle pursuant to Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6, Subpart H, Periodic review. The proposed amendment contains technical edits consisting of updated formatting and writing styles and the deletion of redundant language.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations and campus leadership groups. All comments received from the consultation were taken into consideration.

**Scheduled Presenter(s):**

Ron Anderson, Vice Chancellor for Academic and Student Affairs  
Toyia Younger, Associate Vice Chancellor for Student Affairs

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>BOARD POLICY</b>	<b>3.29</b>
Chapter 3. Educational Policies	
Section 29. College and University Transcripts	

**3.29 College and University Transcripts**

**Part 1. Uniform Paper Transcript.**

In furtherance of a common system identification, Minnesota State Colleges and Universities shall use a uniform format for their official paper transcripts.

**Part 2. Paper Transcript Format.**

The Chancellor shall establish a procedure for a uniform paper transcript format for Minnesota State Colleges and Universities.

**Part 3. Electronic Transcript (eTranscript).**

In lieu of an official paper transcript, system colleges and universities shall use the eTranscript within the Integrated Statewide Record System to document previous academic work completed by students transferring between system colleges and universities. ~~The Chancellor shall establish a procedure to guide the implementation and use of the eTranscript.~~

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**Related Documents:**

- [Procedure 3.29.1](#) College and University Transcripts
- 

**Policy History**

*Date of Adoption:* 01/20/05

*Date of Implementation:* 07/01/05

*Date of Last Review:* xx/xx/xx

*Date & Subject of Amendment:*

*xx/xx/xx – Editorial and formatting changes made, deleted unnecessary language authorizing the chancellor to create a procedure, added Policy History heading and the Date of Last Review in the Policy History section.*

*04/21/10 - Part 3 added to designate the eTranscript within the Integrated Statewide Record System (ISRS) as an official transcript for students transferring within the system.*

*No additional HISTORY*



**BOARD OF TRUSTEES  
STUDY SESSION  
TUESDAY, JANUARY 26, 2016  
3:00 PM**

**MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE  
ROOM 3000, WHITNEY HALL  
1501 HENNEPIN AVENUE  
MINNEAPOLIS, MN**

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Study Session Two: Board of Trustees  
Michael Vekich, Chair

- Strategies for Managing Strategic Risks

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Study Session Two

**Date:** January 26, 2016

**Title:** Strategies for Managing Strategic Risks

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input checked="" type="checkbox"/> Information             |   |

**Brief Description:**

This is the second study session to discuss strategic risks facing our colleges and universities that have the potential to undermine our ability to realize our mission as articulated in the Strategic Framework.

Today’s study session will focus on some ideas for how we might develop more proactive strategies – strategies that “put us on offense.”

**Scheduled Presenter(s):**

Steven Rosenstone, Chancellor  
Noelle Hawton, Chief Marketing and Communications Officer  
Mark Carlson, Vice Chancellor, Human Resources  
Ron Anderson, Vice Chancellor, Academic and Student Affairs  
Laura King, Vice Chancellor, Finance, Chief Financial Officer

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>INFORMATION ITEM</b>
<b>STUDY SESSION TWO STRATEGIES FOR MANAGING STRATEGIC RISKS</b>

**BACKGROUND**

At the board’s September retreat, we had an excellent discussion of the strategic risks facing our colleges and universities that have the potential to undermine our ability to realize our mission as articulated in the Strategic Framework. That discussion focused on the top strategic risks – major threats to the quality, value, reputation, resources, and the ability to fulfill our core mission. Most of the discussion focused on strategies for managing these risks. Strategies such as:

- Elements of the CTF work plan
- Work we are doing with MDE, K-12, and DEED
- Our scholarship campaign and other efforts to reduce costs
- Our branding efforts
- The Twin Cities metro baccalaureate plan; and
- The Workgroup on Long-term Financial Sustainability

Trustee Erlandson observed that most of the management’s strategies were “defense” responses – reactions to risks, rather an “offense strategies” that were either broader in scope and/or more proactive or preemptive in their impact.

Today’s study session will focus on some ideas for how we might develop more proactive strategies - strategies that “put us on offense.” We ask the board’s guidance on these questions:

1. Are these the kinds of ideas we should be thinking about?
2. What other “offense strategies” should we consider?



**AUDIT COMMITTEE**  
**JANUARY 27, 2016**  
**8:00 A.M.**

**Room 3000**  
**Minneapolis Community and Technical College**  
**Room 3000, 1501 Hennepin Avenue, Minneapolis, MN**

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**Please note: Committee/Board meeting times are tentative. Committee/Board meetings 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.**

- (1) Minutes of November 17, 2015 (pages 1-8)**
- (2) NCAA Agreed Upon Procedures External Audit (pages 9-14)
- (3) Progress on Recommendations from January 2015 Payroll Special Review (pages 15-17)
- (4) MSU, Mankato Internal Control and Compliance Audit (pages 18-34)

Members

Robert Hoffman, Chair  
Philip Krinkie, Vice Chair  
Kelly Charpentier-Berg  
Jay Cowles  
Erma Vizenor

**Bolded** items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
AUDIT COMMITTEE MEETING MINUTES  
November 17, 2015**

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**Audit Committee Members Present:** Trustees Robert Hoffman, Kelly Charpentier-Berg, John Cowles, and Erma Vizenor.

**Audit Committee Members Absent:** Trustee Philip Krinkie.

**Others Present:** Trustees Margaret Anderson Kelliher, Duane Benson, Alexander Cirillo, Dawn Erlandson, Maleah Otterson, Tom Renier, Elise Ristau, and Michael Vekich.

The Minnesota State Colleges and Universities Audit Committee held its meeting on November 17, 2015, 4<sup>th</sup> Floor McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Hoffman called the meeting to order at 12:36 p.m.

**1. Minutes of June 16, 2015**

The minutes of the June 16, 2015 Audit Committee were approved as published.

**2. Internal Audit Update**

Mr. Eric Wion, Deputy Director of the Office of Internal Auditing, began by giving a brief update to the committee on a couple board policy requirements.

Board Policy 1D.1 requires that the Office of Internal Auditing provide an annual report to the Audit Committee each year. The 2015 annual report was e-mailed to Audit Committee members on October 23, 2015. The report contained a recap of both internal and external audit activities for the year, most of which had been discussed in prior Audit Committee meetings.

Board Policy 1A.2 requires that Audit Committee members “receive training annually on their auditing and oversight responsibilities.” Audit Committee members received a 3-ring binder of information which included copies of the Fiscal Year 2016 Audit Plan, an Auditing 101 presentation, copies of relevant policies, and copies of recent internal auditing reports. In addition, committee members were given the opportunity to meet with staff from internal auditing.

**3. Review/Approve Release of Audited Financial Statements**

Mr. Wion reminded members that Board Policy 1A.2 requires the Audit Committee to “review and discuss the results of each audit engagement with the independent auditor and management prior to recommending that the board release the audited financial statements.” Once released the State of Minnesota will incorporate MnSCU into the state’s financial statements. He stated that copies of the draft audited financial statements were provided in a three-ring binder to members of the Audit Committee for review prior to today’s meeting and

several members met separately with Vice Chancellor Laura King, Ms. Denise Kirkeby, director of financial reporting, and Mr. Wion to review the results.

Mr. Wion introduced Mr. Don Loberg, an audit partner with CliftonLarsonAllen, who in turn introduced Ms. Brenda Scherer, manager with CliftonLarsonAllen and Mr. Chris Knopik, principal with CliftonLarsonAllen.

Ms. Scherer reviewed the audit scope and coverage of the sytemwide audit. The contract encompasses four independently audited universities, twenty-seven unaudited colleges and universities and the defined contribution retirements fund. Mr. Loberg reviewed the audit approach with trustees.

Mr. Knopik discussed the new GASB 68/71 related to Defined Benefit Pension Plans. He explained that they relied on actuarial reports for each plan and audited supplementary schedules to provide the MnSCU portion of the liability and deferred inflows and outflows. CliftonLarsonAllen tested the internal MnSCU allocations for campus audits and Revenue Fund and they tested contributions to each plan for accuracy of reporting.

Ms. Scherer praised Ms. Denise Kirkeby, Mr. Metody Popov, and their team for their preparations which made the audit process very smooth. She stated that the financial statements were fairly stated, with no material audit adjustments, material weaknesses or significant deficiencies in internal controls. She stated that the financial statements had an unmodified opinion which is the best opinion that can be awarded.

Ms. Scherer presented information on the financial statement audits that CliftonLarsonAllen conducted for Bemidji State University and St. Cloud State University. Some of the key points shared by Ms. Scherer were as follows:

- St. Cloud State University improved their preparations over last year.
- Unmodified Clean Opinions issued for both audits.
- No internal control or compliance issues and no material weakness were noted.

Mr. Knopik presented information on the financial statement audits that CliftonLarsonAllen conducted for Metropolitan State University, Winona State University, Itasca Community College Student Housing, and the Revenue Fund. Some of the key points shared by Mr. Knopik were as follows:

- Metropolitan State University did a great job preparing for the audit despite having significant staffing turnover in the past year.
- Unmodified Clean Opinions issued for all audits.
- No internal control or compliance issues and no material weakness were noted.

Ms. Scherer presented information on the NCAA Agreed Upon Procedures audit. Some of the key points shared by Ms. Scherer were as follows:

- Four audits are in progress right now.
- Two more audits began this week.



Ms. Scherer stated that the Student Financial Aid Testing was approximately 85% complete. She added that the testing is being done remotely and is going really well.

Finally Mr. Loberg reviewed the required communications with the committee. He stated that the audit process went really well. He stated that they had discussions about the changes in accounting principle. There were estimates available and he thought they were strong estimated. There were no difficulties or disagreements to discuss. He stated that there were no material adjustments recorded. There were some past adjustments but they were immaterial, almost insignificant adjustments.

Trustee Benson stated that it was great to hear the positive side of the reports. He said it speaks to the hard work of the staff at the system office and at the colleges and universities. He complimented staff at the system office and the campuses for how well they worked together.

Trustee Cowles seconded the committee chairs comments about the effective working relationship between the system office and the campuses. He asked Mr. Loberg if there were issues that they could foresee that the board should be mindful of in the future. He asked specifically about the replacement of the ISRS program and opportunities to improve our control environment. He also asked whether the current scope of audits was adequate in reaching into the key issues.

Mr. Loberg pointed to changing demographics of students as well as the professionals within the system office and the institutions. He added that succession planning should be a top concern for the system as presidents and key positions turn over. Mr. Loberg pointed to a number of articles he'd written because they highlight different trends and challenges in higher education and some of the things the board might want to consider for dealing with those challenges. Mr. Loberg stated that in terms of assurance coverage, there will be some opportunities if the board is looking for more assurance, however, he noted that it will always come down to a business decision about where the board's acceptable risk level falls. Mr. Loberg assured the board that anytime the system goes through a major change like moving to a new ISRS system, those areas would definitely be targeted for testing. He added that there were other things that they would like to augment or build into their pallet of testing but he said that might be a better discussion in the spring before the audits begin.

Chancellor Rosenstone asked Mr. Loberg to draw on their firm's national experience and give the board some sense of where the system falls relative to the industry. Mr. Loberg said that he is proud to be a part of the Minnesota State Colleges and Universities. He stated that the system has a strong accounting department with a willingness and a vested interest in doing the right thing. He noted that staff within the system have always been willing to talk through ideas that might make the system even better than it is, which speaks to a positive culture. Mr. Loberg noted that the accounting department wrote a technical paper on GASB 68 which is a real proactive measure to keep people informed about changes.

Trustee Hoffman thanked CliftonLarsonAllen for their presentation and insights.

Vice Chancellor King expressed her appreciation to the financial reporting staff led by Ms. Denise Kirkeby. She stated that this was an outstanding team of professionals, both here and on the campuses, committed to the quality of the work that is represented by the audits.

Ms. King stated that she would summarize the results for the committee, during an expanded conversation on the financial condition at the college and university level at the Finance and Facilities Committee in January.

Ms. King stated that overall the conclusions were very good from a financial standpoint. The system was issued an unmodified opinion for the thirteenth year in a row, with no audit adjustments.

The colleges and universities reported a small operating gain due to the GASB adjustment. She noted that the underlying loss was due to an enrollment decline. Campus preserved their budget reserves in fiscal 2015. Ms. King noted that campuses have budget reduction strategies underway to either balance their 2016 budget or to position themselves for a balanced budget in 2017. She noted there had been continued investments in building improvements and infrastructure which helped to retain current and attract new students.

Ms. King introduced the GASB Statement No. 68 and No. 71 impact on financial reporting. She noted that these changes were happening across the county.

Ms. King explained that the implementation of these standards had three dimensions. First, there would be a very small impact on the operating results in fiscal 2015. But it would also have a significant impact on the balance sheet, and this impact would continue every year. Ms. King noted that they had worked very hard this year to get the big impact number right, so that after this year there would no longer be any large adjustments to the statements. She noted that the most material impact was on the net position. Three changes happened to the net position, which added up to \$519 million reduction. There was also an impact on the statement of revenues and expenses, reducing total expenses by \$37.7 million. Ms. King noted the importance of that because it would change all the compensation numbers in the campus statements.

Trustee Anderson Kelliher asked for an explanation about the reduction in terms of the cash flow. Ms. King stated that the GASB standards has a significant impact on the net position numbers. There is a \$519 reduction to the system's equity, essentially the net worth, because it requires that the system bring onto the books the value of future pension obligations, not presently provided for in the actuarial value of the pension program.

Trustee Anderson Kelliher emphasized the importance of the board understanding this requirement and what it could mean. Ms. King explained that the pension plans themselves, did the work to establish what they believe the system number to be, and then CliftonLarsonAllen audited that arithmetic. The whole environment got audited and then CliftonLarsonAllen reduced all of information to a white paper that explained means and methods so that a year from now, the system will have a way to remember what was done and how it was done.

Trustee Anderson Kelliher stated that she thought the rule was put in place for transparency and for accountability sake. The question will ultimately be, how the unfunded liability question is resolved. This work gives the system a guidepost for what could potentially be an obligation toward that underfunded or not fully funded liability, but that does not mean necessarily that that will happen. Ms. King stated that her conclusion, when she looked at the schedules compared to national averages, was that the system was currently funded well above national averages. The Minnesota pension environment is healthier than many. Whether the Minnesota political environment chooses to manage that program more aggressively to improve the funded status, is outside our sphere of influence.

Chancellor Rosenstone clarified that the system's actual liabilities had not changed, this was a change in the reporting standard for how it will be shown on the sheets.

Mr. Loberg added a national perspective. He stated that there was vast array of liability levels out there from one state that has no liability, to others that were up to five times the liability that MnSCU is showing on its books. He noted however that the system's 87% coverage of pension is quite high. So although it may not be perfect, the system is not worse off than other institutions.

Trustee Anderson Kelliher asked for clarification about why the operating expense decreases right now due to the GASB adjustment but would be put back on the books in January. Ms. King explained that under the new standard, the current expenses needed to be adjusted when the retirement plans earn more than they expected, and therefore in a theoretical world, it's imagined that the system overpaid for the liability. The investment outperformed the assumptions. Since the assumptions were built to fit the actuarial table over time, therefore the system over earned from an actuarial standpoint and then the employer overcharged. She reminded the committee that everybody got paid and the money went to the retirement funds, this is strictly a book entry adjustment.

Ms. King talked about the Composite Financial Index (CFI). She noted that the board had been a strong supporter of the CFI reporting discipline and a supporter of the goal of improving college and university and overall system performance with this number. She noted that without the GASB 68 effect, there was a slight improvement overall from fiscal 2014 to fiscal 2015. Once the pension liabilities were added, that number drops by a whole point. Ms. King noted the CFI instrument has proven to be a valuable tool for tracking financial performance across the schools. She stated that they were in discussions now about what to do with it because of this effect. She noted that they would like to keep using it in some form going forward because it's been a very helpful metrics. She stated that they were also in communications with the Higher Learning Commission, which is the accrediting body for the system. They use the CFI as a trigger event for their reporting. So she and her staff were working with the CFOs right now to refresh the procedure concerning financial monitoring and health indicators. Ms. King stated that she intended to have a preliminary conversation with the Finance and Facilities Committee in January as a part of the discussion of the 2015 results. For now they planned to calculate the CFI both ways.

Trustee Benson asked for clarification about whether the loss was generally due to less enrollment. Ms. King explained that the operating income loss was due in part to enrollment losses, but she added that there had also been state appropriation increases. She added that there had been a slight positive net operating income number in 2015. It would have been negative without the adjusted compensation. It was less negative than it was in 2014.

Trustee Benson asked if it could be projected out that if the system could increase its student retention to some particular level, then the operating income would improve. He wondered if that number could be calculated and backed up so that it could be laid out as a goal to accomplish.

Ms. King agreed that it could be calculated and she added that there was some of that in the materials that were provided to the long term sustainability workgroup committee. There were modeling assumptions around revenue growth and expense growth. She stated that she could work with the Academic Affairs staff to modify that model to add in assumptions around retention rates and enrollment increases. She cautioned that members would have to remember that the numbers would be based on assumptions and the results would be tied to the assumptions.

Chancellor Rosenstone agreed that it was an important conversation for the board to have, but he cautioned everyone to recognize that those gains wouldn't come free. To have a dramatic boost in retention, would require some investment in resources. He added that the hope and optimism about what those gains would be should be tempered with the understanding that the net increase in revenues will be taking into account that there's going to be some investments to produce it.

Trustee Hoffman called for a motion to approve the release of the audited financial statements for 2015. Trustee Charpentier-Berg made the motion, Trustee Cowles seconded. There was no dissent and the motion carried.

**RECOMMENDED COMMITTEE ACTION:**

*The Audit Committee has reviewed the fiscal year 2015 audited financial statements and discussed them with representatives of management and the system external auditing firm. The committee recommends that the Board of Trustees adopt the following motion:*

**RECOMMENDED MOTION:**

*Based on the review and recommendation of the Audit Committee, the Board of Trustees approves the release of the fiscal year 2015 audited financial statements as submitted.*

**4. Clery Act Internal Control and Compliance Audit.**

Mr. Wion began by recognizing the Office of Internal Auditing staff. He acknowledged and thanked them for their continued hard work and commitment to oversight and accountability.

Mr. Wion stated that both the Clery Act Internal Control and Compliance Audit and the Dakota County Technical College Internal Control and Compliance Audit had been released and sent to the Audit Committee members in early September.

Mr. Wion introduced Ms. Melissa Primus, audit project manager, who presented a brief summary and background for the Clery Act Internal Control and Compliance Audit. Ms. Primus stated that the report concluded that the institutions were very aware of the requirements and understood the importance of complying with the Clery Act. She noted that they did find some internal control deficiencies and areas of noncompliance and she highlighted two of the six findings.

Trustee Anderson Kelliher noted that there seemed to be a high percentage of the colleges in the sample who had some issue with regard to the Clery Act. She stated that she would like to see the Academic and Student Affairs Committee look further into the Clery Act. She stated that this was a huge issue in terms of compliance and safety and security on campus. She asked if there was one place on each campus where the responsibility is centered. Ms. Primus stated that generally compliance for the Clery Act required cross integration because there were so many people involved with it. She did note that some of the larger institutions were able to identify one person who was more in charge of the responsibilities for Clery.

Trustee Anderson Kelliher stated that when the board talked about student retention, safety, security and welcoming people, compliance with the Clery Act was an important factor. She suggested it might be a topic for a future joint Audit Committee and Academic and Student Affairs Committee.

Trustee Cowles asked what assurances could be given that the deficiencies would be corrected. He stated that he would like to see an update to this committee about how these deficiencies were addressed. Mr. Wion assured the committee that every campus that was visited, and every person at the system office that they talked to, took this issue extremely seriously. He stated that there was a lot of activity happening, both here at the system office as well as on campuses, to look at how to leverage things that were being doing well on campuses. Mr. Wion further assured the committee that his office did follow up on all the audit findings. He stated that once a year individual institutions were provided with the list of outstanding audit findings and asked to give a progress update on each finding.

Trustee Otterson asked for clarification about the finding that required institutions to obtain crime data from law enforcement. Ms. Primus explained that the law required that institutions seek data from law enforcement. The institutions did seek data from the local law enforcement level to comply with the law. The handbook guidance directs institutions seek data from state level. The recommendation in the report is that the institutions should seek crime statistics from other law enforcement agencies, such as applicable county and state police.

**5. Dakota County Technical College Internal Control and Compliance Audit**

Mr. Wion reviewed the scope and methodology which was similar to other internal control and compliance audits done at colleges and universities. He stated that the overall

conclusion, with one exception, was that generally the college had adequate internal controls over financial activities.

Mr. Wion explained that findings two through seven discuss a variety of findings in different areas that could be characterized as opportunities to further improve controls.

He noted that finding number one, however, found that oversight of bookstore operations were generally lax. In addition, a fraud was discovered during the course of conducting the audit. The auditors looked at bookstore transactions between January 2014 and June 2015 and during that period identified \$9,000 that had been stolen. The theft was hidden by recording false refund transactions in the point of sale system. Ultimately the employee admitted to the fraud and has agreed to repay the funds. The individual is no longer an employee.

Trustee Hoffman asked if new procedures were in place today. Mr. Wion said that work had been done at the college, and his office would do follow up work to confirm that the issues had been resolved.

Trustee Hoffman asked if the findings were a result of non compliance to procedures. He wondered how this activity could be measured going forward. Mr. Wion explained that a variety of best practices were reviewed. He stated that his staff looks for areas with the greatest risk. He noted that cash transactions were inherently risky, so the controls around those types of transactions are inspected.

Trustee Anderson Kelliher noted that there are a number of other smaller items on this list as well that could lead to larger issues. She asked what the plan was at the college to correct the findings.

President Tim Wynes, Dakota County Technical College, stated that the college had implemented several different things in the bookstore, which could all be summarized as separation of all transactions. Every transaction, every refund, every physical aspect of the bookstore has been separated out, right down to the cash drawer. Further, the college no longer handles book buy backs. He stated that the employee who committed the theft is paying back the college. President Wynes further stated that they now have a new chief financial officer and new director of finance. He assured the committee that these findings would not be repeated.

Trustee Hoffman thanked Mr. Wion for stepping up and taking the Interim Executive Director position, and he thanked the team members for the work that they had done.

Trustee Hoffman updated that committee that there were plans to engage with an outside firm to look at best practices and emerging trends in internal auditing to reinforce where we are and where we're going. He stated that they hoped to begin a national search for an Executive Director of Internal Auditing in February.

The meeting adjourned at 2:16 p.m.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES**

**Agenda Item Summary Sheet**

**Name:** Audit Committee

**Date:** January 27, 2016

**Title:** NCAA Agreed Upon Procedures External Audit

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input checked="" type="checkbox"/> Monitoring /<br>Compliance                        | <input type="checkbox"/> Information                        |   |

**Brief Description:**

The six state universities with intercollegiate athletic programs, classified as Division II institutions by the NCAA, are required to have a financial agreed upon procedures review once every three years. CliftonLarsonAllen has completed the work and will present the results at the January audit committee meeting

**Scheduled Presenter(s):**

Eric Wion, Interim Executive Director, Office of Internal Auditing  
Don Loberg, Partner with CliftonLarsonAllen, LLP  
Brenda Scherer, Manager with CliftonLarsonAllen, LLP

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>BOARD INFORMATION</b>
NCAA AGREED UPON PROCEDURES EXTERNAL AUDIT

1 **BACKGROUND**

2  
3 The following six state universities with intercollegiate athletic programs are required to have a  
4 financial agreed upon procedures review once every three years.

- 5
- 6       – Bemidji State University
- 7       – Minnesota State University, Mankato
- 8       – Minnesota State University Moorhead
- 9       – St. Cloud State University
- 10      – Southwest Minnesota State University
- 11      – Winona State University
- 12

13 We included this work as part of the contract for external audit services when we hired  
14 CliftonLarsonAllen.

15  
16 The attached PowerPoint presentation provides a summary of work completed by  
17 CliftonLarsonAllen.

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36  
37 *Date Presented to the Board of Trustees: January 27, 2016*





## Scope of Work Provided

- Agreed Upon Procedures as described in the NCAA's 2015 Agreed Upon Procedures document for the following universities:
  - Bemidji State University
  - Minnesota State University, Mankato
  - Minnesota State University Moorhead
  - St. Cloud State University
  - Southwest Minnesota State University
  - Winona State University

## NCAA Agreed Upon Procedures

- Division II requires AUP every three years
  - Having one Division I program doesn't move the university into those requirements which is a AUP every year
- The **services are not audits** of the athletic department
- NCAA spells out the procedures auditors are required to perform. Those procedures include:
  - Comparing numbers provided by management to the numbers reported to NCAA (Statement of Revenue and Expenses)
  - Selecting sample of items from the detail provided from management to supporting documentation
- Not testing for completeness
- Report sent to the Universities' Presidents to be kept on file.
- Reports not submitted to the NCAA.



## Significant Changes to the NCAA Procedures

- In fiscal year 2015, the NCAA released new procedures that are much more extensive than in the past
- Procedures and samples sizes more defined and major increases in testing required
  - Scope now includes all revenue or expense categories that are over 0.5% of the total revenue or expense
  - Sample sizes defined for students receiving aid to 10% of total student
  - Separate sample for each category
  - End result is that minimum sample sizes doubled



## Revenues and Expenses by University

	Revenues	Expenses
Bemidji State University	\$7,461,526	\$7,461,526
Minnesota State University, Mankato	\$11,602,120	\$11,691,383
Minnesota State University Moorhead	\$7,114,439	\$6,400,960
St. Cloud State University	\$13,379,395	\$13,379,395
Southwest Minnesota State University	\$5,813,890	\$7,004,852
Winona State University	\$5,855,084	\$5,567,070

## Results

- No significant issues note
  - Agreed Upon Procedures require all variances to be reported and no materiality exists
- Common themes
  - Budget for revenues
    - ◊ Budgeted revenue activity varied and/or not at the NCAA reporting categories
  - Ticket sales
  - Student fees
  - Sport camp revenue and expenses reported net
  - Insignificant variances between detail provided and what was reported in the Statement of Revenues and Expenses

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**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES**

**Agenda Item Summary Sheet**

**Name:** Audit Committee

**Date:** January 27, 2016

**Title:** Progress on Recommendations from January 2015 Payroll Special Review

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input checked="" type="checkbox"/> Monitoring /<br>Compliance                        | <input type="checkbox"/> Information                        |   |

**Brief Description:**

The audit committee requested an update from Vice Chancellor Carlson and Interim President Malhotra on progress on recommendations from the Metropolitan State University Payroll Special Review that was issued in January 2015.

**Scheduled Presenter(s):**

Eric Wion, Interim Executive Director, Office of Internal Auditing  
Mark Carlson, Vice Chancellor for Human Resources  
Devinder Malhotra, Interim President Metropolitan State University

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>BOARD INFORMATION</b>
<b>PROGRESS ON RECOMMENDATIONS FROM JANUARY 2015 PAYROLL SPECIAL REVIEW</b>

1 In September 2013, the Inter Faculty Organization notified MnSCU leadership and the Board of  
2 Trustees that serious problems existed in the accuracy and timeliness of pay to faculty at  
3 Metropolitan State University.  
4

5 Internal audit conducted a special review into the issues at Metropolitan and reviewed the work  
6 performed by the external review team. The results of the Metropolitan State University  
7 Personnel and Payroll Special Review were released in a final report on January 27, 2015.  
8

9 Attached is the executive summary for the Metropolitan State University Personnel and Payroll  
10 Special Review. The full report is also available on the Office of Internal Auditing website  
11 (<http://www.internalauditing.mnscu.edu/reports/>).  
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13 The audit committee requested an update from Vice Chancellor Carlson and Interim President  
14 Malhotra on progress on the recommendations from the Metropolitan State University Payroll  
15 Special Review.  
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33 *Date Presented to the Board of Trustees: January 27, 2016*



Minnesota  
STATE COLLEGES  
& UNIVERSITIES

# Special Review Metropolitan State University - Personnel and Payroll

Office of Internal Auditing  
Reference Number 2015-02

Public Release Date January 27, 2015

Members of the MnSCU Board of Trustees  
Chancellor Steven J. Rosenstone  
Metropolitan State University Interim President Malhotra

This report presents the results of the Office of Internal Auditing's special review of pay issues that occurred at Metropolitan State University in the summer and fall 2013.

We conducted this review in accordance with the Institute of Internal Auditors: *Standards for the Professional Practice of Internal Auditing*.

The results of the special review were discussed with system leaders on several dates. Management's response is presented in the accompanying section of the report.

We appreciate the excellent cooperation and assistance that we received from employees at Metropolitan State University and the human resources division of the system office. In particular, we would like to recognize the efforts of Ginny Arthur, the university's provost. Her efforts to improve the issues are commendable.

Beth Buse, CPA, CIA, CISA

## Executive Summary

### Background

- In September 2013, the Inter Faculty Organization notified MnSCU leadership and the Board of Trustees that serious problems existed in the accuracy and timeliness of pay to faculty at Metropolitan State University.
- An external review team was convened to review and correct Metropolitan's faculty pay for fiscal years 2012, 2013, and 2014 (to date).
- Internal audit conducted a special review into the issues at Metropolitan and reviewed the work performed by the external review team.

### Findings

1. The university sustained significant turnover and the system lacked formalized strategies and resources to provide sufficient oversight to respond to it.
2. The process for paying faculty is overly complex and system office and college and university leaders need to look for opportunities to simplify.
3. Unique practices at Metropolitan contributed to pay errors.
4. Metropolitan's paper-based process for authorizing faculty pay needs improvement.
5. Three areas of the external review team have not yet been completed; leave accrual *review, insurance premiums, and pension coding*.
6. Internal audits testing approach determined some additional pay errors.

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III. Issues Resulting in Payroll Discrepancies	3
IV. External Review Team	14
V. Internal Audit Testing	16
VI. Management's Response	18

*The audit was led by Marita Hickman and included the following audit staff: Kim McLaughlin, Carolyn Gabel, Craig Fautsch, Indra Mohabir, and Melissa Primus*

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES**

**Agenda Item Summary Sheet**

**Name:** Audit Committee

**Date:** January 27, 2016

**Title:** Minnesota State University, Mankato Internal Control and Compliance Audit

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input checked="" type="checkbox"/> Monitoring /<br>Compliance                        | <input type="checkbox"/> Information                        |   |

**Brief Description:**

As part of the Fiscal Year 2015 Internal Auditing Annual Audit Plan, the Office of Internal Auditing conducted an internal control and compliance audit of Minnesota State University, Mankato. The results of the audit will be presented and discussed.

**Scheduled Presenter(s):**

Eric Wion, Deputy Director, Office of Internal Auditing



**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>BOARD INFORMATION</b>
MINNESOTA STATE UNIVERSITY, MANKATO INTERNAL CONTROL AND COMPLIANCE AUDIT

1 The Minnesota State University, Mankato Internal Control and Compliance audit was approved  
2 by the audit committee as part of the Fiscal Year 2015 Internal Auditing Annual Audit Plan, and  
3 was completed in fiscal year 2016.  
4

5 The results of the Minnesota State University, Mankato Internal Control and Compliance audit  
6 were released on January 7, 2016. Board members received a copy of the audit at that time.  
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8 The Minnesota State University, Mankato Internal Control and Compliance audit report is also  
9 included in this packet.  
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35 *Date Presented to the Board of Trustees: January 27, 2016*

# Minnesota State University, Mankato

## Internal Control and Compliance Audit

Office of Internal Auditing

January 7, 2016



**Minnesota**  
STATE COLLEGES  
& UNIVERSITIES

Reference Number 2015-13

**Report Classification: Public**



Minnesota  
STATE COLLEGES  
& UNIVERSITIES

# Minnesota State University, Mankato Internal Control and Compliance Audit

Office of Internal Auditing  
Reference Number 2015-13

Public Release Date – January 7, 2016

Members of the MnSCU Board of Trustees  
Chancellor Steven J. Rosenstone  
President Richard Davenport

This report presents the results of our selected scope financial internal control and compliance audit of Minnesota State University, Mankato for fiscal years 2013, 2014, and 2015. It contains six findings and related recommendations to assist university management in improving business processes, controls, and accountability.

We conducted this audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The results of the audit were discussed with university and system office leadership on November 19, 2015.

We appreciate the excellent cooperation and assistance that we received from university employees.

Eric Wion, CPA, CISA, CISSP  
Deputy Director

## Audit Scope

We reviewed internal controls and compliance over the following activities for fiscal years 2013, 2014, and 2015.

- Tuition and fee receipts
- Employee business expense reimbursements
- Purchases, disbursements, and equipment inventory
- Personnel and payroll expenses
- Computer store receipts
- Parking receipts
- Key financial reconciliations

## Conclusion

The university generally had adequate internal controls and complied with policies, procedures, and finance-related legal requirements. The audit report contains six findings and recommendations to improve controls.

## Findings

1. The university did not implement effective mitigating or detective controls to address risks associated with some employees having incompatible access in ISRS.
2. Some receipts were not deposited timely.
3. The university did not comply with board policy because its practice is to waive the Minnesota State University Student Association Fee (MSUSA) when waiving other student charges.
4. The university did not adequately manage its ISRS equipment inventory records.
5. The university did not have delegation of authority letters for all the employees that approve purchases and payments.
6. The university encountered problems that resulted in some faculty being paid late.

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II. Audit Objectives, Scope, Methodology and Conclusion	3
III. Audit Findings and Recommendations	4 - 8
IV. Management Response	9

*The audit was performed by Craig Fautsch, Marita Hickman, Carolyn Gabel, and Indra Mohabir*

## Section I: Background

Minnesota State University Mankato (MSU, Mankato) offers more than 130 undergraduate programs of study, including 13 pre-professional programs and more than 75 graduate programs, including masters, specialist, and doctoral programs. The university has over 15,000 students, including more than 1100 international students from more than 90 countries. The university employs more than 2000 faculty and staff, including almost 750 teaching faculty. In addition to courses offered in Mankato, the university also offers more than 30 programs in the Twin Cities, including graduate education in business, educational leadership, and nursing. Dr. Richard Davenport has been its president since 2002.

Tuition, fees, and state appropriations are the primary sources of funding university operations. The university's allocation of state appropriations was \$51.4 million, and tuition and fees were \$111.4 million, fiscal year 2014. The largest expenses in fiscal year 2014 were salaries and benefits totaling \$135.9 million followed by purchased services and supplies totaling \$27 million and \$2.4 million. In fiscal year 2014, the university disbursed \$17.2 million in federal student financial aid.

The university uses the MnSCU accounting system, one of many modules of the Integrated Student Record System (ISRS), to generate payments from the state treasury and account for money maintained outside of the state treasury in local bank accounts. Local bank accounts are used for student financial aid, student activities, and auxiliary operations.

The university's last internal control and compliance audit was conducted by the Minnesota Office of the Legislative Auditor in 1999. The university had individual audited financial statement audits in fiscal years 2002 through 2013. Starting in fiscal year 2014 the university was audited as part of the MnSCU system-wide financial statement audit.

## Section II: Audit Objectives, Scope, Methodology, and Conclusion

### Audit Objectives

The objectives for this audit were to answer the following questions:

- Were internal controls adequate to ensure the university safeguarded receipts and other assets, properly paid vendors and employees in accordance with management's authorization, produced reliable financial accounting information, and complied with finance-related legal requirements?
- For the items tested, did the university comply with significant finance-related legal requirements, including state laws, regulations, contracts, and applicable policies and procedures?

### Audit Scope

Our audit reviewed the following activities for fiscal years 2013, 2014, and 2015.

- Tuition and fee receipts
- Employee business expense reimbursements
- Purchases, disbursements, and equipment inventory
- Personnel and payroll expenses
- Computer store receipts
- Parking receipts
- Key financial reconciliations

### Audit Methodology

We interviewed university staff and reviewed relevant documentation, including policies, procedures, or guidelines, and internal control documentation prepared for financial statement purposes to gain an understanding of the university's internal controls. We considered risks of fraud and errors, and potential noncompliance with finance-related legal requirements. We analyzed accounting and human resources data. We reviewed employee computer system access to identify the transactions staff can initiate, approve, or process to determine whether access was based on need, and duties were adequately separated. In addition, we selected a sample of transactions and reviewed supporting documentation to test whether controls were effective and transactions complied with laws, regulations, policies, and contract provisions.

### Audit Conclusion

The university generally had adequate internal controls to ensure it safeguarded receipts and other assets, properly paid vendors and employees in accordance with management's authorization, produced reliable financial accounting information, and complied with finance-related legal requirements. For items tested, the university generally complied with MnSCU policies and finance-related legal provisions. We identified some control weaknesses and noncompliance as discussed in the following findings and recommendations.

## Section III – Audit Findings and Recommendations

### 1. The university did not implement effective mitigating or detective controls to address risks associated with some employees having incompatible access in ISRS.

Some mitigating controls were implemented in the student financial services area but it was not complete and did not cover all the employees that had incompatible access in ISRS. In addition, the employee performing some of the mitigating controls also had higher risk incompatibilities. Three cashiers, who have the most access to receipts, had a low risk incompatibility with the collections duties, six other staff in the student financial services area had 13 different high-risk incompatibilities and 2 lower risk incompatibilities. High-risk incompatibilities included the ability to record receipt transactions and also enter transactions that reduce receipts including corrections, receivable corrections, waivers, and refunds. The business office also had some employees with incompatible access without formal documented mitigating controls.

Separating incompatible duties is preferred because it prevents errors, unauthorized transactions, and fraud from occurring and going undetected. The university should review the incompatible access and eliminate it as much as possible. For the remaining incompatible duties, the university needs strong after-the-fact monitoring or detective controls. In addition to documenting these control procedures, including who does what and when, the university should monitor them to ensure they are being completed properly.

#### *Recommendations*

- *The university should review incompatible access and eliminate as much as possible.*
- *The university should implement effective mitigating controls when it is unable to adequately separate incompatible duties. The university should document controls including the transactions reviewed, by whom, and when and periodically verify the controls are working as expected.*
- *Employees who perform mitigating controls should not have the same incompatibilities unless another employee reviews that person's transactions.*

### 2. Some receipts were not deposited timely.

Some checks were collected in different areas of the university and were not always sent to the cashier's area to be deposited timely. Examples included a rebate check sent to the facilities department and a large hockey tournament check sent to the athletics area.

Coins from the university's 55 parking meters are collected on a weekly basis and brought to the security office for counting before being delivered to the cashier's area for depositing. At times, the coins were held in the security office for over a week. University staff indicated the average amount of coins removed from meters each time is between \$250 and \$300.

Receipts should be deposited timely to reduce the risk of theft. Per MnSCU policy 7.5 and Minnesota Statute 16A.275, receipts totaling \$1,000 or more should be deposited daily. Although not required, it is a good practice to deposit receipts of less than \$1,000 more timely.

### *Recommendations*

- *The university should implement procedures to ensure funds are deposited timely.*
- *The university should review areas that collect receipts, and consider whether they can be directly sent to the cashier or business office area.*
- *The university should consider having security staff deliver parking meters coins directly to the cashier or business office area.*

### **3. The university did not comply with board policy because its practice is to waive the Minnesota State University Student Association Fee (MSUSA) when waiving other student charges.**

The university's practice is to waive the MSUSA fee when waiving other tuition and fee charges for eligible students. Board Policy 5.12 allows tuition and fee waivers for reasons such as a student's death, medical reasons, or significant personal situations. The policy, however, states, "The college or university cannot waive the MSUSA or MSCSA student association fee."

Although eligible students have the student association fee waived, the university uses its own funds to pay the waived fee to the student association. Staff indicated the practice was adopted because the fee per student is very small and it is simpler for both the student and the university. The MSUSA fee for the 2015/16 school year is \$.43 per credit hour when tuition charges are calculated based on credits. When tuition is based on banded tuition of 12 through 18 credits, the MSUSA fee is calculated using 15 credit hours. The university waived a little more than \$2,000 in MSUSA fees each year in fiscal years 2014 and 2015.

Finally, we were told there are other MnSCU institutions that have adopted the same practice as MSU Mankato.

### *Recommendations*

- *The system office and board of trustees should consider revising board policy 5.12 if it is an acceptable practice for colleges and universities to pay the student association fees themselves rather than students when a student qualifies for a tuition and fee waiver.*
- *The university should change its practice of waiving student association fees if the board of trustees are not agreeable to the practice.*

#### 4. The university did not adequately manage its ISRS equipment inventory records.

The university did not adequately manage its equipment inventory records. Although the university performed physical inventories on a timely basis, some items noted as inventoried were found to have been disposed before the inventory. For example, some computers and an \$117,000 piece of equipment had been disposed of but remained as a current asset in the university's records.

The university's information technology department maintained list of computer-related equipment, however, it did not complete periodic physical inventories. The university used a third party vendor to dispose of computers but when contacted to determine when the computers had been disposed it was determined that the vendor was not recording serial numbers or asset numbers of the computers they had picked up.

The purpose of physical inventories is to ensure equipment is accounted for and not lost or stolen. Once completed, ISRS is updated to reflect any changes in the location, the date each piece of equipment was located, and if appropriate to remove any equipment that was disposed of or lost and stolen.

#### *Recommendations*

- *The university should ensure physical inventories of equipment, including computer-related equipment, are completed timely and ISRS is properly updated.*
- *The university should ensure equipment disposal procedures are followed and ISRS is properly updated to record disposals.*

#### 5. The university did not have delegation of authority letters for all the employees that approve purchases and payments.

The university had not prepared delegation of authority letters for all employees who approve purchases and corresponding vendor payments. For example, department chairs may approve purchases and payments but they did not always have delegation of authority letters on file. According to the university, this has been their procedure for many years. Properly approved delegation of authority letters are required to clearly communicate what duties and actions an employee is authorized to perform on behalf of the university.

#### *Recommendations*

- *Employees must be delegated authority to approve purchases and vendor payments on behalf of the university. Delegation of authority letters should be completed, approved, and retained.*
- *The university should not process purchases and payments approved by employees without delegated authority.*



## 6. The university encountered problems that resulted in some faculty being paid late.

Some faculty were paid late at the beginning of the fall 2015 academic term. University staff said 170 faculty did not get their first paycheck on time or the full amount of their first paycheck for the fall term. By the end of October, the volume of assignments had decreased and most pay errors were corrected; there were approximately 20 employees that still had assignments that had not been paid. A combination of factors, including complexity and staff turnover, may have contributed to late processing of payments.

The university must complete a large volume of faculty assignments in a short period of time at the beginning of each academic term and the process is largely paper-based. Academic areas complete and approve paper assignment forms for each faculty member. The completed forms are sent to the human resources office where staff enter the information into SCUPPS so faculty can be paid. In addition, courses are commonly added or cancelled at the start of the term and require additional changes to some faculty's assignments. At the beginning of the fall term, some of the paperwork did not arrive in the human resources office for timely entry into SCUPPS.<sup>1</sup>

University staff expressed concerns about an increasing number of reconciling payroll issues that had gone uncorrected from one pay period to another. In some cases, errors resulted because assignments were entered but payment information was not entered before the end of the pay period.

Staff turnover in human resources and some academic areas likely contributed to the problem. A long-term employee responsible for processing bi-weekly payroll retired in December 2014. The employee assuming those responsibilities may not have the depth of experience and training to handle the volume of complex transactions at the busiest times.<sup>2</sup>

The system office provides a variety of tools and training to help college and university staff better understand SCUPPS and its transactions. University staff felt the SCUPPS transactional training and web-based training was not sufficient for new human resource staff given the complexity of faculty work assignments transactions. The system office provides additional resources including a SCUPPS help desk, a SCUPPS training manual, and other documentation. Finally, system office staff are a resource to answer questions or provide additional training when requested.

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<sup>1</sup> The system office has been leading a project called the Faculty Assignment Management Automation (FAMA) project. Effective January 2016, all colleges and universities are expected to begin utilizing the Faculty Workload Management (FWM) application, which is part of a fully-integrated, automated process that leverages ISRS course schedule information to build faculty assignments in SCUPPS, allowing for additional input of non-instructional work, bargaining agreement compliance and budget approvals along the way.

<sup>2</sup> The MnSCU human resources (HR) community is currently developing a new common business practice model for systemwide HR transactional delivery in a shared services environment. Effective January 2017, many HR transactional services will be provided to colleges and universities via HR services centers that support multiple institutions, which will minimize the impact of HR turnover at all institutions.

### ***Recommendations***

- *The university should implement procedures to ensure employees are paid timely and accurately.*
- *The university should evaluate what oversight should occur when it sustains significant turnover in human resources and academic areas and consider implementing additional monitoring and escalation processes when alerts are raised, issues arise and work is not completed timely.*
- *The university should work with the system office or experienced staff from another state university to ensure employees entering assignments and processing payroll have sufficient training needed for processing complex faculty work assignments.*
- *The system office should evaluate whether the SCUPPS training for new employees should be expanded.*

**Section V – Management’s Response**

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December 22, 2015

Minnesota State Colleges and Universities  
Members of the Board of Trustees  
Chancellor Steven Rosenstone  
Mr. Eric Wion, Interim Executive Director, Internal Auditing  
30 7<sup>th</sup> St E, Suite 350  
St. Paul, MN 55101-7804

Dear Chancellor Rosenstone, Trustees and Mr. Wion:

Thank you for the opportunity to review and provide responses to the results of the Minnesota State University, Mankato Internal Control and Compliance Audit that was conducted for the time period covering fiscal years, 2013, 2014 and 2015.

We look at this audit as a valuable tool to assess and review our internal control systems. We appreciate the opportunities for improvement in the areas where we have findings. The findings detailed in the audit report are restated below along with our response. We look forward to further strengthening our robust internal control systems.

We appreciate the professionalism shown by Mr. Wion and his staff of auditors while our financial operations were reviewed.

The following are the findings detailed in the audit report and our responses to resolve them:

**Audit Finding # 1) – The university did not implement effective mitigating or detective controls to address risks associated with some employees having incompatible access in ISRS.**

**University Response to Audit Finding 1:**

We concur with this finding and will review incompatible security rights to determine if security rights should be eliminated, if additional mitigating controls should be developed, or whether existing mitigating controls need to be formally documented.

Separating incompatible duties is preferred because it prevents errors, unauthorized transactions, and fraud from occurring and going undetected. The university will review the incompatible access and eliminate it as such as possible. For the remaining incompatible duties, the university will implement after-the-fact monitoring or detective controls. In addition to documenting these control procedures, including who does what and when, the university will monitor them to ensure they are being completed properly.

OFFICE OF THE PRESIDENT

309 WIGLEY ADMINISTRATION CENTER • MANKATO, MN 56001

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Minnesota State Colleges & Universities – Office of Internal Auditing

A member of the Minnesota State Colleges and Universities System and an Affirmative Action/Equal Opportunity University.

**Audit Finding # 2) – Some receipts were not deposited timely.**

Some checks were collected in different areas of the university and were not always sent to the cashier's area to be deposited timely. Coins from the university's 55 parking meters are collected on a weekly basis and brought to the security office for counting before being delivered to the cashier's area for depositing. At times, the coins were held in the security office for over a week. University staff indicated the average amount of coins removed from meters each time is between \$250 and \$300.

**University Response to Audit Finding 2:**

We concur with this finding and plan to address it by changing certain procedures and improving communications. We plan to direct other entities to make payments directly to our cashiers' office when feasible. For those areas that may receive unanticipated checks on an infrequent basis, we plan to send out reminder communications that receipts of \$1,000 or more must be deposited on a daily basis. We've already implemented a change in our process for handling parking meter collections. The Parking staff now bring coins from the parking meters directly to the Cashier's office to be promptly deposited.

We understand that receipts should be deposited timely to reduce the risk of theft. Per MnSCU policy 7.5 and Minnesota Statute 16A.275, receipts totaling \$1,000 or more should be deposited daily. Although not required, it is a good practice to deposit receipts of less than \$1,000 more timely.

**Audit Finding # 3) – The university did not comply with board policy because its practice is to waive the Minnesota State University Student Association Fee (MSUSA) when waiving other student charges.**

The university's practice is to waive the MSUSA fee when waiving other tuition and fee charges for eligible students. Board Policy 5.12 allows tuition and fee waivers for reasons such as a student's death, medical reasons, or significant personal situations. The policy, however, states, "The college or university cannot waive the MSUSA or MSCSA student association fee."

Although eligible students have the student association fee waived, the university uses its own funds to pay the waived fee to the student association. Staff indicated the practice was adopted because the fee per student is very small and it is simpler for both the student and the university. The MSUSA fee for the 2015/16 school year is \$.43 per credit hour when tuition charges are calculated based on credits. When tuition is based on banded tuition of 12 through 18 credits, the MSUSA fee is calculated using 15 credit hours. The university waived a little more than \$2,000 in MSUSA fees each year in fiscal years 2014 and 2015.

Finally, we were told there are other MnSCU institutions that have adopted the same practice as MSU Mankato.

### **University Response to Audit Finding 3:**

We concur with this finding. However, we believe that our current practice is a reasonable business practice and is in line with the intent of MnSCU board policy. The university's practice is to waive the MSUSA fee when other charges are also being waived when special circumstances warrant it. Although the university has not been collecting the MSUSA fee from the students in these situations, we have been remitting the earned fees to the MSUSA student association because we believe that was the intent of the MnSCU board policy. To address this finding, we believe that MnSCU board policy 5.12 (Tuition and Fee Due Dates, Refunds, Withdrawals, and Waivers) should be amended to be in line with our current practice. Under the current policy, if we have the unfortunate circumstance of needing to address a special situation such as a student's death or a granted waiver due to other extraordinary circumstances allowed under waiver policy, we would be allowed to waive all the student's charges except the MSUSA fee. This would mean that we would be attempting to collect anywhere from \$0.43 to \$6.49 from a student where all other charges have been waived. We believe the Board policies should be consistent regarding waiver of all types of student charges.

### **Auditing Finding # 4) – The university did not adequately manage its ISRS equipment inventory records.**

The university did not adequately manage its equipment inventory records. Although the university performed physical inventories on a timely basis, some items noted as inventoried were found to have been disposed before the inventory. For example, some computers and an obsolete wireless network server been disposed of but remained as a current asset in the university's records.

The university's information technology department maintained list of computer-related equipment, however, it did not complete periodic physical inventories. The university used a third party vendor to dispose of computers but when contacted to determine when the computers had been disposed it was determined that the vendor was not recording serial numbers or asset numbers of the computers they had picked up.

### **University Response to Audit Finding 4:**

We concur with this finding. Although the university has made a considerable effort to revise its inventory management procedures to address prior audit findings, it is clear that additional work is needed as we fell short in the execution of those procedures. We will need to better communicate existing procedures to various personnel that are involved with inventory management especially those involved with tracking computer related equipment items. Additionally, we will strengthen our equipment disposal procedures. We have already changed our computer disposal vendor to a new vendor who will meet our documentation requirements for asset disposal.

**Audit Finding # 5) – The university did not have delegation of authority letters for all the employees that approve purchases and payments.**

The university had not prepared delegation of authority letters for all employees who approve purchases and corresponding vendor payments. For example, department chairs may approve purchases and payments but they did not always have delegation of authority letters on file. Properly approved delegation of authority letters are required to clearly communicate what duties and actions an employee is authorized to perform on behalf of the university.

**University Response to Audit Finding 5:**

We concur with this finding. University leadership will discuss what the appropriate level of delegated authority should be for initiating purchases and approving payments. Once this discussion has taken place and decisions are made regarding appropriate approval levels, we will work to update the employee delegation of authority letters and required signatory documentation accordingly.

**Audit Finding # 6) – The university encountered problems that resulted in some faculty being paid late.**

The university must complete a large volume of faculty assignments in a short period of time at the beginning of each academic term and the process is largely paper-based. Academic areas complete and approve paper assignment forms for each faculty member. The completed forms are sent to the human resources office where staff enter the information into SCUPPS so faculty can be paid. In addition, courses are commonly added or cancelled at the start of the term and require additional changes to some faculty's assignments. At the beginning of the fall term, some of the paperwork did not arrive in the human resources office for timely entry into SCUPPS.

University staff expressed concerns about an increasing number of reconciling payroll issues that had gone uncorrected from one pay period to another. In some cases, errors resulted because assignments were entered but payment information was not entered before the end of the pay period.

Staff turnover in human resources and some academic areas likely contributed to the problem. A long-term employee responsible for processing bi-weekly payroll retired in December 2014. The system office provides a variety of tools and training to help college and university staff better understand SCUPPS and its transactions. University staff felt the SCUPPS transactional training and web-based training was not sufficient for new human resource staff given the complexity of faculty work assignments transactions. The system office provides additional resources including a SCUPPS help desk, a SCUPPS training manual, and other documentation. Finally, system office staff are a resource to answer questions or provide additional training when requested.

### University Response to Audit Finding # 6:

We concur with this finding. Our human resources office relies on academic departments to complete the necessary paperwork for new faculty hires and for faculty employee assignments. It should be noted that many of the faculty employees that did not get paid on time were adjunct or fixed term faculty employees. There are a number of situations that may cause paperwork to arrive late to human resources including new faculty employees not promptly signing certain payroll documents before their first scheduled duty day, course additions or deletions made near the start of the fall term, and the sheer volume of payroll documents that arrive in human resources at the same time.

To address this finding, we plan on more communications with academic departments about the need for faculty employee paperwork to be completed before certain deadlines so that faculty employees can be paid on time. Additionally, we are hopeful that the new Faculty Workload Management (FMW) application in ISRS will help streamline the process of faculty employee assignment data getting entered into our payroll systems and help reduce the number of faculty employees that do not get paid on time.

In regards to some growing challenges we are having with reconciling payroll data between SWIFT/SEMA4 and ISRS/SCUPPS we believe better training for new human resource payroll employees would be beneficial. After contacting payroll staff at Winona State University, we learned that the timing of when certain payroll data is entered is critical for reducing the number of discrepancies that show up on payroll reconciliation reports that need to be researched. We plan to utilize payroll experts at other MnSCU institutions, such as Winona State University, for advice when the training from the MnSCU system office human resources unit is insufficient. We also believe that the proposed regionalization of payroll processing will also help standardize processes and training.

Sincerely,



Dr. Richard Davenport  
President, Minnesota State University, Mankato

Cc: Mr. Richard Straka, Vice President for Finance and Administration  
Mr. Steve W. Smith, Assistant VP for Budget and Business Services  
Ms. Laura King, Vice Chancellor for Finance and Operation





**FINANCE AND FACILITIES COMMITTEE  
JANUARY 27, 2016  
9:00 A.M.**

**MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE  
ROOM 3000, 1501 HENNEPIN AVENUE  
MINNEAPOLIS, MN**

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**Please note: Committee/Board meeting times are tentative. Committee/Board meetings 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.**

- Finance and Facilities Committee, Jay Cowles, Chair
1. **Minutes of November 17, 2015, Joint Meeting with Diversity and Equity Committee (pp. 1-7)**
  2. **Minutes of November 18, 2015 (pp. 8-12)**
  3. **Approval of Contracts Exceeding \$1M for:**
    - **Retirement Program Recordkeeping**
    - **E-Procurement Vendor**
    - **Oracle Service Agreement**
    - **Microsoft Office 365 License**
    - **Student Housing Module Vendor**
    - **Grant Award to Minnesota West Community and Technical College**
    - **MSU, Mankato Bookstore Vendor**
    - **MSU Moorhead Renovation of South Snarr**
    - **Bemidji State University Phone Service Vendor (pp. 13-19)**
  4. Proposed Amendments to Board Policy 5.9 Biennial Budget Planning (First Reading) (pp. 20-25)
  5. FY2015 Financial Statement Review and FY2016-FY2017 Operating Budget Update (pp. 26-53)
  6. Discussion of FY2018 Capital Planning Guidelines (First Reading) (pp. 54-70)
  7. Update on the Work of the Long Term Financial Sustainability Workgroup (pp. 71-87)
  8. FY2018-FY2019 Operating Budget Outlook (pp. 88-102)

Committee Members

Jay Cowles, Chair  
Thomas Renier, Vice Chair  
Ann Anaya  
Philip Krinkie  
Maleah Otterson  
Erma Vizenor

**Minnesota State Colleges and Universities**  
**JOINT MEETING**  
**DIVERSITY AND FINANCE AND FACILITIES COMMITTEES**  
**NOVEMBER 17, 2015**  
**MCCORMICK ROOM**  
**30 7TH STREET EAST**  
**ST. PAUL, MN**

Committee Members Present: Committee Chairs Duane Benson and Jay Cowles, Committee Members, Louis Sundin, Kelly Charpentier-Berg, Erma Vizenor, Thomas Renier, Philip Krinkie, Maleah Otterson

Other Board member Present:

Leadership Council Representatives Present: Chief Diversity Officer Dr. Leon Rodrigues, Vice Chancellor Laura King

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**Convene**

The Minnesota State Colleges and Universities Board of Trustees held its meeting on November 17, 2015, 4<sup>th</sup> Floor, McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Benson called the committee meeting to order at 4:03 pm

Chief Diversity Officer Leon Rodrigues and Vice Chancellor Laura King presented on Vendor and Supplier diversity, which forms part of the board and the system's larger commitment to diversity and equity. It includes the work that is already underway to establish intentional and strategic diversity efforts across the system, including the statewide work that has been launched through the Charting the Future initiative, and the work being shaped by presidents and diversity officers on each campus.

Through its definition of diversity, the board acknowledges the broad scope of diversity that shapes our inclusion efforts and specific attention has been underway and will continue around the following areas:

1. Maintaining accessible and affordable educational opportunities for diverse learners within the MNSCU system,
2. Increasing and retaining diversity in students, faculty and staff,
3. Building sustainable partnerships with diverse communities,
4. Reducing barriers and increasing student success, and,
5. Creating inclusive and welcoming campus environments, which ensure that all students feel a sense of belonging and contribution.

The system's diversity strategies are organized in a way that characterizes an organization-wide approach across all divisions, especially in the areas of Academic and Student Affairs, Human Resources, Finance and Facilities and is a message shared with system constituents.

Dr. Rodrigues also thanked the IFO for their support and involvement in promoting diverse and equitable environments on campuses and their assistance in diverse faculty recruitment and retention.

Dr. Rodrigues presented an example of how the system is embedding diversity work across the above-mentioned divisions. Several board presentations in the ensuing months will report and engage us all in goal setting and board oversight of the growing diversity work and the urgency we feel to do better in our efforts.

Vice Chancellor King talked about the first of three elements in an organization's diversity commitment, namely our procurement strategy. The Diversity committee intends to have similar discussions with the Academic and Student Affairs Committee concerning enrollment/student success and with the Human Resources committee concerning the recruitment and retention of diverse faculty and staff. These discussions will establish the baseline of current activity and then work to develop goals or targets for improvement.

Vice Chancellor King referred to the "pre-reading materials" at the back of the PowerPoint, as they will not be reviewing the entire deck, but only providing extensive background material.

Vice Chancellor King shared that the day's objective is to check in with the Board on the overall approach to diversity performance in the procurement area and pose some policy questions in order to gain the board's insights. State and federal law tightly control this activity. MnSCU operates within the State's program administered by the state department of Administration. The background slides provide extensive information about our performance in this arena. The executive branch has made a commitment to reengineer the program to improve results and we are completely committed to that effort.

Vice Chancellor King referenced the most recent performance data finding that the system directed \$35M of \$518M in FY 2014 supplies and service spending to vendors registered and qualified by the state. This is a rate of about 2%. The most recent data from the state reports the department of Administration spending at about 3%. The state's RFP will form the legal basis in the event we want to set overall performance/preferment goals. Goals will not be suggested in the absence of that RFP result.

Furthermore, MnSCU and the state have launched a variety of outreach efforts over the years with more or less success. The goal of the outreach effort is twofold-

- A general growth of awareness in MnSCU purchasing opportunities.
- The expansion of the number and variety of vendors completing the registration process through the state in order to receive a set-aside or percentage preference, and that is where the effort often falters.

There has been some good work led by the state to improve the program. The Governor's Council made recommendations organized around barriers identified by the committee which were three main themes:

1. Information/communication shortfalls;
2. Issues surrounding the cultural and competitive landscape; and
3. Process barriers.

The long-term outcome of this committee is to increase the number and dollar value of contract awards to targeted groups, economically disadvantaged and veteran-owned small businesses in order to achieve equity in state contracting. The Council has made numerous recommendations designed to make it easier and friendlier for vendors to achieve registration and therefore access to the state's preferment program. The state is also gathering up to date data for its program and we are participating. There is a statewide data collection effort underway that should give us strong information about the nature and size of the targeted vendor community across the state.

The Itasca Bridge program is the next effort from the Itasca group to increase corporate buying practices with MN based businesses. The group includes procurement leaders from the area's premier companies and is a great resource to us as we work to improve our procurement practices generally and in this area specifically.

Vice Chancellor King reiterated that we are here today to ground the committee in the work of the system in this area, update you on the strategic efforts underway designed to improve performance, some resulting from CFT initiatives and some related to our continued best practices work. Finally, to check in and make sure we are capturing the board's objectives in this area. Board policy expects performance in this area and we are part of the state's overall effort. We would invite the board's advice as we participate in the overall program review the state has launched

Trustee Anderson Kelliher asked if there is a clear way to know if someone is state certified. Vice Chancellor King responded that the only way to know if a vendor is state certified is verification against the state list. Trustee Anderson Kelliher shared that the system is difficult and would like to know how to make it easier to allow for more opportunities. Vice Chancellor King responded that that we have invited ourselves into the process to help and that the committee came out with ways to make it better.

Trustee Renier asked whether it needs to go to rule making or legislation, or if it can be done internally. Vice Chancellor King expressed that she does not know enough about the process and it states that the recommendations are administrative in nature so she thinks that it would be administrative. Trustee Renier inquired about how the certification extends to subcontractors as it relates to construction as the statutory preference goes to the contract award. Trustee Renier suggested that it seemed like some of the opportunities would lie there and questioned whether the focus also extends to women owned business. Vice Chancellor King confirmed yes, under statute that women owned businesses are part of the small business defined population.

Trustee Cirillo inquired about a mechanism to provide training to companies that are interested in going through this process. He elaborated that one of the schools could give contract training or provide navigation through the process. This would allow facilitation in assisting vendors that we might identify as good vendors in the process itself. Vice Chancellor King replied that yes, it would be in our capacity to do so once the process is correct. She stated that one thing that will be very interesting for us once the disparity study is done is to know where the vendors are located if we could get them certified. Trustee Cirillo shared that companies in the Business Bridge could give some guidance there. In addition, we could likely provide that service not just for MnSCU but also for others that are also under the administrator program.

Trustee Benson shared that in his experience large contractors come in arm and arm and say we can solve your problems as far as minority procurement, so creating those types of relationships would also be a good way to go.

Trustee Sundin shared that the Vikings stadium has a good record going. When the executive secretary of the national AFL-CIO was here, she walked around and shook the hand of every one of the women construction workers on the job. It is currently up to about 16% female now, which is exciting. There was stringent criteria put on those contractors when they signed on the dotted line so speaking with AFL-CIO President McCarthy and the building trades presidents might be enlightening. There had been a discussion on this subject and that there were barriers by the department of administration. In addition, she inquired about asking for changes with the Department of Administration. Vice Chancellor King expressed her apologies and stated -maybe, she was being a little informal. She clarified that she was not suggesting that the underlying law needed changing, but the bureaucracy that surrounds the certification process. That part is a good candidate for redesign. Trustee Sundin offered that there are legislators that will assist us in tweaking the law if we think that will help.

Trustee Benson reiterated that the big contractors have learned to come in arm in arm to fill the required quota. The infrastructure is difficult to navigate. Vice Chancellor King clarified that this conversation is not as much about building contractor service, but more about goods and services. That is why we are more interested in what vendors are out in the state.

Trustee Erlandson shared that she will speak as a woman owned business owner that is also a small business. She also shared that she has three times started this application process and never was able to complete the process due to the complexity. It seems on the application side that they are trying to achieve all things in one process, therefore, they want you to be women owned, minority owned, low income and without any assets. The process does not allow you to achieve getting the contract based on their requirements. Even if you do get a contract, the amount of paperwork and insurance requirements for businesses at least by MnDOT, are unbelievable. She reiterated that you are so much better off as a big business, as everything is oriented toward big business, and big business have people to do this kind of paperwork. Trustee Erlandson inquired as to why there are so many different processes with different agencies, why could we not have one process and use the federal process.

Trustee Cirillo shared again his interest in an idea that he feels we should pursue. That is the notion that we are in the business of education maybe we could provide a service like this and charge for it.

Trustee Cowles asked if there is clarity around the policy guidance from the board that compels these efforts. If there is, is it asked that it be brought forward at some point and to translate into English. He stated that there are some principles that have to do with providing career opportunities for our graduates and strengthen the resources of our communities from which our students come. In addition, strengthen the kind of policy objective for MnSCU, and your ability to communicate both with state government and legislative partners as need be but also, more importantly with the community and potential business as part of the outreach. It becomes part of our brand, it also becomes attractive to gain and retain students. It seems that it should not be a technical exercise, but that we should make sure we are clear about our agenda. Dr. Rodrigues stated that he would appreciate that type of guidance from the board. He continues to be quite impressed with the governor's commission who have done many focus group surveys and have spoken to people and the very question that Trustee Erlandson raises about the difficulty of the process and the ambiguity of the application procedures have come up quite strongly in the commission's report to the governor. A lot of work has been done. In his own personal learning, he visited with the MN Sports Facility Authority as well as the Northern Region of the Minority Business Supplier Development Corporation and there are many best practices that could be followed. Vice Chancellor King commented about the difficulties that are imposed by the policy issues and sometimes when doing diversity you have to push against certain boundaries. There is a way that we can push those boundaries. This is a matter of economic development and economic justice. In addition, certainly with us being in the education business, there is a way that we can teach our students. Dr. Rodrigues thanked Trustee Cowles for that for that comment.

Trustee Benson stated, speaking for the board there is a big commitment to this and we are going to be successful in this work

Trustee Anderson Kelliher asked the Vice Chancellors to come back with an understanding of what the charge might be or its commitment to the board and would like to know if this were a matter of these two joint committees working on a statement. She feels that the board needs clarification on who is doing the work.

Vice Chancellor King exclaimed that this is exactly the conversation that staff wanted to have this afternoon. She expects that when the RFP results come back that we will be back in front of the board to have a conversation on how the board wants to establish itself in this program. We do not need a board policy statement to participate in that RFP process because we believe the organization to be committed to this work. Dr. Rodrigues has some work going on through the Charting the Future effort in this particular instance and appears to be good for now in terms of board guidance.

Trustee Benson shared that he had spoken to all board members and would like to establish a base line of where we are. Academic Affairs has completed this already. We will also be doing this in our hiring practices and procurement but we have to establish the baseline and then clarify the obstacles. He shared that this is so we can set goals in all three areas. Vice Chancellor King stated that staff will think about how pivot this conversation toward our students and communities as we design the vendor outreach program that will come next.

Chancellor Rosenstone stated that he was pleased to hear the board consensus that this is important and that this work should move forward. He said it is also important to know that our only real hope to get this to move forward is to collaborate with the state; it would be prohibitive to try to do this all by ourselves. Therefore, when the invitation from the governor's office for MnSCU to be a party to his diversity and inclusion initiatives we jumped at it immediately. Mark Carlson will be representing us in the recruitment, development and growth of the workforce initiative that is also under Commissioner Fran's leadership.. Therefore, you will be hearing more about this in the context of this conversation with HR as well.

Trustee Benson-asked for clarity on the timing on when this will be back. Vice Chancellor King stated that the Process Reengineering Workgroup is moving right along and we should expect to hear from them in the next quarter or two. The RFP establishing the disparity data set will take a while, it is not due to be complete until spring of 2017 and rolled into the next conversation. She expressed her delight that the state is fixing their process, as that will enable us to accelerate the outreach, certification, and registration of vendors while the RFP goes on.

Vice Chancellor King shared that there is work happening now around outreach and promotion. Even if it is not under a preference program, there is a lot of work being done to grow awareness separate and apart from through the states process, and that work should continue. Work to improve outreach, communication, and campus assistance will all continue. We are in this jam, under our current posture, we cannot give preference until we have legally defensible numbers around disparity and we will not have that data until the RFP process is complete. She added there are a number of agencies that are a part of this process, including MnSCU, and we will end up with tremendous data.

Trustee Cirillo inquired about a preference program, and if we wanted to have a minority vendor that does not need preference, are they in this program? Vice Chancellor King stated that is one of the sadness in this process, is that we probably have dozens of vendors like that but they are not in the data. The only way we know they are diverse vendors is if they are registered. In addition, the process turns those vendors off which minimizes the pool.

Trustee Anderson Kelliher asked if there would be the option to tweak the state law to say that if registered vendors with the Federal or State program makes you an eligible vendor. She added that we would like to participate in the process but it may cut down our curve by about a year and a half if we could get an insertion and maybe the state should consider that. Vice Chancellor King stated that she would inquire. Trustee Anderson Kelliher added that it would seem that it would be a temporary solution to a very pressing problem, waiting another two years for a resolution could be a real issue

Gary Cunningham, General Counsel stated that the premise of having a preference is based on the history of the purchaser. The RFP is going to look at the actual purchasing practices with respect to disadvantaged groups to determine whether there is evidence of past discrimination. That is the only basis on which a preference can be given. It cannot be given for the policy reasons that Trustee Cowles identified, it can only be given to remedy past discrimination and that is what the RFP is going to get actual data on, it will be real data on the history of discrimination. He added that the Supreme Court has said that is the only basis on which to give a preference based on protected class. Trustee Anderson Kelliher asked if that means our

current program is actually illegal because we have no information that we are actually solving a problem. Vice Chancellor King added that preference is given through the state's program, which is through an old disparity study. It is the same track, just new data. Trustee Anderson Kelleher asked if that is the case then why does it need to be adhered to. Why are we not able to create our own process in the interim?

Vice Chancellor King clarified that we can do outreach, we can do friend building, and we can do relationship building but we cannot give points to somebody responding to an RFP because they are ethnic or minority or woman owned business unless you have legal evidence that we have discriminated against them in the past. The only way to have that legal evidence is to have that disparity study done.

Vice Chancellor King stated that we do give preference; we give preference through the state program as registered vendors. She added that is how she can tell the board that we awarded \$35 million dollars to the state certified vendors in this program. They received an advantage in the vendor process.

Trustee Cowles said that there is an opportunity with targeted outreach to create a larger pool of candidates. These candidates would compete on a straight up basis for work and for vendor relationships but we need to be clear about what we are trying to accomplish and the basis under which we are operating. He asked how the Stadium Facilities Authority was able to get the preferential treatment to set such high quotas.

Vice Chancellor Kind responded that it was in statute as far as public financing.

Trustee Anderson Kelliher added that it was just like the Target Field Stadium Authority, it had community benefits agreements through legislation.

Trustee Benson commented that with the Sports Facility Authority Commission they did not come up with a policy, they executed what the state decided. The state decided that it was 10% women and 30 % minority and within the access of all of them including veterans. Vice Chancellor King added that she did not think it was preferential but that it was goal setting and performance expectation. She does not believe that the bidders received preferential points

Trustee Cirillo shared that he was interested in working with Chair Benson, Dr. Rodrigues and Vice Chancellor King and others as needed to determine what might be next to move this agenda forward. He added that a number of issues surfaced but he thought it important enough that it is something that the board must encourage. The board needs to have stronger sense of progress.

Trustee Anderson Kelliher concluded that like MnSCU Diversity, we should strive to find vendors in our area, and that we should not have to go to another state to find qualified vendors.

The meeting adjourned at 5:08 pm.

Respectfully submitted,  
Sonya Castillo, Recorder



**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**BOARD OF TRUSTEES**

**FINANCE AND FACILITIES COMMITTEE**

**MEETING MINUTES**

**November 18, 2015**

*Finance and Facilities Committee Members Present: Chair Jay Cowles, Tom Renier, Philip Krinkie, and Maleah Otterson*

*Other Board Members Present: Trustees Margaret Anderson Kelliher, Kelly Charpentier-Berg, Alexander Cirillo, Dawn Erlandson, Elise Ristau, and Louise Sundin*

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

The Minnesota State Colleges and Universities Finance and Facilities Committee held its meeting on November 18, 2015, 4<sup>th</sup> Floor, McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Cowles called the meeting to order at 9:25 a.m.

Chair Cowles acknowledged that there was a quorum and asked for motion to approve the minutes. Chair Cowles advised the committee that he was a part of a meeting with the chancellor and staff to review the financial recovery plan performance reports from the fall. The financial recovery plans and related actions by the college and universities are underway and Chair Cowles and Vice Chancellor King will continue to monitor progress and bring forward a comprehensive review of FY15/FY16 budgets at the January board meeting.

The January board agenda will be heavy and will include: FY2016- 2017 budget updates and an update on the long term financial sustainability work group committee as well as an opening conversation concerning development of the FY2018 – FY2019 budget plan. Chair Cowles is the trustee member of the long term financial sustainability work group, which is a management workgroup and met a week ago. The meeting was interesting and engaging with valuable reports made. Chair Cowles and Vice Chancellor King are discussing how to bring inputs from the meetings to various stakeholders in advance of waiting for reports on the full workgroup discussions. This will give everyone a better chance to understand some of the context and key trend analysis that is being considered in the workgroup.

In January the committee will have a preliminary strategic discussion concerning the planning guidelines for the 2018 Capital Bonding Proposal which will incorporate a review of the current state policy regarding one third debt service costs for capital projects. It has been several years since the board reviewed this policy and it is timely for the 2016 session and the formulation for the 2018 program.

Chair Vekich recently distributed a memo concerning the committee assignment of ERM topics which is also a guide to build the agenda for the rest of the year for the committee. Trustee Anderson Kelliher, asked a question regarding the GASB68 and CFI discussion from the previous day concerning when the CFI is going to be impacted and how it's going to be reported. Chair Cowles asked Vice Chancellor King to give an update. Vice Chancellor King responded that the committee will have a discussion in January as follow up on financial statements and receive a more developed set of observations about final indicators. The rating agencies and credit underwriters have provided assurance that their rating methodologies have incorporated the risk and liability associated with bringing the long term pension liability onto the balance sheet.

### **Finance and Facilities Update**

Vice Chancellor King commented that committee members received a packet from the board office that conveyed reports and white papers; 1) memo from the chancellor responding to the governor regarding his inquiry concerning the campus safety program, 2) the final FY2016 capital budget recommendation and; 3) a background paper on the property casualty liability insurance program. These documents followed promises that staff made to the committee over the last several months.

The FY2015 final financial statements had good results with strong campus presidential and financial leadership commitment to the process. The 2016 Legislative session begins in March. Brian Yolitz is on the road doing campus visits. Vice Chancellor King thanked the colleges and universities for their hospitality and efforts. There was positive feedback from people who are touring and we are all looking forward to continued legislative engagement.

The long term financial sustainability work group launched and there were presentations from a retired state demographer and Deb Bednarz. Staff will move forward with how to make that information available in the months ahead. Vice Chancellor King toured Metropolitan State University's St Paul campus two weeks ago and their science building, student center and parking ramp are open and ready for business. There is a transformed look on campus. The university welcomes trustees to tour. The additions include a parking ramp with 870 off street parking slots, an \$11M student center designed by and for students, and a \$39M science building. Vice Chancellor King thanked Dan Hambrock and President Malhotra and everyone who labored to bring the projects to completion.

Chair Cowles thanked everyone and added that the groundbreaking at St. Paul College will be tomorrow and reminded everyone of the on-going programs of construction, facility renovations and renovations across the state on campuses and is an important part of what the committee's oversight. One of the important items that Chair Cowles and Vice Chancellor King intend to bring to the committee in the next year is a review of the facility strategic expectations which plays into the long term financial sustainability and ensuring that there is facilities design of the highest level of outcomes for the students, faculty and staff that are using them, and making sure the Board is familiar with expectations and performance across campuses.

Chair Cowles noted in the approved minutes that there was a request from Trustee Erlandson about the enrollment trends and our competitors. Vice Chancellor King will bring to the January board meeting.

- 1. Minutes of October 20, 2015**
- 2. Minutes of Study Session on October 20, 2015**

Chair Cowles asked for a motion to approve the minutes from the finance committee meeting, along with the minutes from the study session for the Information Technology 2016 Outlook. The motion was made by Trustee Renier, seconded by Trustee Vizner. Both minutes were approved as written.

**3. Approval of Contract Exceeding \$1M for St. Cloud State University Coborn Plaza Lease Agreement**

Chair Cowles stated that there was a placeholder for a review of this agenda item. After consultation with President Potter and Vice Chancellor King, management will not bring forward a proposal to review but this may come back at the January board meeting. It has been handled appropriately.

- 4. Approval of Contracts Exceeding \$1M for:**
- a. Continuing Education/Customized Training Online Registration Request for Proposal**
  - b. Assessment for Course Placement**

Vice Chancellor King explained the two items before the committee at this meeting:

A master contract for software license/services for customized training and online registrations. The contract would run through 2020 with options for extension. The maximum costs of the contract would be \$2 million.

A master contract for assessment for course placement services with the College Board. The contract would run through 2023 with options for extension. The maximum cost of the contract in total would be \$1.75 million.

Trustee Benson asked if the committee is comfortable with this million dollar trigger for approvals. Vice Chancellor King suggested that she bring a discussion forward next fall after the committee has had some time with the new policy requirement and review this process to determine if it has achieved their goals adequately or if changes are needed.

Trustee Charpentier-Berg asked if there was legislative conversation about the accuplacer tool and wondering how that meshes with the second item on this list. Chancellor Rosenstone responded that the committee has been working with Commissioner Brenda Casselius on college readiness. We will always have students needing some sort of placement test because a large segment of our students are non-traditional and will not have ACT scores. This option is the best one we have.

Chair Cowles inquired whether either of the requests led to important changes in process or utility for our colleges and universities. Vice Chancellor King responded that the first is the proposed solution to an existing problem with registration for the continuing education/customized training community. System IT staff will create a program that will interface with the new option and make for a smoother integration to ISRS. Both are master contracts, and as such, provide the savings we can negotiate as a system with the flexibility of allowing colleges and universities to buy the services they need directly from the vendor. The services are available to the colleges and universities, but they are not obliged to purchase them.

Trustee Otterson had a follow up question on the assessment for course placement contract. Students have expressed a frustration that the current testing mechanism does not accurately reflect their skills, particularly in mathematics. Vice Chancellor Ron O. Anderson responded that the system Academic and Student Affairs community has had extensive discussions about this issue-- colleges and universities are increasingly adopting multiple measures for assessing course placement. The tool is only one of the measures, and it is the best tool available in the market today. We continue to work to better align with K-12 to reduce dependence on this type of testing.

Chair Cowles asked whether this was this vendor was the only response to the RFP. Vice Chancellor Anderson responded, yes, historically, there have been two providers in this area. For this RFP, only the College Board responded.

Trustee Otterson moved to approve both items over \$1 million. Trustee Renier seconded the motion. Motion passed

## **5. Approval of Allocation Framework Redesign Principles**

Vice Chancellor King presented the revised recommendation to the committee for approval on the proposed allocation framework redesign principles as presented in the board packet.

Chair Cowles stated that there was an excellent conversation at the Board study session on November 17<sup>th</sup> with a great deal of commentary and questions. He asked if there were any lingering comments or questions trustees would like to express concerning the motion presented for consideration.

Trustee Otterson asked for clarification on whether the motion solidifies the proposed principles and close the door on any additional principles in the future. Chancellor Rosenstone responded that the motion is intended to get the work started. If, as the work progresses, additional principles emerge, the expectation is that Vice Chancellor King would return to the board for additional guidance.

Chair Cowles commented that the motion endorses a starting point for the work, and enables the management group to move forward. There is a technical change to the revised motion for the allocation framework redesign principles correcting the reference to the Finance committee; it doesn't change the meaning of the resolution. Chair Cowles thanked the fellow

trustees for an excellent conversation and commended Vice Chancellor King, Deb Bednarz and the presidents for the thoughtful, welcoming and candid commentary. Chancellor Rosenstone endorsed the chair's observation.

Chair Cowles read the revised recommended committee action that the Finance and Facilities committee recommends that the board of trustees approved the proposed allocation redesign framework principles as presented. The Finance and Facilities committee looks forward to receiving an update on the progress of the work in the spring and to reviewing the recommended changes to the allocation framework next fall after full consultation with interested parties.

Chancellor Rosenstone clarified for Trustee Otterson that before beginning a process of identifying projects to bring to the board for a capital budget, there is guidance from the board about to think about the priorities. If there is new principal that is suggested, Vice Chancellor King will go back to the board for guidance. Chair Cowles stated to be clear that the board is not endorsing a specific outcome. This resolution is to develop a starting point

The motion to approve the amended committee action was made by Trustee Otterson and seconded by Trustee Vizenor. It was adopted.

The meeting adjourned at 10:00 a.m.

Respectfully submitted,

Maureen Braswell, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Finance and Facilities Committee

**Date:** January 27, 2016

**Title:** Approval of Contracts Exceeding \$1M for:

- a. Retirement Program Recordkeeping
- b. E- Procurement Vendor
- c. Oracle Service Agreement
- d. Microsoft Office 365 License
- e. Student Housing Module Vendor
- f. Grant Award to Minnesota West Community and Technical College
- g. MSU, Mankato bookstore Vendor
- h. MSU Moorhead Renovation of South Snarr
- i. Bemidji State University Phone Service Vendor

**Purpose (check one):**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input checked="" type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input type="checkbox"/> Information                                   |   |

**Brief Description:**

Board Policy 5.14, Procurement and Contracts, requires that contracts, including amendments, with values greater than \$1,000,000, must be approved in advance by the Board of Trustees. This report presents system wide and college and university contracts for consideration and approval by the Board.

**Scheduled Presenter(s):**

Laura M. King Vice Chancellor - CFO

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**BOARD ACTION**

**APPROVAL OF CONTRACTS EXCEEDING \$1M:**

Systemwide contracts -

- a. Retirement Program Recordkeeping
- b. E-Procurement Vendor
- c. Oracle Service Agreement
- d. Microsoft Office 365 License
- e. Student Housing Module Vendor
- f. Grant Award to Minnesota West Community and Technical College

Campus Contracts -

- a. MSU, Mankato Bookstore Vendor
- b. MSU Moorhead, Renovation of South Snarr
- c. Bemidji State University Phone Service Vendor

**BACKGROUND**

Board Policy 5.14, Procurement and Contracts, requires that contracts, including amendments, with values greater than \$1,000,000 and master contracts exceeding \$3,000,000 must be approved in advance by the Board of Trustees. This report presents system wide and college and university contracts for consideration and approval by the Board.

**Systemwide Contracts Exceeding \$1M for:**

- a. Retirement Program recordkeeping – the system has completed an RFP and is prepared to execute a contract with a vendor to provide recordkeeping services for the defined contribution retirement program for a term of 5 years and a total cost of \$8,000,000. The new vendor will provide a special team dedicated to communication and consultation for employees on personal impacts through the changes. Recordkeeping service costs are paid entirely by program participant fees. Fees are negotiable with the goals of providing the lowest cost, fee equality, and fee transparency.
- b. E-Procurement vendor – the system has completed an RFP and is prepared to execute a contract with a vendor to install a new e-procurement package for a term of 5 years with the possibility of a 2 year extension at a total cost over the seven years not to exceed \$5,000,000. The package will be for campus use with implementation to occur over the next year. The new software will have substantial campus operating practice impacts including online catalog ordering of commodities, automated workflow and approvals, contract management support, support for collaborative practices, and flexible reporting

capabilities. Initial license and installation costs will be paid with system reserves and recovered through a system/campus finance plan over 5-7 years.

- c. Oracle Service Agreement – the system office is seeking approval execute a three (3) year contract with Oracle for software, hardware and support necessary for replacement of outdated equipment and for existing software/hardware maintenance agreements. The current software, hardware maintenance contract is purchased annually for a cost under the Board approval limits. In order to take advantage of discounting pricing, Oracle requires a minimum three (3) year commitment. The agreement would begin July 1, 2016 and end June 30, 2019 with a total cost over the three years not to exceed \$7,000,000. The cost will be paid from the system office ITS base budget.
- d. Microsoft Office 365 Migration Tool – the system office is seeking approval to enter into a contract with a vendor to assist with the migration of campuses that are currently utilizing their own Microsoft Office 365 tenant to the MnSCU system Office 365 tenant. This will allow for all students, faculty, and staff to reside in the same Office 365 tenant as a system. This is a charting the future initiative. The system office completed an RFP and is prepared to execute a contract with a vendor to provide an Office 365 migration tool for a term of two (2) years with the possibility of a one (1) year extension at a total cost over the three (3) years ending 2019 not to exceed \$1,500,000. The costs will be paid by campuses using the migration services.
- e. Student Housing Module Vendor – the system office is seeking approval to enter into a contract with StarRez to provide housing and dining management software for the following colleges and universities: NEHED (Hibbing CC, Itasca CC, Mesabi Range College, Rainy River CC, Vermilion CC) Fond du Lac Tribal and CC, Minnesota State CTC, MSU Moorhead, Bemidji SU, Southwest MSU, St. Cloud SU, MSU Mankato, Winona SU. The system office completed an RFP and is finalizing a contract to award to StarRez. This will be an initial five (5) year contract with the option to extend for up to two (2) years for a total of seven years ending 2023. The cost over seven years will not exceed \$2,000,000. The costs will be paid by the campuses using the software.
- f. Grant Award to Minnesota West Community and Technical College - Northern States Power (d/b/a Xcel Energy) is the funding source and manager of the Renewable Development Fund (RDF) Block Grant. Funds in this account may be expended to stimulate research and development within the state into renewable electric energy technologies. In response to a Request for Proposals, Minnesota West Community and Technical College and the Minnesota Energy Center prepared and submitted a \$5.5M proposal that was approved for funding.

The goal of the block grant will be to solicit and select high quality research projects that will ensure the growth, development, and delivery of renewable electric energy technologies throughout the State of Minnesota. Research proposals will be solicited from all MnSCU colleges and universities through two funding cycles with the intent of



funding up to a maximum of 14 projects. The term is three years from the date of the fully executed agreement.

**Campus contracts exceeding \$1M for:**

- g. MSU Mankato Bookstore Agreement –MSU, Mankato is seeking approval to exercise the extension of its bookstore contract with Barnes & Noble for another 2 years. The university entered into its current 3 year agreement with Barnes & Noble on July 1, 2013, and the initial term is set to expire June 30, 2016. The agreement contemplates two (2) one (1) year extensions, the first option available to start July 1, 2016. The university receives a percentage of annual bookstore revenues as a fee on this contract, and when the original agreement was signed, the initial agreement was in compliance with Board contract policy. Now that an extension is sought, the university seeks Board approval for this contract. Current revenues from this contract are a little over \$2 million, and the university anticipates an additional \$1.5 - \$1.7 million in revenues if the options to extend are exercised.
- h. MSU Moorhead, Renovation of South Snarr –MSU Moorhead is seeking approval of a construction contract up to \$7 million to renovate the South Snarr residence hall, part of a 3-wing complex. West Snarr was renovated in FY2013-FY2014 as part of the 2013 Revenue Bond sale, and the university is proposing to renovate East Snarr as part of the 2017 revenue bond sale request. The university would renovate South Snarr this summer using its campus revenue fund reserve funds set aside for this purpose. The work is expected to be completed by Fall, 2017.
- i. Bemidji State University Phone Service Vendor – the university contracts with the local sole source phone service vendor, Paul Bunyan Telephone Cooperative (dba Paul Bunyan Communications) for local and long distance telephone services to the university and Northwest Technical College. This request would approve a contract for the term July 1, 2017 to June 30, 2021 at a maximum total cost of \$600,000. BSU and NTC have previously contracted with Paul Bunyan Telephone Cooperative for this service from FY 2004 to present date at a cost of approximately \$2,700,000.

**RECOMMENDED COMMITTEE ACTION:**

The Finance and Facilities committee recommends the Board of Trustees adopt the following motions:

- a. The Board of Trustees authorizes the chancellor or his designee to execute a contract with the selected retirement program recordkeeping vendor for a term of up to 5 years

- ending 2021 for a total amount not to exceed \$8,000,000. The Board directs the chancellor or his designee to execute all necessary documents.
- b. The Board of Trustees authorizes the chancellor or his designee to execute a contract with the selected e-procurement vendor for a term of up to 7 years for a total amount not to exceed \$5,000,000. The Board directs the chancellor or his designee to execute all necessary documents.
  - c. The Board of Trustees authorizes the chancellor or his designee to execute a service agreement with Oracle for a term of up to three years ending 2019 for a total amount not to exceed \$7,000,000. The Board directs the chancellor or his designee to execute all necessary documents.
  - d. The Board of Trustees authorizes the chancellor or his designee to execute a license agreement with Microsoft for a term of up to 3 years ending 2019 for a total amount not to exceed \$1,500,000. The Board directs the chancellor or his designee to execute all necessary documents.
  - e. The Board of Trustees authorizes the chancellor or his designee to execute an agreement with StarRez for a term of up to 7 years ending 2023 for a total amount not to exceed \$2,000,000. The Board directs the chancellor or his designee to execute all necessary documents.
  - f. The Board of Trustees authorizes the chancellor or his designee to execute a grant agreement between Minnesota West Community and Technical College and Northern State Power (d/b/a Xcel Energy) for a term of up to 3 years from execution for a total amount not to exceed \$5,500,000. The Board directs the chancellor or his designee to execute all necessary documents.
  - g. The Board of Trustees authorizes the chancellor or his designee to execute a contract extension between MSU Mankato and Barnes and Noble, Inc. for a term of up to 2 years ending 2018. The Board directs the chancellor or his designee to execute all necessary documents.
  - h. The Board of Trustees authorizes the chancellor or his designee to execute necessary contracts to complete renovation of MSU Moorhead South Snarr for a total amount not to exceed \$7,000,000. The Board directs the chancellor or his designee to execute all necessary documents.
  - i. The Board of Trustees authorizes the chancellor or his designee to execute a service agreement between Bemidji state University and Paul Bunyan Telephone Cooperative (dba Paul Bunyan Communications) for a term ending 2021 for a total amount not to exceed \$600,000. The Board directs the chancellor or his designee to execute all necessary documents.

**RECOMMENDED BOARD ACTION:**

- a. The Board of Trustees authorizes the chancellor or his designee to execute a contract with the selected retirement program recordkeeping vendor for a term of up to 5 years ending 2021 for a total amount not to exceed \$8,000,000. The Board directs the chancellor or his designee to execute all necessary documents.
- b. The Board of Trustees authorizes the chancellor or his designee to execute a contract with the selected e-procurement vendor for a term of up to 7 years for a total amount not to exceed \$5,000,000. The Board directs the chancellor or his designee to execute all necessary documents.
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- e. The Board of Trustees authorizes the chancellor or his designee to execute an agreement with StarRez for a term of up to 7 years ending 2023 for a total amount not to exceed \$2,000,000. The Board directs the chancellor or his designee to execute all necessary documents.
- f. The Board of Trustees authorizes the chancellor or his designee to execute a grant agreement between Minnesota West Community and Technical College and Northern State Power (d/b/a Xcel Energy) for a term of up to 3 years from execution for a total amount not to exceed \$5,500,000. The Board directs the chancellor or his designee to execute all necessary documents.
- g. The Board of Trustees authorizes the chancellor or his designee to execute a contract extension between MSU Mankato and Barnes and Noble, Inc. for a term of up to 2 years ending 2018. The Board directs the chancellor or his designee to execute all necessary documents.
- h. The Board of Trustees authorizes the chancellor or his designee to execute necessary contracts to complete renovation of MSU Moorhead South Snarr for a total amount not to exceed \$7,000,000. The Board directs the chancellor or his designee to execute all necessary documents.

- i. The Board of Trustees authorizes the chancellor or his designee to execute a service agreement between Bemidji state University and Paul Bunyan Telephone Cooperative (dba Paul Bunyan Communications) for a term ending 2021 for a total amount not to exceed \$600,000. The Board directs the chancellor or his designee to execute all necessary documents.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Finance and Facilities Committee

**Date:** January 27, 2016

**Title:** Proposed Amendments to Policy 5.9 Biennial and Annual Operating Budget Planning –  
First Reading

**Purpose (check one):**

- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance  | <input type="checkbox"/> Information                        |   |

**Brief Description:**

Board Policy 1A.1, Part 6, Minnesota State Colleges and Universities Organization and Administration, requires periodic review of all board policies.

Board Policy 5.9 has undergone a scheduled review including consultation. This review has resulted in no substantive proposed amendments and all comments received through consultation were considered.

The amendments offered at this time are technical in nature - formatting, heading, and style changes.

**Scheduled Presenter(s):**

Laura M. King, Vice Chancellor - CFO

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**BOARD ACTION**

**PROPOSED AMENDMENTS TO BOARD POLICY 5.9 BIENNIAL AND ANNUAL  
OPERATING BUDGET PLANNING AND APPROVAL (FIRST READING)**

**BACKGROUND**

Board Policy 1A.1, Part 6, Minnesota State Colleges and Universities Organization and Administration, requires periodic review of all board policies and procedures to “determine whether it is needed, that it is current and complete, not duplicative of other policies, does not contain unnecessary reporting requirements or approval processes, and is consistent with style and format requirements”.

Board Policy 5.9 Biennial and Annual Operating Budget Planning and Approval, was adopted by the Board of Trustees and became effective June 21, 2000. The policy was last before the board in March of 2011 at which time language clarifying roles and responsibilities were added, as well as student consultation language. Staff reviewed policy 5.9 in the fall of 2015.

**PROPOSED AMENDMENTS**

The proposed amendments to Policy 5.9 are, by strikethrough and underlining, reflected in the tracked-change copy of the policy on the following page (Attachment A), and are technical in nature - formatting, heading, and style changes.

**REVIEW PROCESS**

The proposed board policy revision was circulated to campus leadership groups, employee representative groups, and student associations. All comments received during the review process have been considered.

**RECOMMENDED COMMITTEE ACTION:**

The Finance and Facilities Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees approves the changes to Board Policy 5.9 Biennial and Annual Operating Budget Planning and Approval.

**RECOMMENDED BOARD MOTION:**

The Board of Trustees approves the changes to Board Policy 5.9 Biennial and Annual Operating Budget Planning and Approval.

*Date Presented to the Board of Trustees: January 26, 2016*

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**BOARD POLICY**

Chapter 5 Administration

Section 5.9 Biennial and Annual Operating Budget Planning and Approval

**Part 1. Policy Statement Purpose.**

The ~~Board board~~ is committed to ~~long long~~-term stewardship of state fiscal resources. It is the policy of the ~~Board board~~ to approve ~~systemwide~~ biennial budget requests and ~~system wide~~ annual all funds operating budget plans for colleges, ~~and~~ universities, and the ~~Office of the Chancellors system office~~.

**Part 2. Authority.**

~~(see related documents below).~~ Minnesota Statutes ~~§ Ch.~~ 16A.10, ~~Budget Preparation,~~ states that in each even-numbered year, an agency must file its upcoming biennial budget request. Under ~~Minnesota Statutes § Ch.~~ 136F.06, ~~Powers and Duties,~~ the ~~Board board~~ has plenary authority to govern the colleges and universities and to adopt suitable policies for the institutions.;

**Part 3. Policy Responsibilities.**

**Subpart A. Biennial Development of a biennial Budget budget Request request**

The chancellor shall develop a ~~system wide~~ biennial operating budget request ~~for the system~~ after consultation with constituency groups.

The ~~Board board~~ shall approve the biennial budget request.

**Subpart B. All Development of all Funds funds Operating operating Budgets budgets**

The chancellor shall provide a financial outlook and issue guidelines for preparation of an operating budget ~~to be developed by each college or university.~~

The colleges, universities, and the ~~Office of the Chancellors system office~~ shall prepare balanced budgets consistent with ~~Board board~~ policies and system procedures.

The Board shall approve the ~~system~~-wide annual all funds operating budget.

32 **Part 4. Accountability/Reporting-**

33 The chancellor is responsible for monitoring the system, [Office of the Chancellors system](#)  
 34 [office](#), and college and university budgets. The chancellor shall provide [system-wide](#)  
 35 budget updates for all funding sources on an exception reporting basis.

36  
 37 The president is responsible for monitoring the college or university budget to ensure  
 38 accuracy and a balanced budget.

39  
 40 **Part 5. Student Consultation.**

41 College and university budget development is subject to student consultation  
 42 requirements as defined by [Board Policy 2.3](#) ~~board policy~~, ~~Student Involvement in~~  
 43 ~~Decision Making~~.

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44  
 45  
 46 ***Related Documents:***

47 [Current Year Budget Plan](#)

48 *Minnesota Statute § ~~Ch.~~ 16A.10*

49 *Minnesota Statute § ~~Ch.~~ 136F.06*

50 *Minnesota Statute § ~~Ch.~~ 136F.70*

51  
 52 *Date of Implementation: 06/21/00,*

53 *Date of Adoption: 06/21/00,*

54 [Date of Periodic Review: August 15, 2015](#)

55  
 56 *Date and Subject of ~~Revision~~Amendment:*

57 [xx/xx/15 – Periodic review resulting in technical changes only.](#)

58 *03/15/11 – Clarifies roles and responsibilities and adds student consultation language.*

59 *06/21/06 – Technical and syntax amendments made to policy.*

60 *06/18/03 - adds a new Part 1, authority, changes “system office” to “office of the*  
 61 *chancellor”, and provides for reporting on an exception basis in renumbered Part 4.*



**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

*First Reading*

<b>BOARD POLICY</b>
Chapter 5 Administration
Section 5.9 Biennial and Annual Operating Budget Planning and Approval

1 **Part 1. Purpose**

2 The board is committed to long-term stewardship of state fiscal resources. It is the policy  
3 of the board to approve biennial budget requests and annual all funds operating budget  
4 plans for colleges, universities, and the system office.  
5

6 **Part 2. Authority**

7 Minnesota Statutes Ch. 16A, Section 16A.10 states that in each even-numbered year, an  
8 agency must file its upcoming biennial budget request. Under Minnesota Statutes Ch.  
9 136F, Section 136F.06, the board has plenary authority to govern the colleges and  
10 universities and to adopt suitable policies for the institutions.  
11

12 **Part 3. Policy**

13 **Subpart A. Development of a biennial budget request**

14 The chancellor shall develop a biennial operating budget request for the system after  
15 consultation with constituency groups.  
16

17 The board shall approve the biennial budget request.  
18

19 **Subpart B. Development of all funds operating budgets**

20 The chancellor shall provide a financial outlook and issue guidelines for preparation  
21 of an operating budget to be developed by each college or university.  
22

23 The colleges, universities, and the system office shall prepare balanced budgets  
24 consistent with board policies and system procedures.  
25

26 The board shall approve the systemwide annual all funds operating budget.  
27

28 **Part 4. Accountability/Reporting**

29 The chancellor is responsible for monitoring the system, system office, and college and  
30 university budgets. The chancellor shall provide budget updates for all funding sources  
31 on an exception reporting basis.

32

33 The president is responsible for monitoring the college or university budget to ensure  
34 accuracy and a balanced budget.

35

36 **Part 5. Student Consultation.**

37 College and university budget development is subject to student consultation  
38 requirements as defined by [board policy](#).

39

40

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41 ***Related Documents:***

42 [Current Year Budget](#)

43 *Minnesota Statute Ch. 16A.10*

44 *Minnesota Statute Ch. 136F.06*

45 *Minnesota Statute Ch. 136F.70*

46

47 *Date of Implementation: 06/21/00*

48 *Date of Adoption: 06/21/00*

49 *Date of Periodic Review: August 15, 2015*

50

51 *Date and Subject of Amendment:*

52 *xx/xx/15 – Periodic review resulting in technical changes only.*

53 *03/15/11 – Clarifies roles and responsibilities and adds student consultation language.*

54 *06/21/06 – Technical and syntax amendments made to policy.*

55 *06/18/03 - adds a new Part 1, authority, changes “system office” to “office of the*

56 *chancellor”, and provides for reporting on an exception basis in renumbered Part 4.*

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Finance and Facilities Committee

**Date:** January 27, 2016

**Title:** FY2015 Financial Statement Review and FY2016 – FY2017 Operating Budget Update

**Purpose (check one):**

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy+ | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                    | <input checked="" type="checkbox"/> Information             |   |

**Brief Description:**

This report presents the audited financial statements for the Minnesota State Colleges and Universities for the years ending June 30, 2015 and 2014. It also includes additional information on the new GASB Statement No. 68 adjustment; an update on the FY2016 operating budget, including a discussion of financial health indicators; and, information on the FY2017 operating budget outlook and guidance.

**Scheduled Presenter(s):**

Laura King, Vice Chancellor of Finance and Facilities, Chief Financial Officer

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>INFORMATION ITEM</b>
FY2015 FINANCIAL STATEMENT REVIEW AND FY2016-FY2017 OPERATING BUDGET UPDATE

**BACKGROUND**

This report presents to the Finance and Facilities committee of the Board of Trustees:

1. The audited financial statements for the Minnesota State Colleges and Universities for the years ending June 30, 2015 and 2014:
  - The MnSCU system audit, Revenue Fund audit, and the four individual university audits received unmodified opinion letters from CliftonLarsonAllen LLP.
  - There were no reported material weaknesses and no reported significant deficiencies in internal control.
  - The opinion letters provide the board and other users of the financial statements with assurance that the information is accurate and reliable in all material respects.
  - These statements were presented to the Audit Committee by the Finance division and CliftonLarsonAllen LLP, at the November 17, 2015 Audit Committee meeting.
2. Additional information on the required adjustment to financial statements to reflect the new long-term pension reporting requirement (GASB Statement No. 68).
3. An update on the FY2016 operating budget, including a discussion of financial health indicators.
4. Preliminary outlook and budget guidance for the system’s FY2017 operating budget.

# FY2015 Financial Statement Review & FY2016-FY2017 Operating Budget Update



Board of Trustees  
Finance and Facilities Committee  
January 27, 2016

Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.



## Presentation Overview

- Minnesota State Colleges & Universities FY2015 financial statement results
- GASB Statement No. 68 impact on financial reporting
- FY2016 operating budget update
- FY2017 operating budget outlook and guidance



## FY2015 Adjusted for New Long-term GASB 68 Pension Reporting Requirement

FY2015 operating results different as a result

FY2015 balance sheet substantially different

Impact will continue with all future statements,  
introducing more volatility to the accrual based  
results



3

### GASB Statement No 68:

The new reporting standard concerns the representation of unfunded liabilities associated with certain state sponsored defined benefit retirement programs. The reporting standard is being implemented nationally and will impact all cities, counties, states and other public entities, including public systems of higher education and stand-alone higher education institutions.

### GASB 68 Impact on External Parties:

- Moody's – early indication was that it would not have a large impact
- HLC – still reviewing new standards

## FY2015 Audit Results

- The MnSCU system audit, Revenue Fund audit, and the four college and university audits, received unmodified opinion letters from CliftonLarsonAllen LLP
- No reported material weaknesses
- No reported significant deficiencies in internal controls



The opinion letters provide the board and other users of the financial statements with assurance that the information is accurate and reliable in all material respects.

The external audit firm, CliftonLarsonAllen LLP, presented their results of the audits, including audit opinions, internal control matters and other required communications at the November 17, 2015 Audit Committee meeting.

The Revenue Fund and the four individual university financial statements have been incorporated into the consolidated system financial statements along with the financial statements of the unaudited colleges and universities. The system's statements were in turn incorporated into the State of Minnesota Comprehensive Annual Financial Report and released to the public in December, 2015.

All audited financial reports are available on the system's website at:

<http://www.finance.mnscu.edu/accounting/financialstatements/index.html>



## FY2015 Financial Summary

- Colleges and universities report small operating gain due to GASB adjustment; underlying loss due to an enrollment decline and spending down fund balances
- Continue emphasis on preserving budget reserves – critical risk management strategy
- Continued investments in building improvements and infrastructure - which help retain current and attract new students



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Fiscal year 2015 operating results (excluding GASB Statement No. 68) yielded a decrease in financial position at June 30, 2015, with a \$32.8 million net operating revenue deficit, compared to a prior year net operating revenue deficit of \$43.7 million.

- Net position decreased by \$489.3 million, or 23.3 percent, with \$519.2 million attributable to the GASB Statement No. 68 implementation. Excluding the GASB Statement No. 68 effect, current year net position increased by \$29.8 million, or 1.4 percent, of which \$22.0 million was due to an increase in net investment in capital assets.
- Excluding the GASB Statement No. 68 effect, income before other revenues, expenses, gains or losses, also termed “net operating revenue”, improved from a deficit of \$43.7 million in fiscal year 2014 to a deficit of \$32.8 million in fiscal year 2015. This net operating revenue deficit is the net of \$1,910.7 million of operating and non-operating revenues less \$1,943.5 million of operating and non-operating expenses.
- Capital appropriation revenue of \$52.3 million plus other capital asset related revenue combined with the \$32.8 million net operating revenue deficit and generated a change in net position of \$29.8 million, an increase from the \$16.0 million change in net position generated in fiscal year 2014.

## Statements of Net Position

The primary driver of change within the Statements of Net Position between June 30, 2015 and 2014 is capital asset development and renewal activity related to the system's 26 million plus square feet of academic and administrative buildings.



6

New construction in progress of \$111.4 million was the primary factor increasing the capital assets balance, net of depreciation, by \$7.5 million.

Capital asset financing came primarily from \$52.3 million of capital appropriation and \$77.1 million of new long-term debt.

Net position, excluding the effect of GASB Statement No. 68, increased \$29.8 million including a \$22.1 million increase in net position invested in capital assets, net of related debt.

## Statements of Revenues, Expenses and Changes in Net Position (without GASB 68)

Revenues, Expenses and Net Position (\$ in Thousands)			
Fiscal Year	FY2015	FY2014	FY2013
Total Revenues	\$1,973,399	\$1,952,094	\$1,982,854
Total Expenses	1,943,585	1,936,061	1,891,786
Change in Net Position	\$29,814	\$16,033	\$91,068

- Total revenue increased by \$21.3 million due to a \$33.7 million increase in state appropriation and a \$2.3 million increase in capital grants/appropriations offset with a \$8.7 million decrease in operating income (primarily tuition) along with a \$6 million decrease in grant revenue
- Total expenses increased by \$7.5 million primarily due to a \$9.4 million increase in salaries & benefits
- The result is a \$29.8 million increase in Net Position in FY2015 compared to \$16 million increase in FY2014



7

Fiscal year 2015 operating expenses of \$1,909.5 million, excluding GASB Statement No. 68, averaged \$5.2 million per day when divided by 365 days. Looking at the operating expense number in relation to liquid assets, the system's \$878.4 million of unrestricted cash and equivalents plus unrestricted investments would be adequate to cover approximately 6.0 months of expenses (excluding depreciation), an increase of 0.1 months over fiscal year 2014.

Revenue sources funding operations included \$625.0 million of state appropriation; \$801.7 million of student payments, net of scholarship allowance; \$439.0 million of federal and state grants; and \$45.0 million of other revenue.

Expenses supporting operations included \$1,306.3 million of compensation, \$231.8 million of purchased services (utilities, enterprise and other IT support, etc.), \$142.9 million of supplies, \$115.8 million of depreciation and other expenses of \$146.7 million.

## Changes in Net Operating Revenue FY 2015 vs. FY 2014 (without GASB 68)

Revenues/(Expense) (in Thousands)	FY2015	Change	FY2014
<b>Components and changes</b>			
Revenue from students, net of financial aid	\$ 801,688	\$ (8,404)	\$ 810,092
State appropriation revenue	624,988	33,746	591,242
Federal and state grant revenue	439,011	(8,558)	447,569
Compensation Expense	(1,306,266)	(9,377)	(1,296,889)
All other revenues/(expenses), net	(592,304)	3,425	(595,729)
Net operating gain/(loss)	\$ (32,883)	\$ 10,832	\$ (43,715)



8

This shows some of the components of the operating statement for FY2014 and FY2015.

## Per Full Year Equivalent Student Data (without GASB 68)

	FY2015	FY2014	FY2013
Student FYE	138,973	144,524	149,919
Student-based - Direct Revenue per Student FYE	\$ 5,769	\$ 5,605	\$ 5,584
Student-based - Financial Aid Revenue per Student FYE	\$ 2,453	\$ 2,436	\$ 2,408
Total Student-based Revenue per Student FYE	\$ 8,222	\$ 8,041	\$ 7,992
<b>% of Total Revenue</b>	<b>59.8%</b>	<b>61.4%</b>	<b>63.4%</b>
<b>Operating Margin per Student FYE</b>	<b>\$ (237)</b>	<b>\$ (302)</b>	<b>\$ (13)</b>
<b>% of Total Revenue</b>	<b>(1.7)%</b>	<b>(2.3)%</b>	<b>(0.1)%</b>



9

This chart shows that the percentage of student based revenue has been decreasing over the last three years. It also shows the operating loss per FYE based on the accrual statements.

## Key Performance Metrics Fiscal Year 2015

### Student Credit Enrollment

- *FYE* 138,973 students (FY2015) vs 144,524 (FY2014)
- *Headcount* 259,549 students (FY2015) vs 264,500 (FY2014)

### Without GASB 68

\$1.97 billion revenue + 1.1% compared to FY2014

\$2.13 billion net position + 1.4% compared to FY2014

\$29.8 million change in net position + 1.4% compared to FY2014

- *With GASB \$67.5M*

### Operating Fund Reserve

- *\$99.6 million + (\$.6 million) compared to 2014*
- *6.7% of revenue; Board requirement = 5 - 7%*



FYE enrollment declined 3.8 percent in FY2015; headcount enrollment was down 1.9 percent.

## Overall System Composite Financial Index

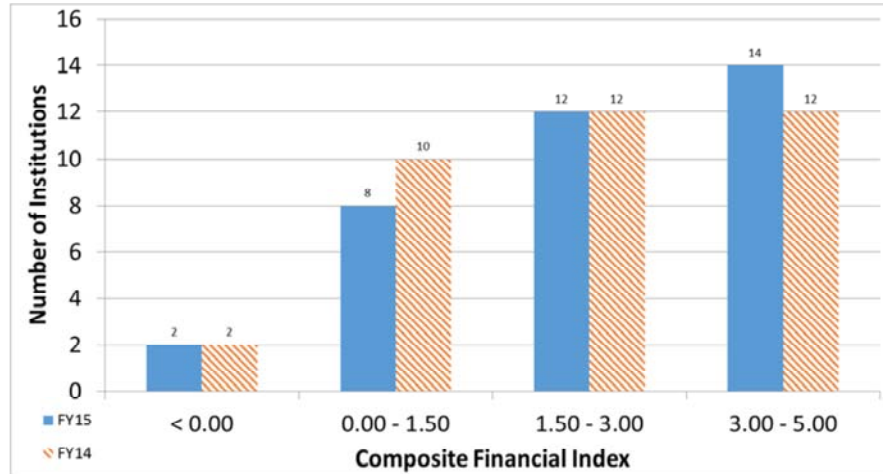
- FY2015 CFI = 1.74 (without GASB 68)
- FY2014 CFI = 1.65
- FY2015 CFI = 0.79 (with GASB 68)
- CFI Calculations with and without GASB 68 varied greatly
  - *Ranges from 3.03 to .36*
- Foundations likely to increase CFI scores this year



11

The difference in the CFI with and without GASB 68 varied across the colleges and universities. The colleges had higher differences than the universities. With GASB 68 the CFI was reduced for some of the colleges by more than three basis points compared to reduction of approximately one basis point for the universities. But again within the colleges and universities the difference between the CFI with and without GASB 68 varied significantly.

## Composite Financial Index – Adjusted



12

This graph shows the CFI (after adjusting out the GASB 68 impacts) for FY2014 and FY2015. Across the system the buckets stayed fairly consistent.



## FY2015 Placed Stress on Operating Margins and CFI for Some Colleges and Universities

- 12 colleges and universities with low CFI scores (without GASB 68) triggered financial plan requirement
- 18 colleges and universities with negative accrual operating losses (without GASB 68) triggered financial plan requirement
- Total of 19 colleges and universities operating under financial recovery plans (FRPs)—10 existing and 9 new colleges and universities triggered in FY2015



## FY2015 Financial Results Conclusions

- Sound financial position maintained
- Heavy reliance on state operating appropriation to support mission critical services
- Frozen tuition rates exacerbate the impact of enrollment declines; enrollment management strategies are essential
- Cost management critical

## Financial Health Indicators Under Review

- GASB 68 impacts current financial health and compliance indicators (BOT procedure 7.3.16)
- Proposed new indicators reviewed with all CFOs in early December
- Shift toward cash measures in order to balance impact of GASB on accrual results
- Continued focus on CFI and operating margins without GASB 68 impact



## FY2016 Operating Budget Outlook

- Enrollment update

- Enrollment slightly below June projections
- System tuition revenue adjusted down approximately one percent

- Compensation update

- Compensation costs estimates are slightly higher than projected, driven by 6.9 percent insurance cost increase
- All classified labor contracts and two of three faculty contracts are settled

*Overall, FY2016 colleges and university budgets forecasting adjustments of less than one percent*



16

College and university leadership is working aggressively to manage the revenue and expense outlook.

FY2016 enrollment outlook requires focused planning, targeting enrollment growth strategies, and expanded retention and student success efforts.

Strategic enrollment management, continued cost control, and strong program development and oversight are keys to success.

Stable but thin reserves help protect against enterprise risk.

Midyear enrollment and financial reviews have begun and will continue.

College and university financial recovery plans are under development.

## FY2016-FY2017 Budget Update

*\$s in millions*

	Final Board Recommendation			Revised Budget Assumptions		
	FY2016	FY2017	Total	FY2016	FY2017	Total
<b>New State and Tuition Support</b>						
State Appropriation and Tuition Support	50.0	50.0	100.0	50.0	50.0	100.0
University (Tuition Revenue)	12.7	12.7	25.4	12.7	12.7	25.4
College (Tuition Revenue)		(4.3)	(4.3)		(4.3)	(4.3)
Tuition Shortfall (FY16 and FY17)				(7.8)	(13.2)	(21.0)
<b>Total State Appropriation and Tuition Support</b>	<b>62.7</b>	<b>58.4</b>	<b>121.1</b>	<b>54.9</b>	<b>45.2</b>	<b>100.1</b>
<b>Estimated Expenses</b>						
Compensation (@ 3%)	36.0	72.0	108.0	36.0	72.0	108.0
Other Operating Costs (@ 3%)	11.0	23.0	34.0	11.0	23.0	34.0
Additional Compensation (0.4%)				4.9	9.8	14.7
<b>Total Estimated Expenses</b>	<b>47.0</b>	<b>95.0</b>	<b>142.0</b>	<b>51.9</b>	<b>104.8</b>	<b>156.7</b>
<b>Revenues over/(under) estimated expenses</b>	<b>15.7</b>	<b>(36.6)</b>	<b>(20.9)</b>	<b>3.0</b>	<b>(59.6)</b>	<b>(56.6)</b>



17

This table shows how the FY2017 operating budget outlook worsens if actions are not taken in FY2016 to adjust spending:

- FY2016 ending balance revised downward by \$12.7 million.
- Original FY2017 outlook indicated a \$36.6 million gap.
- FY2017 revised budget assumptions added \$23 million to the base gap.
- FY2016 actions can reduce the FY2017 gap.

FY2017 outlook illustrates long term structural stresses:

- Keeping tuition affordable
- Declining enrollment
- Compensation pressure

## FY2017 Supplemental Request

- MnSCU will submit \$21 million supplemental budget request in the 2016 legislative session
- \$21 million request is revenue gap between \$142 million biennial budget request and the 2015 legislative session outcome
- Request is for on-going base funding support, not one-time funding
- All funds to be distributed to colleges and universities for on-going operations

## FY2017 Tuition Assumptions

- College tuition reduced one percent from FY2016 rates
- University tuition frozen at FY2016 rates
- Freeze applies to undergraduate, graduate, non-resident and differential tuition rates
- Tuition revenue may not be offset by increases in mandatory fees, charges, or other assessments to students



## FY2017 Proposed Fee Guidance

- Three percent aggregate cap on fees charged to all students
- Exceptions to aggregate cap considered if increase supported by students
- Current fee maximums remain in place; no increases anticipated



## FY2017 Performance Goals

- Five percent of FY2017 state appropriation tied to performance measures
- At least three of five goals must be met to receive full appropriation
- Report on goals due to legislature in March
- At least three goals expected to be met



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### Legislative performance funding goals:

1. Increase by at least four percent the number of degrees, diplomas and certificates conferred (FY2008-FY2015).
2. Increase by at least five percent the FY2015 related employment rate for FY2014 graduates compared to the FY2011 rate for 2010 graduates.
3. Reallocate \$22 million of costs in FY2016.
4. Decrease the number of students enrolled in developmental courses by at least ten percent in FY2015 compared to FY2013.
5. Increase by at least five percent the degrees awarded to students who took no more than 128 credits for a Baccalaureate degree and 68 credits for AA, AS or AFA degrees compared to the rate for 2011 graduates.

Five percent of state operations and maintenance funding at risk = \$31.8 million ( $\$635,537,000 \times 5\% = 31,776,850$ )

## GASB Statement No. 68 Effect

GASB 68 has 3 components on the statement of net position

• Net pension liability of	\$330.6 million
• Deferred inflow of resources of with an offset to	\$239.3 million
• Deferred outflows of resources	<u>\$ 50.7 million</u>
• Total impact on net position	\$519.2 million



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MnSCU has a present obligation to pay deferred benefits in the future – a total pension liability – once employees have earned it. When the total pension liability exceeds the pension plan's net position available for paying benefits, a net pension liability is created.

Under the new standards, several of the changes in net pension liability will be factored into the calculation of pension expense immediately in the period in which the change occurs, and others are to be recognized initially as deferred outflows or deferred inflows of resources and then introduced into the expenses calculation systematically and rationally over the average remaining years of employment of the employees. Pension expense is calculated as a change in net pension liability during the year, plus or minus amortization of deferred inflows and outflows. It is no longer based only on contributions to the plan.

## GASB Statement No. 68 Effect

GASB 68 impact on the statement of revenue, expense and change in net position

- *In FY15 it was \$37.7M adjustment downward to our salaries and benefit expense*
- *This adjustment will be the difference between our FY15 ending total net pension impact and the new FY16 total net pension impact*
- *Still very volatile*



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GASB requires salaries/benefit expenses to be adjusted for the change in the total net pension costs compared to the prior year. Any changes in actuarial assumptions compared to projections will result in changes.

One of the main reasons for the negative adjustment to cash is that actual investment earnings exceeded the projected earnings for this past year.

This could go in the other direction in future years.

## Components from Three Primary Plans Varied

- Pension Liability
  - MSRS \$135,402,000
  - TRA \$176,742,000
  - PERA/Others \$ 18,482,000
  - Total: \$330,626,000
  
- Deferred Inflows
  - MSRS \$171,857,000
  - TRA \$62,898,000
  - PERA/Others \$ 4,519,000
  - Total: \$239,274,000



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GASB 68 components by pension plan.

## MnSCU's Share and Funding Percentages from the Three Primary Retirement Plans

- MSRS- MnSCU's share is 8.35% of the total pension liability
  - *87.64% funded*
- TRA- MnSCU's share is 3.84% of the total pension liability
  - *81.50% funded*
- PERA-MnSCU's share is .3271% of the total pension liability
  - *78.75% funded*



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Funding percentage by plan and MnSCU's share of the total state's share.



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**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Finance and Facilities Committee

**Date:** January 27, 2016

**Title:** Discussion of FY2018 Capital Planning Guidelines – First Reading

**Purpose (check one):**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input checked="" type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input type="checkbox"/> Information                                   |   |

**Brief Description:**

Board Policy 6.5, *Capital Program Planning*, provides: “The Board of Trustees shall establish criteria for and approve capital program guidelines and a multi-year capital budget, including a prioritized capital project list.”

The presentation will provide an overview of the capital investment and capital asset environment, background on the system’s physical plant and introduce suggested planning guidelines for preparation of the 2018 capital budget investment program.

**Scheduled Presenter(s):**

Brian Yolitz, Associate Vice Chancellor for Facilities

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>ACTION ITEM</b>
DISCUSSION OF FY2018 CAPITAL PLANNING GUIDELINES (FIRST READING)

**PURPOSE**

Board Policy 6.5, *Capital Program Planning*, provides: “The Board of Trustees shall establish criteria for and approve capital program guidelines and a multi-year capital budget, including a prioritized capital project list.” This first reading seeks Board of Trustees review of Capital Program Guidelines for preparation of the FY2018-2024 Capital Budget and future Revenue Fund bond sales from FY2017-FY2023. The Board of Trustees will be asked to approve a FY2018-2024 Capital Budget and FY2017-FY2023 Revenue Fund bond guidelines in March 2016.

**CAPITAL PROGRAMMING – GENERAL**

Capital Program Guidelines establish the goals the system seeks to achieve when obtaining funding for capital projects. The guidelines serve a two-fold purpose:

1. A foundation for creating a prioritized capital bonding list that is submitted to the state’s capital bonding process and
2. Providing guidance on our investment priorities in our revenue bond program.

**RECOMMENDED CAPITAL PROGRAM GUIDELINES**

The Capital Program Guidelines will most immediately be used to establish the major criteria for prioritizing the 2018 Capital Budget request. Capital Program guidelines are grounded in the Strategic Framework principles of ensuring access to an extraordinary education, being the partner of choice to meet Minnesota’s workforce and community needs, and delivery to students, communities, and taxpayers the highest value, most affordable option.

In preparing the latest proposed Capital Program Guidelines for Board consideration, staff reviewed system facility age, condition, current learning space trends and space utilization data, as well as enrollment and demographic trends, and the financial implications of facility space and capital investments. Background facility and financial data are provided in the attachments along with campus planning and project development and delivery information. Guidelines were developed based on this information and shared with campus leaders within the academic, student affairs, finance and technology communities as well as Leadership



Council. Their feedback was incorporated in the proposed Capital Program Guidelines shown below. The Board is asked to consider the following Capital Program Guidelines for FY2018-FY2022:

- 1. Maintain, improve, and modernize existing campus spaces to support current and emerging academic needs of a region and the state of Minnesota.**
- 2. Improve opportunities for student success by updating support services, academic advising, and tutoring spaces.**
- 3. Prioritize space that improves transferability between institutions (college and universities) and access to baccalaureate programming.**
- 4. Preserve and maintain the space we have by reinvesting in campus infrastructure and prioritizing renovation over adding new square footage; additional square footage should be considered only in unique situations where options for reutilization or replacement of existing space have been exhausted.**
- 5. Build for the future with flexible and adaptable space that prioritize energy efficiency.**
- 6. The total capital bonding program request should be on the order of \$250 million with approximately \$125 million prioritized to address asset preservation needs and \$125 million for major projects to meet programmatic updates.**

### **FY2017-FY2023 REVENUE FUND BOND GUIDELINES**

The following FY2017-FY2023 Revenue Fund bond guidelines will be used as guidance as the system prepares for its 2017 Revenue bond sale, which is expected to be brought before the Board in Fall 2016. To that end, the Board is asked to consider the following proposed guidelines for the revenue fund capital program to include:

1. Evidence of strong student involvement and support for a project
2. Reduction of deferred maintenance backlog
3. Addresses long-term demographic forecasts in planned project
4. Balances student affordability with required reinvestment in the buildings
5. Leverages partnership or private industry to generate additional income

### **COMMITTEE CONVERSATION**

- 1. Do the Capital Program and Revenue Fund Bond Guidelines appropriately frame the direction and intent of this Committee and the Board?**
- 2. Are there areas requiring more focus or attention?**

**3. Is the recommended overall program size and mix appropriate?**

**OTHER CAPITAL INVESTMENT CONSIDERATIONS**

Should opportunities arise for capital bonding in off-years, the Board has historically supported the completion of unfunded priorities from the bonding session immediately prior to the off-year session. In addition, to better understand and shape future capital investment planning, all colleges and universities are asked to indicate for Board consideration their major capital projects anticipated for the FY2020-FY2024 biennial periods.

Finally, the Chancellor will at least annually seek input from campuses on contemplated facility projects being pursued through funding outside the capital bonding or revenue fund bonding process. Examples of these projects would be college or university operating budgets or reserves, capital campaigns, gifts and grants, foundation sponsored projects, projects substantially funded through partnerships with private or commercial entities or city or county governments or state agencies. Available information will be forwarded to the Board on an annual basis.

**RECOMMENDED COMMITTEE ACTION:**

The Finance and Facilities Committee recommends the Board of Trustees adopt the following motion:

*The Board of Trustees approves FY2018-2023 Capital Program Guidelines and FY2017-2022 Revenue Fund bond sale guidelines as presented.*

**RECOMMENDED MOTION:**

*The Board of Trustees approves FY2018-2023 Capital Program Guidelines and FY2017-2022 Revenue Fund bond sale guidelines as presented.*

**Attachments:**

- A. System facility space**
- B. Bonding history**
- C. Keep up, catch up strategy example**
- D. General obligation (go) debt management**
- E. Revenue fund debt management**
- F. System planning, design and construction, standards and governance**
- G. Alignment with the strategic framework and charting the future**

## Attachment A

### SYSTEM FACILITY SPACE

#### General

Minnesota State Colleges and Universities (MnSCU) represents roughly one-third of the state of Minnesota’s building space with just over 28 million square feet of facility space at its 54 campuses on nearly 7,000 acres of land. With this space, the system educates over 400,000 students across the state in an average academic year. The overall space profile is shown below:

Total Square Footage	Academic	Revenue Fund (Non Parking)	Revenue Fund Parking
28,042,641	22,438,982	4,143,736	1,027,985

Figure A1 - System Facility Space Apportionment

#### Notes:

**Revenue Fund (Non-Parking)** – includes all university residence halls and student unions, and wellness centers

**Revenue Fund Parking** – parking ramps at Minneapolis Community and Technical College, St. Cloud State University, Saint Paul College and Normandale Community and Technical College (Metropolitan State University’s ramp will be included next year)

As noted, academic space comprises 80 percent, or 22.4 million square feet, of the system’s total building space. This total includes classrooms and labs, along with student service and support, libraries, offices, theater, auditorium and athletic space. The system obtains the majority of its capital funding for major space improvements from the state of Minnesota’s capital bonding process. The map below shows the locations of each of our campuses. The dots are sized based on their relative gross square footage of building space:

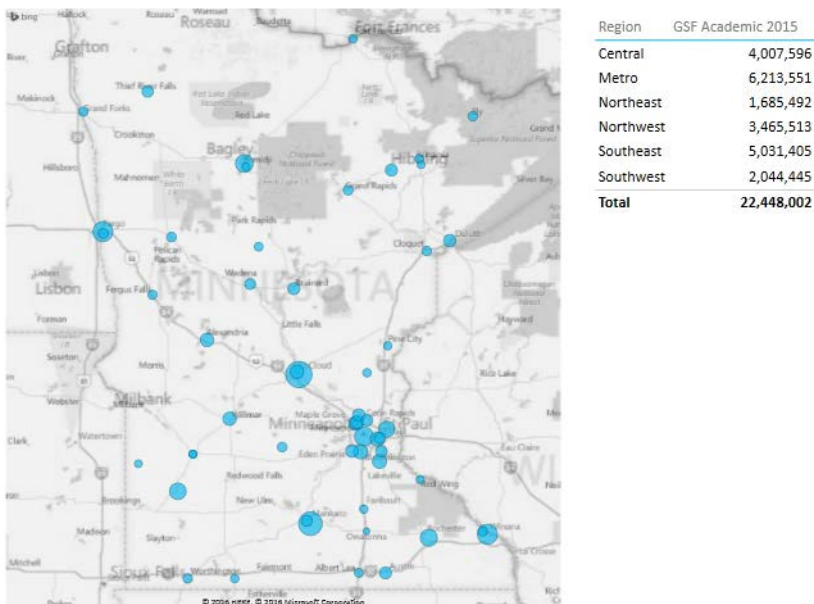
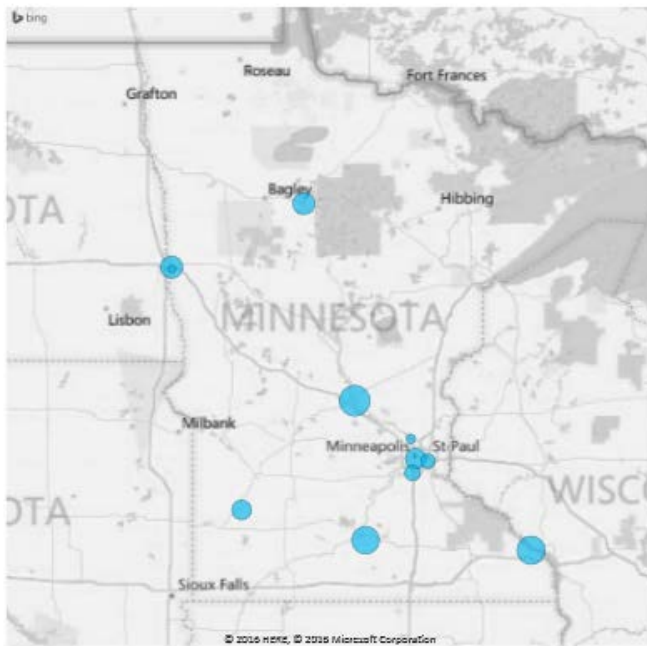


Figure A1 – Academic Facility Space (2015). Campus locations sized by GSF.

Auxiliary or revenue fund space comprises the remaining 20%, or 5.6 million square feet in the system’s building inventory, and include residential halls, student unions, wellness centers, and of that total nearly 1 million square feet is contained within parking ramps that were funded with system revenue bonds. MnSCU system revenue bonds represent major capital investment in this auxiliary space or revenue fund spaces. The map below shows the location of the campuses with revenue fund facilities. Dots represent the relative size by gross square footage of campus buildings:



Region	GSF Revenue Fund
Central	1,154,844
Metro	968,466
Northwest	1,149,512
Southeast	1,898,899
Southwest	431,938
<b>Total</b>	<b>5,603,659</b>

### Age of Construction – Academic Space

With over 70% of the system’s academic space built before 1980 and over 40% was built between 1970 and 1980, a majority of system buildings are “middle-aged”. The table below is a representation of MnSCU facilities as compared to a national database of higher education systems and their original construction dates. It is notable that construction during the 1970’s and 1980’s, is characterized as ‘*Quick-Flash Construction*’ where facilities were built quickly, typically with relatively low-quality construction materials and facility components.

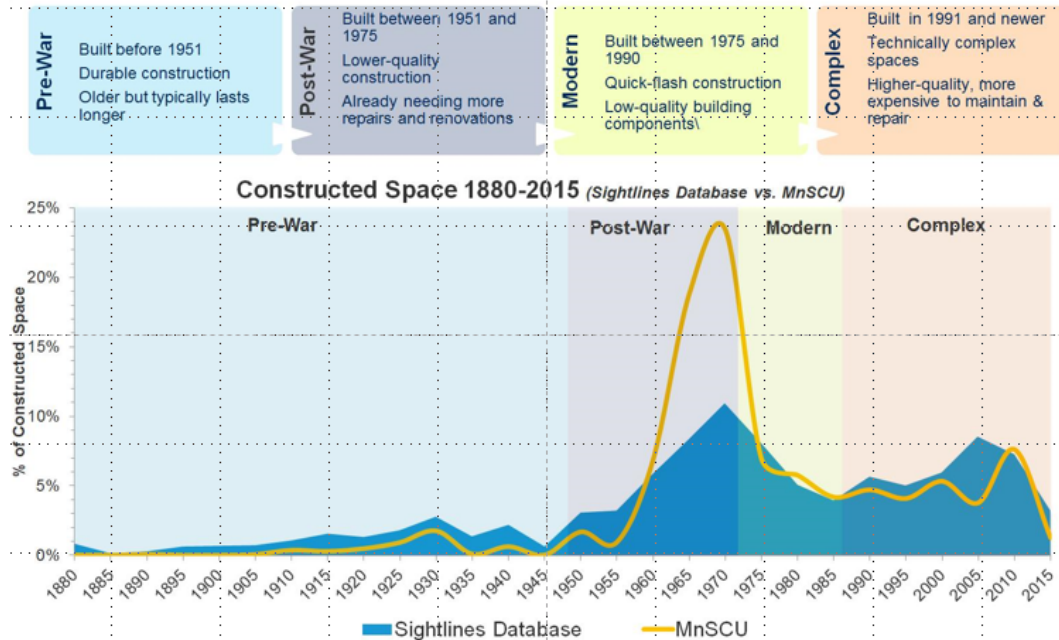


Figure A4 – System Facility Construction Dates Versus National Higher Education Peers

### Facility Condition – Academic Space

As of 2015, the system’s academic space has an estimated *current replacement value* (CRV) of \$7.3 billion. There is an estimated *backlog of deferred maintenance* of \$744 million associated with this space. This represents the cost of work needed to repair or replace building systems (roofs, windows, exterior elements, boilers and mechanical systems) that are beyond their useful life.

The *facilities condition index* (FCI) for the academic space is 0.10, meaning 10 percent of the system’s space is in backlog status. The FCI is the ratio of the *backlog of deferred maintenance* to the *current replacement value* (CRV). A lower the FCI indicates ‘better’ facilities. The system’s .10 or 10% is considered ‘good’ on the State of Minnesota’s FCI scale. An FCI of 10% is consistent with other higher education systems and institutions. It would be considered borderline between ‘good’ and ‘fair’ on the generally accepted scale of FCI ratings used by higher education systems and institutions.

As system buildings and their components age, there is an estimated \$893 million in facility renewal or asset preservation investment needs in the coming 10 years. Coupled with the currently backlog of deferred maintenance, college and university academic buildings represent \$1.6 billion in needed facility work over next 10 years. The \$1.6 million figure does not include modernization or upgrades to meet our changing academic needs.

## Attachment B

### CAPITAL BONDING HISTORY

#### Overview

Asset preservation and capital development funding for the system’s academic space comes through the State of Minnesota’s capital budget process. After reviewing and prioritizing capital bonding requests, the Board of Trustees approves and forwards to the governor and legislature their request for funding of asset preservation work through Higher Education Asset Preservation and Replacement (HEAPR) and major capital projects.

Since 2006, the system has received just over \$1 billion in capital investments in academic spaces. Over a biennium the system has received on average, just over \$200 million in total capital program funding. HEAPR funding has on average been \$56 million over a biennium or approximately 50% of the systems request. Capital project funding has averaged \$150 million a biennium or 70% of the requested amount.

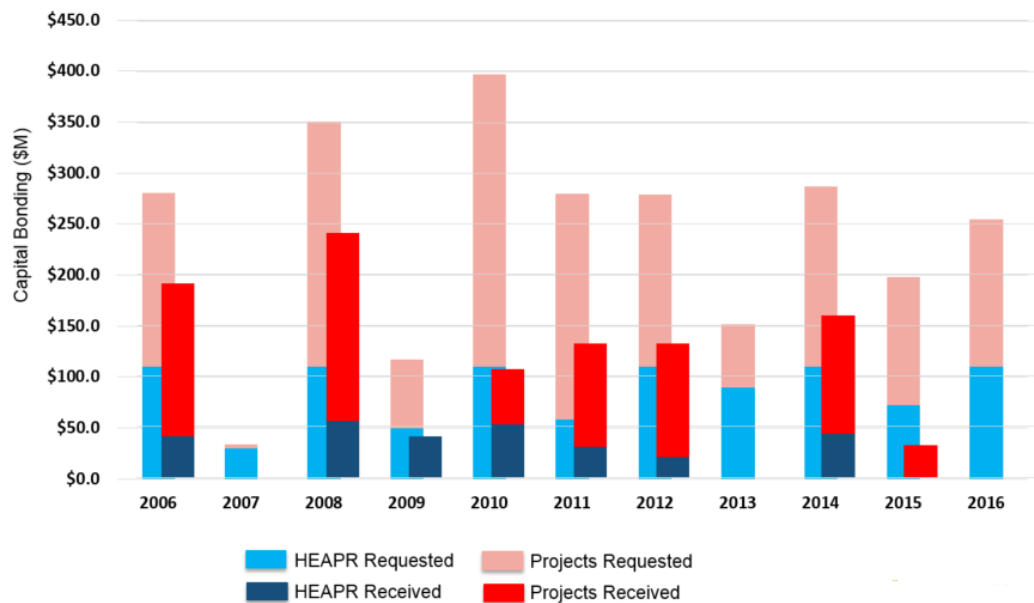


Figure B – Capital Bonding History 2006 - 2016

#### Future Needs

Based on a review of our colleges’ and universities’ comprehensive facilities plans, the system forecasts future program needs of between \$1.2 to \$1.5 billion within the next 10 years.

## Attachment C

### KEEP UP, CATCH UP STRATEGY

#### Asset Preservation Requirements Planning

The system has adopted an asset preservation strategy for academic space in the next 10 year period to ‘keep up’ with the estimated renewal needs for the period while ‘catching up’ by reducing the backlog of deferred maintenance by 50 percent.

Keep Up: Estimated 10-Year Renewal = \$893 million, rounded to \$900 million  
Requires \$90 million annually over 10 year period

Catch Up: Estimated backlog of deferred maintenance = \$744 million, rounded to \$750 million  
50% of \$750 = \$375, requires \$37.5 million annually over 10 year period

Total annual Keep Up, Catch Up requirement:  
\$90 million + \$37.5 million = \$127.5 million annually or \$255 million per biennium

#### Asset Preservation Investment Planning

The system’s primary vehicle to obtain asset preservation funding for academic space is through the Higher Education Asset Preservation and Replacement (HEAPR) item in the system’s biennial capital bonding request.

Notwithstanding HEAPR, colleges and universities have a financial performance goal in system procedure 7.3.16 *Financial Health and Compliance Indicators*, of investing \$1 of local operating funds per square of academic space toward repair and replacement. Institutions have exceeded this goal of \$22.4 million annually and actually invested between \$25 and \$30 million of operating funds annually in their facilities.

The makeup of major capital projects has shifted over the last 5 years to now include asset preservation and backlog reduction of the facility components associated with the spaces being renovated and upgraded. With historical funding as a guide, roughly \$75 million in a biennium or \$37.5 million annually of major capital projects is targeted to asset preservation.

Asset preservation through HEAPR is expected to complete the investment strategy.

Keep Up, Catch Up requirement:	\$127.5 million annually
Capital operating funds invested:	\$25.0 million annually
<u>Asset preservation in projects:</u>	<u>\$37.5 million annually</u>
HEAPR funding needed:	\$65.0 million annually, \$130 million per biennium

Notes: The \$125 million recommended in the guidelines is an acknowledgment of rounding in the costs.

## Attachment D

### GENERAL OBLIGATION (GO) DEBT MANAGEMENT

#### Capital Bonding Debt Service

**System Debt and Debt Service:** Since 1998, the system has been responsible for one-third of the debt service for the major projects impacting eligible academic, student support and related space. The debt is shared equally by the gaining institution and the system as a whole. For 2016, the total outstanding debt for these projects is \$239 million which is up 56% since 2006. The debt service payment for 2016 will be \$31.6 million which is nearly double the payment of \$16.0 million in 2006.

**Debt Apportionment:** The 1998 state policy change to require the one-third debt service on higher education systems was informed by two goals 1) to work as a dampener on demand; the thinking was that if the system and its colleges and universities had to pay a portion of the cost, demand for new capital investment would decline; 2) to represent a “public” and a “private” interest in the improvement, that is the “public” paid 2/3rds the cost and the “private” or the college/university paid 1/3<sup>rd</sup>. The policy emerged at the same time that the newly formed MnSCU system was organizing itself for a combined capital investment program planning and proposal process. It is not possible to separate these two changes and ascribe any conclusions as to the effectiveness, or not, of the state policy change.

The board took action after the 1998 state policy change directing that the 1/3<sup>rd</sup> cost be split evenly between the system as a whole and the benefiting college or university. The Board’s thinking was that there was both a system as a whole and an individual community benefit from the improvement.

The system pays its assigned share of the debt service with state funds allocated to the system every biennium. Colleges and universities pay their assigned share of related capital project debt service from general fund operating budgets including state funds and tuition dollars. In 2014, the college and university assigned debt service represents 1.7 percent of all revenues received and 3.7 percent of the combined tuition revenues collected.

<b>Total debt service FY2014</b>	<b>\$31M</b>
Percent of all general fund revenues	1.7%
Percent of all tuition revenues	3.7%
<b>1/6<sup>th</sup> share paid at system level</b>	<b>\$15.5M</b>
Percent of State Appropriation	2.6%
<b>1/6<sup>th</sup> share paid by colleges and universities</b>	<b>\$15.5M</b>
Percent of all general fund revenues	.82%
Percent of all tuition revenues	1.9%



## Attachment E

### REVENUE FUND DEBT MANAGEMENT

#### Revenue Bond Authority

The Board of Trustees is authorized by statute (§136F) to issue revenue bonds to acquire, construct, complete, remodel, and equip dormitories, residence halls, student unions, student dining/food service functions, parking or other revenue-producing building or buildings for the good and benefit of the state colleges and universities. The aggregate principal amount at any time may not exceed \$405 million. The bonds are payable only from revenues to be derived from the operation of the buildings or structures acquired, constructed, completed, remodeled, or equipped with the proceeds of the bonds. The legislature shall not appropriate money from the general fund to pay for these bonds.

#### Revenue Fund Debt and Debt Service

The current outstanding revenue fund debt is approximately \$313 million. Colleges and universities pay the debt associated with their individual projects. The estimated average annual debt service is \$26.6 million.

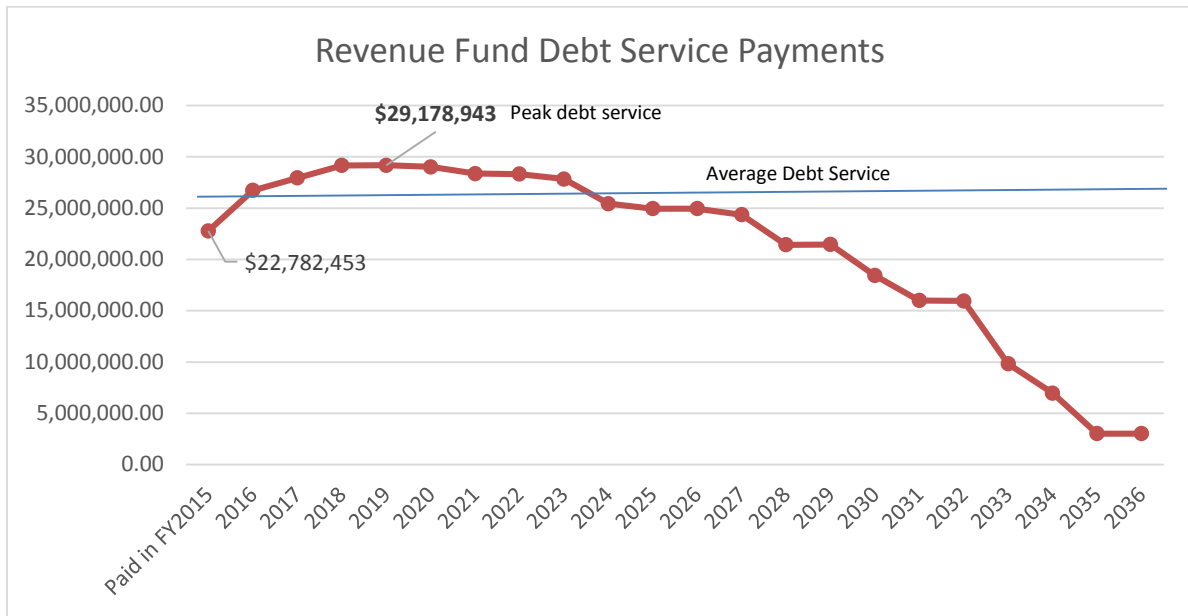


Figure E1 - System Average Annual Revenue Fund Debt Service Payments

## Debt Holdings

Colleges and universities are responsible for the debt associated with their individual projects. The major holders of the Revenue Fund total debt are:

<b>Institution</b>	<b>Outstanding Debt (\$000)</b>	<b>% of Total System Debt</b>
MSU, Mankato	\$98,379	31.4%
St Cloud State University	\$38,356	12.3%
Winona State University	\$33,146	10.6%
Metropolitan State University	\$31,535	10.1%
MSU Moorhead University	\$24,077	7.7%
Normandale Community College	\$23,095	7.4%
Bemidji State	\$13,277	4.2%
Southwest Minnesota State	\$12,239	3.9%
Minneapolis Community and Technical	\$11,456	3.7%
Saint Paul College	\$9,965	3.2%
5 other colleges and system office	\$17,467	5.4%
<b>Total System Revenue Fund Debt</b>	<b>\$312,995</b>	<b>100%</b>

Figure E2 – Revenue Fund Debt Apportionment

## **Attachment F – DRAFT**

### **SYSTEM PLANNING, DESIGN AND CONSTRUCTION, STANDARDS AND GOVERNANCE**

#### **Comprehensive Facilities Plans**

Board Policy 6.4, *Facilities Planning*, requires colleges and universities establish and update on a recurring basis (every five (5) years) comprehensive facilities plans (CFP) (formerly facility master plans) *to assure short and long-range planning of college and universities facilities*. Through system guidelines, all college and university facilities plans outline the current condition and status of their campus holdings and forecast the college or university capital (including asset preservation) needs in the short term (0-5 years), midterm (5-10 years) and long term (greater than 10 years) time frame. Capital budget or revenue fund project requests are expected to originate from a college or university CFPs.

MnSCU recently updated their comprehensive facilities planning guidelines to make the process clearer and to reemphasize enrollment management and strategic program growth. Once approved and funded capital projects enter the design and construction phases following system *design and construction standards and contracting procedures...to ensure long-lived, substantial and sustainable campus facilities*. Details on CFP guidelines are at: <http://finance.mnscu.edu/facilities/planning-programming/masterplanning/>

#### **Design and Construction**

The project design process officially begins with the predesign document. Colleges and universities hire design consultants to utilize system guidelines for developing predesigned documents to document the project purpose, scope, cost, and schedule:

<https://www.mn.gov/admin/images/RECS-CS-3rdpredesign-manual.pdf>.

The predesigned documents conform to state statute and address a host of considerations including applicable energy conservation standards contained in law a study of geothermal and solar thermal applications as possible uses for heating or cooling for impacted buildings. The predesign is reviewed and approved by the Commissioner of the Department of Administration based on compliance with state laws and standards.

Depending on project size, design consultants are selected through the State of Minnesota's State Designer Selection Board process (Projects > \$2 million) or through solicitation governed by Board Policy 5.14 *Contracts and Procurement*, and system procedure 5.14.2 *Consultant, Professional or Technical Service*.

The designers are responsible for adhering to requirements in state statute, state and local building codes, as well as system design standards and procedures through system amended American Institute of Architects (AIA) standard contract documents. The system design standards set the expectations for design decisions and direction to be grounded in solid, long-range planning and execution to reach 30-50 years into the future. These standards call

for designs to meet or exceed guidelines established in the State of Minnesota's B3 – *Buildings, Benchmarks and Beyond* Guidelines for building performance, site and water considerations, energy conservation, indoor environmental quality, building materials and waste: <http://www.msbg.umn.edu>. The B3 standards also outline expectations for post occupancy evaluation and survey of occupants on the indoor environmental quality of the finished building or space. The current edition of the system's design standard is at: [http://finance.mnscu.edu/facilities/design-construction/pdf/current\\_designstandard.pdf](http://finance.mnscu.edu/facilities/design-construction/pdf/current_designstandard.pdf) It is under review and update at this time.

The design process has three stages of design, schematic design (SD), design development (DD) and construction documents (DD). After a technical design review, projects at the SD stage are reviewed and approved by the vice chancellor for finance. Bidding and award of construction contracts is predominately delivered through the traditional design/bid/build methodology. In recent years, the system has utilized the construction manager at risk (CM@R) delivery method which brings the general contractor on earlier in the process to help influence the design work. This has helped build a greater sense of teamwork on the project and reduce change orders during construction.

To meet design and construction standards, designers and general contractors follow processes and workflows outlined in the system's facility project management e-manual at [http://finance.mnscu.edu/facilities/design-construction/pm\\_emanual/index.html](http://finance.mnscu.edu/facilities/design-construction/pm_emanual/index.html) and by utilizing e-Builder as the system's enterprise facility project management system.

Construction updates are provided by exception, with the system office facilities unit producing a semi-annual Capital Investment Program (CIP) status report shared with trustees and stakeholders. At any time, the status of ongoing design and construction work is available at: <http://finance.mnscu.edu/facilities/design-construction/cip/>

## Attachment G

### ALIGNMENT WITH THE STRATEGIC FRAMEWORK AND CHARTING THE FUTURE

#### Strategic Framework Guidance

The Capital Program Guidelines are designed to align with the state of Minnesota priorities, the principles established under the core commitments in the Strategic Framework as well as the recommendations adopted by the Board in November, 2013 in *Charting the Future for a Prosperous Minnesota*.

The Strategic Framework provides that Minnesota State Colleges and Universities will:

1. Ensure access to an extraordinary education for all Minnesotans
2. Be the partner of choice to meet Minnesota's workforce and community needs
3. Deliver to students, employers, communities and taxpayers the highest value/most affordable higher education option

The six recommendations articulated in *Charting the Future*, include:

1. Dramatically increase the success of all learners, especially those in diverse populations traditionally underserved by higher education.
2. Develop a collaborative and coordinated academic planning process that advances affordability, transferability, and access to our programs and services across the state.
3. Certify student competencies and capabilities, expand pathways to accelerate degree completion through credit for prior learning, and foster the award of competency-based credit and degrees.
4. Expand the innovative use of technology to deliver high quality online courses, strengthen classroom instruction and student services, and provide more individualized learning and advising.
5. Work together under new models to be the preferred provider of comprehensive workplace solutions through programs and services that build employee skills and solve real-world problems for communities and businesses across the state.
6. Redesign our financial and administrative models to reward collaboration, drive efficiencies, and strengthen our ability to provide access to an extraordinary education for all Minnesotans.

Since *Charting the Future* recommendations were established, the system established a *Charting the Future Workplan* in September 2015 that organized the various CTF strategies under the Strategic Framework headings, which included:

1. Ensure access to an extraordinary education for all Minnesotans
  - **Strategy 1.1** - Establish clear pathways that lead to increased retention and completion
  - **Strategy 1.2** - Expand innovative use of technology
  - **Strategy 1.3** – Close the opportunity gap and increase equity across our colleges and universities
2. Be the partner of choice to meet Minnesota's workforce and community needs

- **Strategy 2.1** - Work together under new models to be the preferred provider of comprehensive workplace solutions through programs and services that build skills and solve problems for business across the state
  - **Strategy 2.2** - Broaden students' opportunities to earn credit for prior learning by developing a certification process to award transferable competency-based credit
3. Deliver to students, employers, communities and taxpayers the highest value/most affordable higher education option
- **Strategy 3.1** - Deliver to students the most affordable option to an extraordinary education
  - **Strategy 3.2** - Redesign our financial and administrative models to reward collaboration, drive efficiencies and strengthen our ability to provide access to an extraordinary education for all Minnesotans

### **System Capital Investment Strategy**

In preparing the proposed FY2018-2023 guidelines, staff evaluated the strategies to determine whether there are facilities components that should be considered and priorities when preparing the guidelines. The results were shared with the academic and student affairs and finance and administration communities as well as Leadership Council. Their feedback was integrated into the guidelines below. As a result, the Board is asked to consider the following capital budget priority items that will support our system's long term goals and Charting the Future strategies:

- 1. Maintain, improve, and modernize existing campus spaces to support current and emerging academic needs of a region and the state of Minnesota.**
  - **Strategy 1.1** - Establish clear pathways that lead to increased retention and completion
  - **Strategy 3.1** - Deliver to students the most affordable option to an extraordinary education
- 2. Improve opportunities for student success by updating support services, academic advising, and tutoring spaces.**
  - **Strategy 1.1** - Establish clear pathways that lead to increased retention and completion and
  - **Strategy 1.3** – Close the opportunity gap and increase equity across our colleges and universities
- 3. Prioritize space that improves transferability between institutions (college and universities) and access to baccalaureate programming.**
  - **Strategy 1.1** - Establish clear pathways that lead to increased retention and completion and
  - **Strategy 1.3** – Close the opportunity gap and increase equity across our colleges and universities

- 4. Preserve and maintain the space we have by reinvesting in campus infrastructure and prioritizing renovation over adding new square footage; additional square footage should be considered only in unique situations where options for reutilization or replacement of existing space have been exhausted.**
  - **Strategy 3.1** - Deliver to students the most affordable option to an extraordinary education
  - **Strategy 3.2** - Redesign our financial and administrative models to reward collaboration, drive efficiencies and strengthen our ability to provide access to an extraordinary education for all Minnesotans
  
- 5. Build for the future with flexible and adaptable space that prioritize energy efficiency.**
  - **Strategy 3.1** - Deliver to students the most affordable option to an extraordinary education
  
- 6. The total capital bonding program request should be on the order of \$250 million with approximately \$125 million prioritized to address asset preservation needs and \$125 million for major projects to meet programmatic updates.**
  - **Strategy 3.1** - Deliver to students the most affordable option to an extraordinary education
  - **Strategy 3.2** - Redesign our financial and administrative models to reward collaboration, drive efficiencies and strengthen our ability to provide access to an extraordinary education for all Minnesotans

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Finance and Facilities Committee

**Date:** January 27, 2016

**Title:** Update on the Work of the Long Term Financial Sustainability Workgroup

**Purpose (check one):**

Proposed  
New Policy or  
Amendment to  
Existing Policy

Approvals  
Required by  
Policy

Other  
Approvals

Monitoring /  
Compliance

Information

**Brief Description:**

The workgroup was convened in October, 2015 at the invitation of Chancellor Rosenstone. Today's presentation will update the committee on the group's work and provide an opportunity for discussion and feedback.

**Scheduled Presenter(s):**

Laura M. King – Vice Chancellor and CFO



**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>INFORMATION ITEM</b>
UPDATE ON THE WORK OF THE LONG TERM FINANCIAL SUSTAINABILITY WORKGROUP

**BACKGROUND**

The purpose of this report is to update the committee on the work of the Long Term Financial Sustainability workgroup. The group was convened in October, 2015 at the invitation of Chancellor Rosenstone.

The following presentation provides the group charge, timeline, workgroup membership, areas of study, and preliminary outlooks and trends concerning revenues, expense and demographic trends.

The committee will be invited to discuss the observations to date and offer comments to the workgroup.

## Update on the Long-Term Financial Sustainability Workgroup



Board of Trustees  
Finance and Facilities Committee

January 27, 2016



## Workgroup asked to make recommendations

The workgroup is charged with formulating recommendations to the chancellor, the Leadership Council, and the Board of Trustees that will strengthen the long-term financial sustainability of our colleges and universities.



## Workgroup asked to address three questions

1. What changes should be made to the system's revenue and expenditure strategies to ensure the long-term financial sustainability of our colleges and universities in light of the priorities articulated in the strategic framework?
2. Are there alternative models for how we should organize ourselves, educate students, and serve communities across Minnesota that will advance excellence, access and affordability, and that will be more financially sustainable over the years ahead?
3. What tools as well as academic and financial planning strategies are needed to effectively implement these recommended changes?

2



## Workgroup recommendations expected in June

- Oct 2015 – Jan 2016 Exploration of issues
- Jan – April 2016 Development of observations and recommendations
- May – June 2016 Circulation of report for comment and board discussion



## Workgroup members offer diverse perspectives

- System officers
- Trustees, presidents and outside experts
- CAOs, CFOs and CIOs
- Student Associations
- Unions



**System officers** - Phil Davis, Laura King, co- chairs, Ron Anderson, Mark Carlson, Ramon Padilla, Brian Yolitz, Deborah Bednarz

**Trustees and outside experts** - Jay Cowles, Chair, Board of Trustees Finance and Facilities Committee, John Gunyou and Jim Schowalter, Former commissioners, Minnesota Management and Budget

**Presidents** - Annette Parker, President, South Central College, Devinder Mahotra, President, Metropolitan State University

**CAOs, CFOs and CIOs** - Christina Royal, Kari Christiansen, Lori Voss, Ken Janz

**Student Associations** - Michael Wenzel (MSCSA), Cara Luebke (MSUSA)

**Unions** - Eduardo Gutierrez (MSUAASF), Gary Kloos (MMA), Bryan Kotta (MAPE), Oscar Flores-Ibarra (IFO), Jenny Stratton (AFSCME), Kent Quamme (MSCF)

## Workgroup studying range of topics

- Financial profile, trends, outlook, new options
- Demographic and regional trends
- Academic models, trends, new options
- Current and future student profile
- Planning and forecasting tools of the future



## Revenue and expense issues identified

- Both the revenue and the demographic presentations suggest four areas of influence: productivity; tuition flexibility; campus footprint changes; and state investment stability and predictability.
- The decline in state support and downward pressure on tuition represents a structural “pivot.”
- The structural mismatch between revenue and expenses in the current funding model needs to be addressed; enrollment increases alone will not solve the problem.

6



Both state support and tuition revenue are more volatile than in the past.

The analysis, observations and conclusions were at the system level. Variances across colleges and universities can be wide depending upon the data element.



## Revenue and expense outlook examined

- The workgroup will examine what tools are available to impact productivity.
- Revenue and expense outlooks are highly sensitive to enrollment and tuition/state support assumptions.
- Annual reductions of \$12M to \$48M every year for ten years would be required to close the gap.

7



It is important that we understand the competitive environment; what choices will our prospective and current students have in the marketplace?

Ten year outlook predicts gap that ranges from \$66M to \$475M based upon enrollment, tuition and state support assumptions. These gaps are in addition to any other reductions and/or reallocations as usual practice.

## Demographic trends identified

- Overall 18-24 year old portion of the state population will start growing in 2018. Percent of population in the 25-34 age quartile will shrink.
- Working adult population will represent smaller share of state's overall population.
- High school graduation increases are concentrated in Twin Cities and St. Cloud regions. All other regions of the state show decreases.
- Diversity of state as a percent of the total state population expected to increase by 50% between 2005 and 2035, increasing from 14% to 23%; larger growth in diversity is expected the in metro area.



8

High school graduation numbers will increase.

The analysis, observations and conclusions offered in the revenue and expense trends presentation were at the system level. Variances across colleges and universities can be wide depending upon the data element.

## Demographic trends identified (cont.)

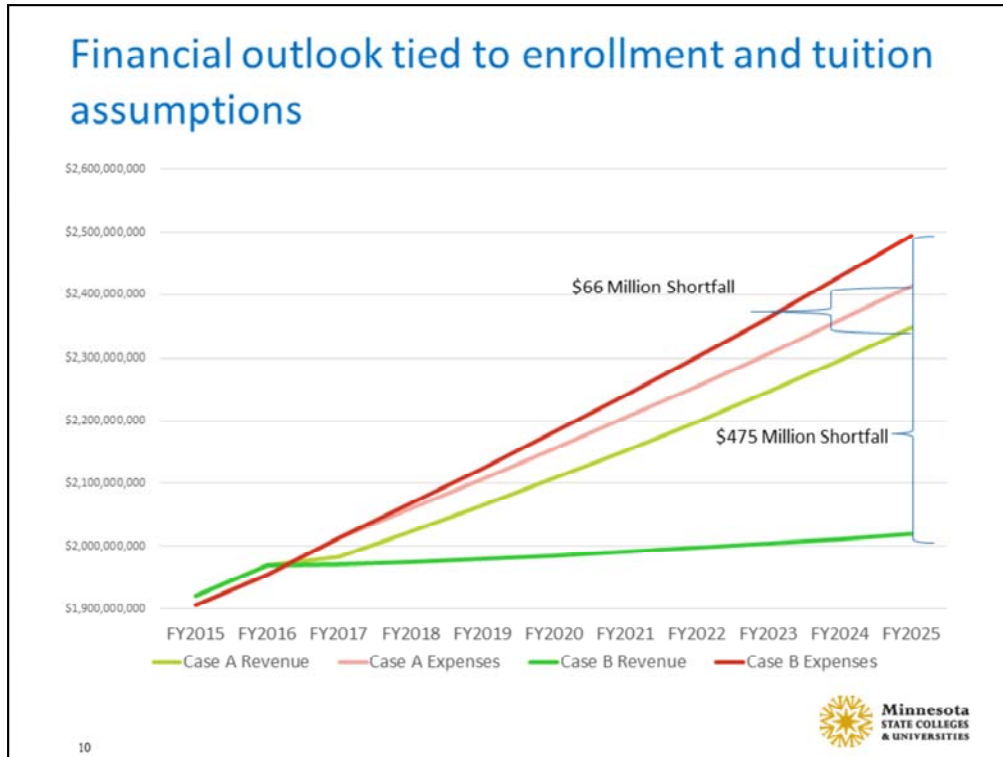
- Hispanic and Black/African American communities accounted for nearly 60% of the state's population increase between 2000 and 2010.
- There are more minority students in high school and these students are graduating at lower rates than white, non-Hispanic students. Young minority men in particular experience low graduation rates.



9

The analysis, observations and conclusions offered in the revenue and expense trends presentation were at the system level. Variances across colleges and universities can be wide depending upon the data element.

Graduation rates range from 54% for American Indian students to 66% for Hispanic students, compared with 88% for white non-Hispanic students.



This graph models two scenarios of revenues and expenses projected over 10 years:

Case A expense assumptions (light red line)

- ✓ 2.3% salary and benefits increase per year
- ✓ Other costs (equipment, supplies, etc.) are inflated at the rate of 10 year average CPI inflation (2.32%).

Case A revenue assumptions (light green line):

- ✓ 3% tuition and fee increase per year
- ✓ 1% enrollment increase per year
- ✓ 1.1% state appropriation increase per year (based on 10 year average)
- ✓ Other revenues (sales, room and board, etc.) are inflated at the rate of 10 year average CPI inflation (2.32%)

Case B expense assumptions (red line)

- ✓ 3.2% salary and benefits increase per year
- ✓ Other costs (equipment, supplies, etc.) are inflated at the rate of 10 year average CPI inflation (2.32%).

Case B revenue assumptions (bright green line)

- ✓ 0% increase for tuition, fees, state appropriation
- ✓ 1% enrollment decline
- ✓ Other revenues (sales, room and board, etc.) are inflated at the rate of 10 year average CPI inflation (2.32%)

Results

- ✓ Case A projects a \$66 million deficit at end of 10 years
- ✓ Case B projects a \$475 million deficit at end of 10 years

Source: FY2015 preliminary audited financial statements

## Work ahead includes identifying new models

- Examination of system's long term capital assets
- Articulation of necessary conditions for student success
- Identification of new revenue and expense strategies
- Identification of new models



## Workgroup recommendations expected in June

- Oct 2015 – Jan 2016 Exploration of issues
- Jan – April 2016 Development of observations and recommendations
- May – June 2016 Circulation of report for comment and board discussion



## Workgroup asked to make recommendations

The Workgroup is charged with formulating recommendations to the chancellor, the Leadership Council, and the Board of Trustees that will strengthen the long-term financial sustainability of our colleges and universities. The overall questions to be addressed are:

1. What changes should be made to the system's revenue and expenditure strategies to ensure the long-term financial sustainability of our colleges and universities in light of the priorities articulated in the strategic framework?
2. Are there alternative models for how we should organize ourselves, educate students, and serve communities across Minnesota that will advance excellence, access and affordability, and that will be more financially sustainable over the years ahead?
3. What tools as well as academic and financial planning strategies are needed to effectively implement these recommended changes?



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**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Finance and Facilities Committee

**Date:** January 27, 2016

**Title:** FY2018-FY2019 Operating Budget Outlook

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input checked="" type="checkbox"/> Information             |   |

**Brief Description:**

This report introduces the committee to the preliminary planning parameters and timeline for developing the Minnesota State Colleges and Universities FY2018-FY2019 biennial budget request. This is an informational item only.

**Scheduled Presenter(s):**

Deborah Bednarz, Director of Financial Planning and Analysis

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>INFORMATION ITEM</b>
<b>FY2018-FY2019 OPERATING BUDGET OUTLOOK</b>

**BACKGROUND**

This report introduces the committee to the preliminary planning parameters and timeline for developing the Minnesota State Colleges and Universities FY2018-FY2019 biennial budget request. Key information from Minnesota Management and Budget’s (MMB) *November 2015 Economic and Budget Forecast* is provided, including an overview of the state’s budget and economic outlook for both the current biennium (FY2016-FY2017) and the next biennium (FY2018-FY2019). Major trends and projections for key economic indicators influencing the state and system’s budget outlook are also highlighted.

The Board of Trustees is responsible for approving the biennial budget request, in accordance with board policy 5.9, Part 3, Subpart A. The FY2018-FY2019 biennial budget development process will begin this spring with a Finance and Facilities Committee discussion planned for March 2016. Consultation will take place with constituent groups throughout the spring and summer months. Board approval is scheduled for October 2016 (first reading) and November 2016 (second reading).

# Operating Budget Outlook: FY2018 - FY2019



Finance and Facilities Committee  
January 27, 2016

## Minnesota State Colleges and Universities

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## State of Minnesota's budget outlook

- Minnesota Management and Budget November 2015 budget and economic forecast
  - *State budget outlook for the current biennium*
  - *FY2018-FY2019 preliminary outlook*
  - *Key economic indicators and trends*
  
- FY2018-FY2019 legislative request considerations



## FY2016-FY2017 State budget outlook

(\$ in millions)	End of Session	November Forecast	\$ Change
<b>Beginning Balance</b>	<b>\$1,421</b>	<b>\$2,103</b>	<b>\$682</b>
Revenues	42,629	42,718	90
Spending	41,834	41,585	(249)
Cash & Budget Reserves	1,344	1,352	8
Stadium Reserve	7	13	6
<b>Forecast Balance</b>	<b>\$865</b>	<b>\$1,871</b>	<b>\$1,006</b>
<i>Environmental Funds Allocation</i>		71	71
<i>Budget Reserve Allocation</i>		594	594
<b>Budgetary Balance</b>	<b>\$865</b>	<b>\$1,206</b>	<b>\$341</b>

Source: Minnesota Management & Budget



3

November 2015 Budget and Economic Forecast highlights for current FY2016-FY2017 biennium:

- Minnesota's general fund budget outlook for the current biennium improved from previous estimate despite a weaker economic outlook.
- \$1.871 billion forecast balance is estimated; \$1.2 billion after reserve and other statutory requirements met.
- FY2015 closing balance of \$682 million added to current biennium's projected general fund budget surplus.
- Estimated revenues are projected to increase by \$90 million or 0.2 percent, with higher than projected sales and corporate taxes offsetting lower than projected income tax receipts.
- Estimated expenses are projected to fall by \$249 million or 0.6 percent, driven by reduced spending in human services.
- First \$71 million of surplus used to repay environmental funds, as required under current law.
- One third of surplus (\$594 million) directed to budget reserve, now estimated at \$1.6 billion or 3.8 percent of estimated FY2016-FY2017 non-dedicated revenues.

## FY2018-FY2019 State budget outlook

November 2015 (\$ in millions)	FY2016-17	FY 2018-19	Annualized	
			\$ Change	% Change
Forecast Revenues	\$42,718	\$46,603	\$3,884	4.4%
Projected Spending	41,656	44,557	2,901	3.4
<b>Structural Balance</b>	<b>\$1,062</b>	<b>\$2,046</b>	<b>\$984</b>	
<i>Estimated Inflation Applied to Spending</i>	<i>N/A</i>	<i>\$1,694</i>		

Source: Minnesota Management & Budget



FY2018-FY2019 State budget outlook is strong:

- The improved budget outlook continues into the next biennium as revenue growth exceeds spending growth.
- Without adjusting for inflation, there is a structural balance of \$2 billion for FY2018-FY2019.
- When \$1.7 billion of inflation is applied structural balance still remains. Inflation assumptions are 2.6 percent in FY2018 and 2.35 percent in FY2019.
- 4.4 percent annualized revenue growth projected; 3.4 percent annualized expense growth projected.

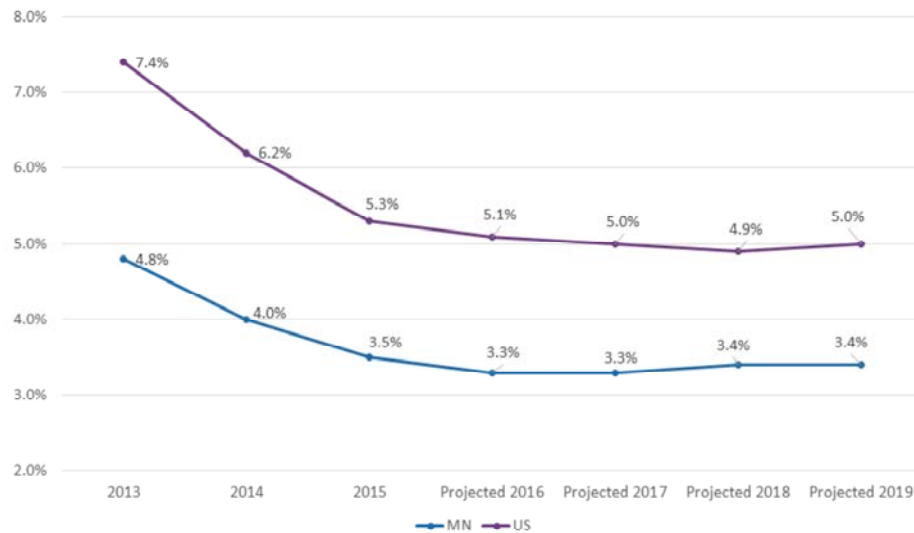
Risks to the FY2018-FY2019 outlook:

- Projections will change based on results of the 2016 session. Base revenue/expense commitments will impact FY2018-FY2019 outlook.
- Changes in base levels of revenue directly impact FY2018-FY2019 planning estimates.
- Small changes in assumptions have compounding effect, possibly resulting in significant changes in projected revenue or expenses.

## MMB's November Economic Forecast

- Minnesota appears near its full employment level with the number of job vacancies at highest level since 2001
- State's unemployment rate is lower than national average
- The tighter labor market is leading to wage growth
- Labor force growth rate remains weak

## Minnesota's unemployment rate lower than national rate



Source: Minnesota Management & Budget

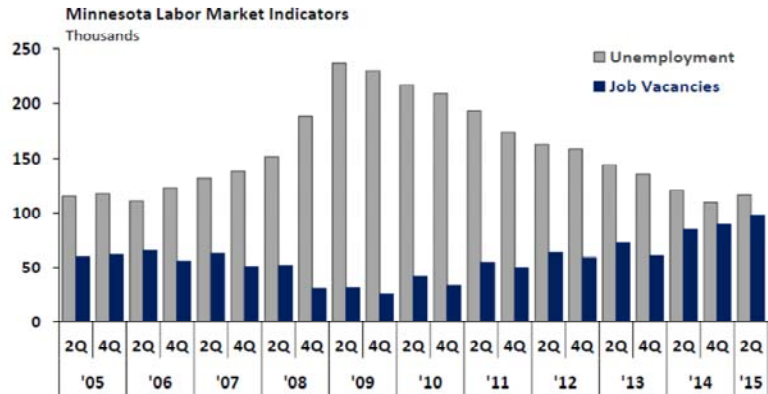


6

Minnesota's unemployment rate is projected to remain low through 2019 (between 3.3-3.4 percent) and is expected to continue to be significantly lower than the U.S. unemployment rate.



## Minnesota's strong labor market tightening



Source: Minnesota Department of Employment and Economic Development (DEED)

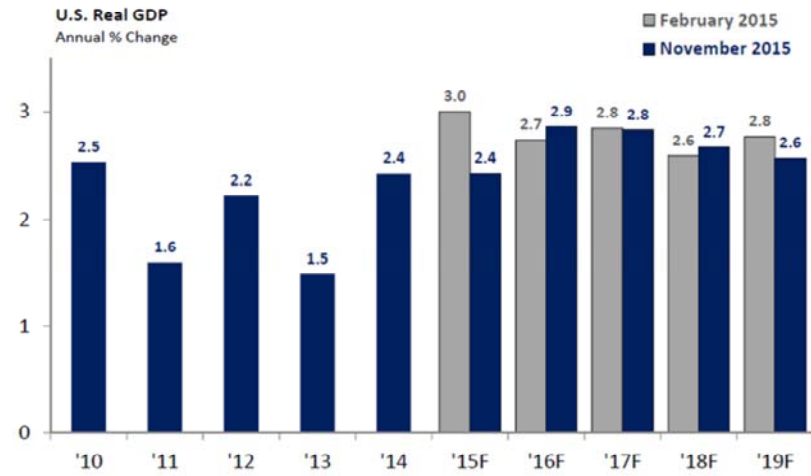


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### Minnesota's labor market highlights:

- More than 50,000 jobs have been added since mid-2013.
- Job vacancies are at highest level since 2001.
- Minnesota's unemployment rate was at 3.5 percent in November, compared to 5.0 percent in U.S. (seasonally adjusted)

# U.S. economic outlook slightly weaker



Source: U.S. Bureau of Economic Analysis (BEA), IHS Economics (IHS)



## Risks to MMB's state revenue forecast:

### Economic Risks:

- Labor force growth
- Productivity
- Monetary and fiscal policy
- International trade
- Commodity prices

### Revenue Risks:

- Wage and salary income
- Capital gains

Source: Minnesota Management & Budget



9

MMB has identified the above factors as risks to their revenue forecast. They also note that 20 months remain until the end of the current biennium, emphasizing that critical assumptions can change over this time horizon.

## Longer term outlook – what has changed for MnSCU?

- Continued reliance on tuition as primary revenue source
- Fifth year of enrollment declines after five years of increases
- Commitment to affordability is holding down tuition increases
- State support not keeping up with tuition limitations



## FY2018 -FY2019 biennial budget request timeline

- March: Board discussion of priorities, themes and process
- April – July: Consultation with all constituent groups
- August –  
September: Preparation and continued consultation
- October: First reading for Board of Trustees
- November: Approval by Board and submission to MMB



## Questions for discussion

- How does the state's budget outlook inform our FY2018-FY2019 legislative operating budget request?
- What areas of interest would you like to consider for the MnSCU FY2018-FY2019 legislative operating budget request?





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**BOARD OF TRUSTEES  
STUDY SESSION  
WEDNESDAY, JANUARY 27, 2016  
11:00 AM**

**MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE  
ROOM 3000, WHITNEY HALL  
1501 HENNEPIN AVENUE  
MINNEAPOLIS, MN**

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Study Session Three: Board of Trustees  
Michael Vekich, Chair

- Charting the Future Update



**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Board of Trustees Study Session Three

**Date:** January 27, 2016

**Title:** Charting the Future Update

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input checked="" type="checkbox"/> Information             |   |

**Brief Description:**

The study session is intended to provide the Board with an update on the Charting the Future FY2016 work plan and progress on initiatives during fall 2015.

**Scheduled Presenter(s):**

Jaime Simonson, System Director  
Scott Olson, President – Winona State University  
Annette Parker, President – South Central College  
Bill Maki, President – Northeast Higher Education District  
Ron Anderson, Vice Chancellor for Academic and Student Affairs



**HUMAN RESOURCES COMMITTEE  
CLOSED SESSION  
WEDNESDAY, JANUARY 27, 2016  
12: 00 P.M.**

**MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE  
ROOM 3000, 1501 HENNEPIN AVENUE, MINNEAPOLIS, MINNESOTA**

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*In addition to board members attending in person, additional board members may participate by telephone.*

- (1) Call to Order, Dawn Erlandson, Chair  
*Pursuant to Minn. Stat. § 13D.03, subd. 1 (2015) (Minnesota Open Meeting Law), the Human Resources Committee will meet in Closed Session to discuss labor negotiations strategy with the Minnesota State College Faculty.*
- (2) Motion to Close the Meeting
- (3) Motion to End the Closed Session
- (4) Adjournment

Members

Dawn Erlandson, Chair  
Ann Anaya, Vice Chair  
Margaret Anderson Kelliher  
Duane Benson  
Alexander Cirillo  
Robert Hoffman  
Elise Ristau

**Bolded** items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Human Resources Committee

**Date:** January 27, 2016

**Title:** Closed Session

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input checked="" type="checkbox"/> Information             |   |

**Brief Description:**

Status of negotiation strategies with:

- Minnesota State College Faculty

**Scheduled Presenter(s):**

Mark Carlson, Vice Chancellor for Human Resources  
Chris Dale, Senior System Director for Labor Relations

1 **BOARD OF TRUSTEES**  
2 **MINNESOTA STATE COLLEGES AND UNIVERSITIES**  
3

<b>INFORMATION ITEM</b>
CLOSED SESSION

4  
5 **BACKGROUND**

6  
7 In closed session, the Human Resources Committee will hear the current status of negotiation  
8 strategies relative to the 2015-2017 labor contract agreement with the following faculty  
9 bargaining unit:

- 10  
11
  - Minnesota State College Faculty (MSCF)

12  
13 *Pursuant to Minnesota Statutes § 13D.03, Closed Meetings for Labor Negotiations Strategy*  
14 *(Minnesota Open Meeting Law) (2015)*

15  
16  
17 *Date: January 27, 2015*



**HUMAN RESOURCES COMMITTEE  
JANUARY 27, 2016  
1:15 PM**

**MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE  
ROOM 3000, 1501 HENNEPIN AVENUE, MINNEAPOLIS, MINNESOTA**

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Please note: Committee/Board meeting times are tentative. Committee/Board meetings 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.

Committee Chair Dawn Erlandson calls the meeting to order.

- (1) Minutes of November 17, 2015 (pp. 2-5)**
- (2) Appointment of Interim President of Rochester Community and Technical College (pp. 6-7)**

Members

Dawn Erlandson, Chair  
Ann Anaya, Vice Chair  
Margaret Anderson Kelliher  
Duane Benson  
Alexander Cirillo  
Robert Hoffman  
Elise Ristau

**Bolded** items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
HUMAN RESOURCES COMMITTEE  
MEETING MINUTES  
November 17, 2015**

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*Human Resources Committee Members Present: Dawn Erlandson, Chair; Trustees Margaret Anderson Kelliher, Duane Benson, Alexander Cirillo, Robert Hoffman, and Elise Ristau.*

*Human Resources Committee Members Absent: Ann Anaya, Vice Chair.*

*Other Board Members Present: Kelly Charpentier-Berg, John Cowles, Tom Renier, Louise Sundin, and Erma Vizenor.*

*Leadership Council Members Present: Steven Rosenstone, Chancellor; Mark Carlson, Vice Chancellor for Human Resources.*

The Minnesota State Colleges and Universities Human Resources Committee held its meeting on November 17, 2015, at Wells Fargo Place, 4<sup>th</sup> Floor, Board Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Erlandson called the meeting to order at 2:11 p.m.

**1. Minutes of October 15, 2015**

*Chair Erlandson called for the motion to approve the minutes of the Human Resources Committee on October 21, 2015. The minutes were moved, seconded and passed without dissent.*

**2. Proposed Amendments to Policy 4.2 Appointment of Presidents (Second Reading)**

Vice Chancellor Carlson reported that Board Policy 4.2 Appointment of Presidents was adopted and implemented by the Board of Trustees on November 18, 1998. Earlier this year, the legislature noted that the search process for hiring presidents was not codified in board policy and subsequently passed a law encouraging the board to put the process into board policy.

Vice Chancellor Carlson said constituent groups were consulted through discussions with statewide student association leadership and statewide bargaining unit leaders at the contractual meet and confer meetings. The board had its first reading at the September retreat.

The Human Resource Committee recommended that the Board of Trustees adopt the following motion:

*The Board of Trustees approves the recommended changes to Policy 4.2 Appointment of Presidents.*

The motion passed without dissent.

### 3. **Charting the Future: Human Resources Project Updates**

Vice Chancellor Carlson briefly described the Human Resources Transactional Service Model, which came about as a result of the work of the *Charting the Future* System Incentives and Rewards Implementation Team. Vice Chancellor Carlson stated that the overarching goal of the project is to serve students better by providing exceptional campus support to employees.

Through a team approach, and by leveraging the scale of the system, HR products and services will soon be delivered in a manner that will allow campus HR professionals to focus squarely on the unique strategic management and leadership issues impacting their institution. Critical transactional processes, which can often take up the bulk of a HR campus team's time, are removed from their day-to-day involvement.

At this time, Vice Chancellor Carlson presented model and stated that on this graphic, the work HR professionals, engage in on a day-to-day basis is organized into three buckets. Transactional, Center of Expertise, and Local. [See Attachment]. All three are critical, but one, the transactional bucket of work, can be managed more effectively in a shared service environment.

Vice Chancellor Carlson shared that this deeply collaborative process, involving myriad stakeholders has been a transformative experience. Thanks to the Campus Service Cooperative's involvement under Phil Davis' leadership—and including project management assistance from Kari Campbell—the leadership team is on-track to deliver this new, improved, and exciting way of providing HR products and services in less than eighteen months.

Vice Chancellor Carlson shared that through the good work of campus and system office subject matter experts, leadership team is literally dissecting each and every transactional work element. Moving away from myriad disparate practices and putting in their place a single, well thought out best practice model for each work element. At this time, Vice Chancellor Carlson introduced the Work Group schedule. [See Attachment]. This graphic illustrates why the works seems overwhelming at times. Each line of this graphic depicts one transactional element that will be addressed in the near term.

Vice Chancellor stated this is *Charting the Future* in action. Bold, collaborative, and transformative. With student success at the core of it all. Vice Chancellor Carlson closed his presentation by thanking all the folks that have been engaged in this exciting work—particularly the TSM Leadership Team—but more broadly the entire MnSCU HR community.

The meeting adjourned at 2:25 p.m.

Respectfully submitted,  
Pa Yang, Recorder

# HR SERVICE CONTINUUM

## Transactional

## Transformational

### Shared Service

- Benefits/Retirement
- HR Transactions
- Payroll



### Center of Expertise (System Office)

- Labor Relations
- Leadership Development
- HR Policy/ Procedures

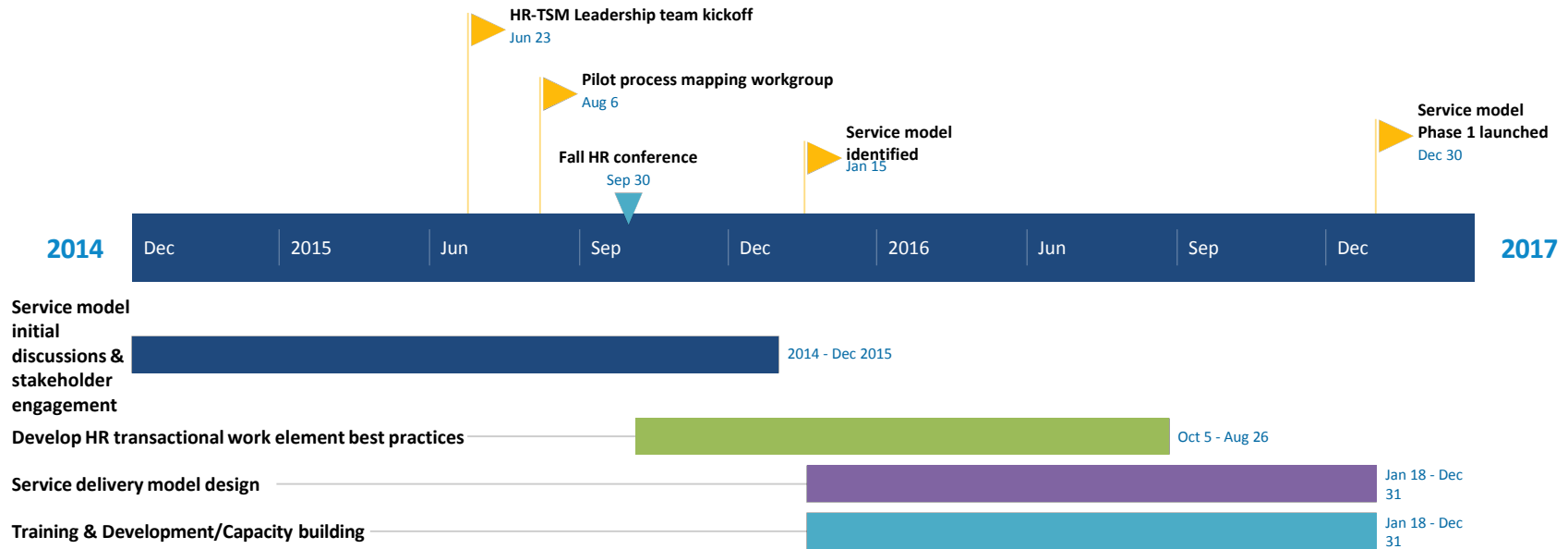


### Local (Campus)

- Change Management
- Diversity, Equity and Inclusion
- Strategic and Workforce Planning



### Initiative 3.2.2 Develop and implement new systemwide human resources transactional service delivery model



## HR - TSM Work Group Schedule

<u>Date</u>	<u>Transactional Work Group</u>
12/10/2015	New employee record/Demographic changes
1/28/2016	Pay rate changes/Concurrent jobs
2/2-3/2016	Unique assignments
2/10/2016	Promotion/Demotion/Transfer
2/18/2016	Intra-agency agreements
3/2-3/2016	Health, dental, optional/Open enrollment/ACA/ESR
3/23/2016	Summer balloon deductions
3/31/2016	Leave management - non-faculty (paid and unpaid)
4/7/2016	Leave management - faculty/administrator (paid and unpaid)
4/14/2016	Deferred compensation/Defined benefit plan/Defined contribution plan
5/3/2016	Early retirement incentives
5/11/2016	Phased/annuitant retirement programs
5/19/2016	Retirement/Resignation/Termination/Death
6/1/2016	Layoff
6/7/2016	Performance evaluation tracking
6/14/2016	FMLA
6/23/2016	Health Reimbursement Accounts/Health Care Savings Plan
6/29/2016	SRP
7/14/2016	Tuition Waiver
7/19/2016	Unemployment Insurance
7/27/2016	Workers' Compensation
9/22/2016	Classification
9/27/2016	Reporting & Data Analytics
TBD	Credentialing

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Human Resources Committee

**Date:** January 27, 2016

**Title:** Appointment of Interim President of Rochester Community and Technical College

**Purpose (check one):**

Proposed  
New Policy or  
Amendment to  
Existing Policy

Approvals  
Required by  
Policy

Other  
Approvals

Monitoring /  
Compliance

Information

**Brief Description:**

It is anticipated that Chancellor Rosenstone will recommend an individual for the interim presidency at Rochester Community and Technical College.

**Scheduled Presenter(s):**

Steven Rosenstone, Chancellor

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>BOARD ACTION</b>
APPOINTMENT OF INTERIM PRESIDENT OF ROCHESTER COMMUNITY AND TECHNICAL COLLEGE

1   **BACKGROUND**

2   It is anticipated that Chancellor Rosenstone will recommend an individual for the interim  
3   presidency at Rochester Community and Technical College.

4  
5   **RECOMMENDED COMMITTEE MOTION**

6   The Human Resources Committee recommends that the Board of Trustees adopt the following  
7   motion.

8  
9   **RECOMMENDED BOARD MOTION**

10   The Board of Trustees, upon the recommendation of Chancellor Rosenstone, appoint  
11   \_\_\_\_\_ as interim president of Rochester Community and Technical College effective  
12   \_\_\_\_\_, 2016, subject to the completion of an employment agreement. The board authorizes the  
13   chancellor, in consultation with the chair of the board and chair of the Human Resources  
14   Committee, to negotiate and execute an employment agreement in accordance with the terms and  
15   conditions of the MnSCU Personnel Plan for Administrators.

16  
17   *Date of Adoption:*                      *January 27, 2016*

18   *Date of Implementation:*



**Board of Trustees Agenda  
January 27, 2016, 1:30 PM  
Minneapolis Community and Technical College  
Wheelock Whitney Hall, L Building, Room L-3000  
Minneapolis, Minnesota**

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In addition to the board or committee members attending in person, some members may participate by telephone.

1. Call to Order
2. **Consent Agenda**
  - a. **Minutes of the Board of Trustees Study Session on the Allocation Framework Redesign Principles, November 18, 2015**
  - b. **Minutes of the Board of Trustees Meeting, November 18, 2015**
  - c. **Approval of Contracts Exceeding \$1M for:**
    - **Retirement Program Recordkeeping**
    - **E-Procurement Vendor**
    - **Oracle Service Agreement**
    - **Microsoft Office 365 License**
    - **Student Housing Module Vendor**
    - **Grant Award to Minnesota West Community and Technical College**
    - **MSU, Mankato Bookstore Vendor**
    - **MSU Moorhead Renovation of South Snarr**
    - **Bemidji State University Phone Service Vendor**
3. Chair's Report, Michael Vekich
  - **Chancellor's FY15 Merit Increase**
4. Chancellor's Report, Steven Rosenstone
5. Joint Council of Student Associations
  - a. Minnesota State College Student Association
  - b. Minnesota State University Student Association
6. Minnesota State Colleges and Universities' Bargaining Units
  - a. American Federation of State, County, and Municipal Employees
  - b. Inter Faculty Organization
  - c. Middle Management Association
  - d. Minnesota Association of Professional Employees

- e. Minnesota State College Faculty
  - f. Minnesota State University Association of Administrative and Service Faculty
7. Branding Initiative Update, Noelle Hawton, Chief Marketing and Communications Officer
8. Board Standing Committee Reports
- a. Human Resources Committee, Dawn Erlandson, Chair
    - 1. **Appointment of Interim President of Rochester Community and Technical College**
    - 2. Introduction of Margaret Shroyer, Acting President of St. Cloud Technical and Community College
  - b. Academic and Student Affairs Committee, Alex Cirillo, Chair
    - 1. Metro Baccalaureate Update
    - 2. Transfer Degree Pathways for Baccalaureate Completion
    - 3. Proposed Amendment to Policy 2.1 Campus Student Associations (First Reading)
    - 4. Proposed Amendment to Policy 3.7 Statewide Student Association (First Reading)  
Proposed Amendment to Policy 3.29 College and University Transcripts (First Reading)
  - c. Audit Committee, Robert Hoffman, Chair
    - 1. NCAA Agreed Upon Procedures External Audit
    - 2. Progress on Recommendations from January 2015 Payroll Special Review
    - 3. MSU, Mankato Internal Control and Compliance Audit
  - d. Finance and Facilities Committee, Jay Cowles, Chair
    - 1. Proposed Amendments to Policy 5.9 Biennial Budget Planning (First Reading)
    - 2. FY2015 Finance Statement Review and FY2016-FY2017 Operating Budget Update
    - 3. Discussion of FY2018 Capital Planning Guidelines (First Reading)
    - 4. Update on the Work of the Long Term Financial Sustainability Workgroup
    - 5. FY2018-FY2019 Operating Budget Outlook
9. Trustee Reports
10. Other Business
11. Adjournment



**Board of Trustees Agenda  
January 27, 2016, 1:30 PM  
Minneapolis Community and Technical College  
Wheelock Whitney Hall, L Building, Room L-3000  
Minneapolis, Minnesota**

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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.

**Consent Agenda**

- a. Minutes of the Board of Trustees Study Session on the Allocation Framework Redesign Principles, November 18, 2015 (pp. 1-8)**
- b. Minutes of the Board of Trustees Meeting, November 18, 2015 (pp. 9-12)**
- c. Approval of Contracts Exceeding \$1M for:  
(pp. 13-19 of Finance and Facilities Committee)**
  - a. Retirement Program Recordkeeping**
  - b. E-Procurement Vendor**
  - c. Oracle Service Agreement**
  - d. Microsoft Office 365 License**
  - e. Student Housing Module Vendor**
  - f. Grant Award to Minnesota West Community and Technical College**
  - g. MSU, Mankato Bookstore Vendor**
  - h. MSU Moorhead Renovation of South Snarr**
  - i. Bemidji State University Phone Service Vendor**

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**  
**BOARD OF TRUSTEES STUDY SESSION**  
**ALLOCATION FRAMEWORK REDESIGN PRINCIPLES**  
**NOVEMBER 18, 2015**

**Present:** Chair Michael Vekich, and Trustees Margaret Anderson Kelliher, Duane Benson, Alexander Cirillo, Jay Cowles, Dawn Erlandson, Robert Hoffman, Maleah Otterson, Thomas Renier, Elise Ristau, Louise Sundin, and Chancellor Steven Rosenstone

**Absent:** Trustees Ann Anaya and Phil Krinkie

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**Convene and Introduction**

Chair Vekich convened the study session on the allocation framework redesign principles at 8:05 am. He welcomed Laura King, vice chancellor – chief financial officer, and Deb Bednarz, system director, financial planning and analysis.

Chair Vekich remarked that he consulted with Trustee Cowles and Chancellor Rosenstone on the format of the study session so that the board could have an in depth discussion on the redesign of the allocation framework principles prior to the Finance and Facilities Committee meeting. The recommendation to redesign the system’s allocation framework is a recommendation from the Charting the Future System Incentives and Rewards Committee and it is also included in the 2016 system workplan. The first step in that effort is a board level discussion of the redesign principles or objectives. It is important to emphasize that no design decisions have been made. The board is committed to full consultation in this effort as are the vice chancellor and the chancellor. The Leadership Council, bargaining units, student associations, and campus leaders have all been a part of the review to date and will be involved over the next few months. Chair Vekich thanked the Inter Faculty Organization and the Winona State University Student Senate for taking the time to offer thoughtful feedback and comments. Today’s study session is the first of several on this topic. As the work proceeds over the coming year, the board and the Finance and Facilities Committee will be engaged and a part of the effort.

Chair Vekich explained that the discussion during the study session will provide insight and advice to the Finance and Facilities Committee, which also has this item on its agenda. He added that the discussion should focus on the proposed principles rather than the mechanics of the current model. Chair Vekich encouraged individual trustees to contact board staff to arrange for meetings with Vice Chancellor King if they were interested in delving more deeply into the current method. Chair Vekich asked trustees to keep three strategic questions in mind during the presentation:

- Do the principles appropriately balance the competing interests on behalf of colleges and universities and the system?
- Is the board comfortable with the direction of the work?
- Are there other principles that the board would like staff to consider?



## **History and Development of the Allocation Framework**

Vice Chancellor King commented that the allocation framework is the method used to distribute just the state appropriation. All tuition and other campus generated revenue stays on the campuses. Vice Chancellor King explained that the current formula and method was designed by system managers and administrators 15 years ago. It was approved by the board and it is overseen by the Leadership Council. The Board of Trustees adopted guiding principles for a single model in August of 1999 to frame the development work. The principles were:

- Academic goals should drive financial planning.
- Delegation of authority to the institution and the resulting program diversification are necessary to create a responsive system.
- Decentralized management systems require incentive and accountability mechanisms.
- An equitable distribution of funds is needed which recognizes the diversity of institutions, programs, and students.
- Adequate funding is essential to fulfill missions and respond to compelling state needs.
- Access is a core element of the system's mission.

Management workgroups were established in the late 1990s, and the model was implemented in 2002. The model was fully implemented in 2006. The Allocation Framework is the methodology by which all state appropriation is allocated. In general, state funds are divided into four categories.

**Institutional Base Allocations** (83%): state appropriated dollars allocated to colleges and universities for general operations.

**Priority Allocations** (4%): special allocations for board and legislative priorities; examples include access and opportunity and leveraged equipment funding.

**System Set Asides** (8%): enterprise technology, debt service (system share), attorney general, etc.

**System office support** (5%): state funds to support system office operations.

A set of algorithms is used to calculate the institutional base allocation for a college or university. Presidents have broad authority to spend resources within the constraints of statute and board policy to best meet the needs of their colleges and universities. It was a strong principle of the board in the 1990s that presidents have the greatest flexibility to manage their budgets.

The current mechanics are built on algorithms perfected through the work of the Technical Advisory Committee. The framework runs on data that has been quality-assured. Each component has rules, data sets, and time series. At the time of its implementation, the board spent a lot of time finding the balance between responsiveness and stability in the results. Over the years, there has been very little redistribution between the college sector and the university sector. There are devices in the current framework that tips toward stability over volatility and

that is a design decision that we will be faced with in this current redesign effort. We worked really hard to recognize the cost differences between different kinds of programs. The allocation framework takes into account the different costs of programs. It is based on an extensive cost study that lines up every program and every institution, strikes averages, and plus or minuses around the bands. For years we have been paying more in the framework for high cost programs and less for low-cost programs.

In general as we think about the current framework versus the work ahead of us, some observations and comments came out of work that Chancellor Rosenstone launched after his arrival. The chancellor wrote a white paper on the facts of the current allocation framework that was reviewed by the Board of Trustees and the Leadership Council. The current framework is viewed as positive in that it provides that all revenue earned locally stays local. We are not redistributing or cross subsidizing tuition revenues or parking revenues, etc. The framework is very responsive to enrollment changes, program mix, and course cost efficiency. It rewards enrollment, recognizing while this is a zero sum exercise, those that grow faster than others see a benefit. It provides stability, predictability, and modest redistribution of resources from year to year. Our CFOs know today within one to two percent what their state appropriation allocation will be for next year.

### **Questions and Discussion**

Trustee Renier inquired if there is a difference in the allocation framework's responses to changes in enrollment. Vice Chancellor King replied that enrollment at the course level matters. That is part of the calculation for cost efficiency. If enrollment drops suddenly, then FYE costs go up and that could hurt you in the instructional component. We have enrollment embedded but it is an overall value in the formula. The current principles are viewed as positive because all local revenue stays local. How responsive should the redesign be to changes in enrollment, program mix, and course cost efficiency is a pending question. The current framework rewards enrollment which some see as a criticism because it is too tied to enrollment. The current framework provides stability, predictability, and modest redistribution. It does not recognize or support student success outcomes, access or diversity, and a collective success of the system to serve the state and its regions through collaboration. A redesign decision to make is how much to reward enrollment. The draft redesign principles do not take a position on the stability question. What do we do about outcome based funding, enrollment dimension, stability, and predictability. We will come back to the board about where to strike that balance. We do not anticipate any revenue redistribution going forward.

Trustee Hoffman commented that the current framework does not work in theory the way it is supposed to work. It is too predictable. There is an urgency and we need to be more responsive to changing conditions. With the band situation, it is a three-year phase. We are not rewarding the successful leadership; we are protecting the less successful leadership. The impact of enrollment is not recognized until 4-5 years. Vice Chancellor King agreed with Trustee Hoffman about the need to be more responsive. She added that we also would like to address how to treat PSEO and concurrent enrollment in the redesigned framework.

Chancellor Rosenstone noted that an important point is how to get the balance between immediate responsiveness and supporting the immediate adverse impact of campus enrollment declines, etc. Maybe the three-year phase in is too slow for the responsiveness that the board wants out of the allocation framework. Another fundamental question is the extent to which we built support into the framework; some base protection for campuses that are impacted by demographic changes that are occurring in the state. These are some of the fundamental questions that the board will need to debate in redesigning the principles.

Responding to a question from Trustee Benson, Vice Chancellor King explained that there is no incentive in the current framework for a campus to refer a student, or to share a student, or help a student dual enroll. The current framework sets up a competitive institutional posture to the disadvantage to the students.

Trustee Cirillo inquired if there is any way of collaborating in terms of programs? Vice Chancellor King said that work is happening today, both in the design and delivery of programs. Chancellor Rosenstone added that there may be a way to incent all programs. On the student success side, we may be able to do more with collective outcomes than on the individual level. Vice Chancellor King explained that the System Incentive and Rewards Implementation Team recommended a redesign of the current financial model to incent and reward current collaboration, strategic framework commitments, and the Charting the Future recommendations.

Chancellor Rosenstone commented that this conversation creates uncertainty and it is a difficult conversation. There are some hard conversations ahead of us. One of the draft principles is that we have a transition that will create a minimal amount of disruption.

Trustee Cirillo inquired if there is a sense from the sitting presidents of how important the attenuation of change, such as a 3-5 year filter is for them? Vice Chancellor King replied that 15-years ago, the relationship between state appropriation and tuition was very different. Now we have to think about the response runway that presidents have as their revenue and expense outlook changes and being sensitive to lining up the implementation path. The three-year rolling average was the device implemented 15 years ago to accommodate changes in labor contracts, program review and approval, closure timetables, enrollment strategies, etc.

Trustee Renier asked how we should factor in changes in the external environment that are not due to lack of leadership, but are out of our control. He also expressed that he is worried about the vast difference in the sizes and complexities of our colleges and universities. The larger institution has more flexibility to deploy resources for change than a small one. Vice Chancellor King commented that scale matters and she recalled that the board endorsed a 5-year hold harmless provision for the Northeast Higher Education District for that very reason. The results of the current framework were so disruptive that the board endorsed a step down just for NHED because there was so much dislocation.

Trustee Erlandson stated that she is interested in fixed versus variable costs and how the formula addresses them. In terms of Charting the Future, in terms of collaboration, not just in marketing, but in online classes, if enrollment in a particular course is too low it is closed because costs get

too high. How is revenue allocated based on these scenarios? Vice Chancellor King observed that this is a terrific example of how we are doing it half right today. In the current framework, we do not distinguish between online credit sold and an on ground credit sold. We have not solved the shared student between separate institutions whether they are on ground or online. This is a collaboration opportunity for us going forward. The instructional cost model is 100 percent variable cost. It holds Pine Technical and Community College to the same cost efficiency standards as St. Cloud State University if they are offering the same course and that is a challenge for the smaller schools.

### **Proposed Allocation Framework Redesign Principles**

Vice Chancellor King referred to the proposed Allocation Framework Redesign Principles, on slides 16 and 17, as follows:

The Allocation Framework should support the following:

- Academic and student success goals
- The educational and workforce needs of the state
- Financial and functional sustainability of diverse institutions, programs, and students
- Delegation of authority to colleges and universities
- Collaboration and systemic change by leveraging the power of the system

The design of the allocation framework should:

- Be flexible, simple, and transparent
- Incorporate measurable outcomes that recognize the diversity of institutions and their missions
- Incent and/or reward
  - Student success, e.g. retention, graduation, transfer, employability, elimination of the opportunity gap
  - Collaboration around academic planning, student success efforts, administration, resource development, and achievement of collective goals
  - Administrative best practices and efficiencies
- Reach an appropriate balance between stability and responsiveness to changing conditions
- Recognize that costs of serving students varies by academic program and student requirements
- Implementation of the new design should provide for a smooth transitions

### **Questions and Discussion Continued**

Trustee Benson noted that the third bullet in the proposed redesign principles on incentive and/or reward student success, e.g. retention, graduation, transfer, employability, elimination of the opportunity gap are best for students and why we are here.

Trustee Otterson inquired how the formula incentivizes student success. She asked how student success is measured compared to students' individual goals, which may be taking only one course, for example? Vice Chancellor King explained that the design principle around student success is the beginning of a conversation on which measures we want to use and recognizing

that this is an annual allocation process. Student success is measured over much more than twelve months, or even 2-4-6 years in some cases and we are trying to find a way to do it year to year. We are very aware that there are diverse views of what student success looks like for individual students.

Vice Chancellor King explained that the principle for the allocation framework to be flexible, simple, and transparent was developed by the Technical Advisory Committee which is a group of Chief Academic Officers and Chief Financial Officers, and reviewed by Leadership Council, sent back to the Technical Advisory Committee, and then sent out for broad consultation before being presented here today in draft form. If the Finance and Facilities Committee approves the draft principles, they will be back to the board for approval next spring along with the framework changes developed this winter. The principles and will be sent out for consultation and review to the whole community in the spring and summer with a goal of having a recommendation back to the committee and board next fall. Vice Chancellor King noted that the best case is to finish the work and have it before the board again before year-end which will give campuses time to model and predict what the FY2018 allocation will look like. This timeline will give campuses six months preparation, and the community six months of consultation time.

Trustee Cowles asked about the process for engagement with the campuses and various stakeholders in this discussion going forward. Vice Chancellor King explained that as the work continues and design decisions are near, the recommendations would be moved out to the campus community and the local community for feedback. An update would be back to the Finance and Facilities Committee in the spring followed by an update to the committee and the full board in the fall. The goal is to balance giving the community an opportunity to engage but not in such a way that the work gets out of sync. There will be time for regular review for comment and circulation of work over the next nine months, discussion in the Finance and Facilities Committee in the spring before more review and comment over the summer and back in the fall.

Chair Vekich suggested holding a public hearing in the fall of 2016 regarding the redesign recommendations after the work is done to hear from all voices.

Trustee Sundin inquired if there have been discussions on additional income strategies, for example, the statewide levy referenda that other states use, and whether it is a part of the discussion. She also inquired whether there is a way to fund wrap around services, mental health, dental, and food shelf, through collaboration. Trustee Sundin suggested a joint tour of North Hennepin Community College and Brooklyn Center High School where they are the statewide model for wrap around services. There needs to be an acknowledgement that there are costs that go with collaboration. Trustee Sundin added that the system requested \$89M for student and staff internships/ externships, residencies, and other opportunities for students to get real work. If funds for these opportunities are not included in our allocation from the state, is there a way to internally allocate for them? Can the definition of collaboration include external groups such as community advisories, etc.? Trustee Sundin also asked if the board can discuss the metrics that are used to make program decisions. Chair Vekich asked Trustee Cirillo to add a discussion of the metrics to the agenda for the Academic and Student Affairs Committee.

Vice Chancellor King replied that the observation around wrap around services is at the heart of student success and what it takes for this process to make it work. There is also a charge from the Technical Advisory Group to look at systemwide services, and Human Resources transformational services. There are many creative and new things happening around student success and the non-classroom student support work. Funds for student internships are 100 percent board discretion as a system priority, or whatever the board deems to be a priority. On the revenue side, there have been discussions about customized training, but the allocation framework is focused on distributing the state's allocation.

Trustee Erlandson inquired about incentives in Charting the Future to make sure each institution is doing its very best in securing outside grants, corporate or high donor individuals, federal government, alumni giving, etc. Does Charting the Future have any incentives to make sure we are collaborating together to get the Gates, Lumina, and other grants.

Chancellor Rosenstone replied that the Charting the Future recommendations are somewhat silent as there are a lot of incentives in each of our colleges and universities to be very aggressive on this front. As the allocation framework comes forward, he added that it is important to not inadvertently do anything in the framework to interfere with these incentives and rewards. Increasing giving is a goal for each president.

Trustee Hoffman commented that it is very important to have transparency in the entire process for the allocation framework redesign principles.

Trustee Cirillo inquired if we have the ability to do modeling as we go through for making this change? Do we have a robust algorithm that we can change? Vice Chancellor King replied that we have a significant capacity to model instructional costs, enrollments with modeling, etc.

Chair Vekich invited presidents to comment on the proposed principles.

President Potter, St. Cloud State University, stated that the chancellor's acknowledgement of uncertainty is on all of our minds. There is no new money. President Potter added that he has had to make cuts to adjust to increased costs and enrollment declines. He noted that the presidents recognize that they are partners in this work and are sensitive to the need for urgency.

President Olson, Winona State University, commented that the reason stability is built into the model is because the bargaining units have well deserved and well-earned rights that have to do with when and how you separate as an employee. Depending on the bargaining unit, it may be a nine month to 18-month process. He also encouraged the work to include looking at both how a college or university is improving but also at sustained excellence. For example, retention and graduation rates are really important, but the closer you get to one-hundred percent each incremental percent gets harder and harder. We want to incent the change and growth, but he encouraged the board to not lose sight of the institutions that are already performing at a high level. President Olson added that he hopes that the model will preserve the diversity of institutional types which is the beauty and great strength of the system.

President Johns, Lake Superior College, commented that many of the issues raised during the discussion are right on target. The principles are idealistic, and the decisions will be tough.

President Ester, Normandale Community College, commented that her college has pursued external monies by looking at grants. Normandale has been successful over the past 2-3 months in securing grants but they are one-time money and helpful but then you have to find the money to sustain those programs. Normandale is increasing its grant writing staff and research staff. As the board looks at ways for us to go after monies, it comes at a cost to other items. The foundation board has been successful raising money for scholarships but now will have to raise funds for capital projects.

Chair Vekich thanked the presidents for their comments.

Trustee Sundin commented on the announcement of more layoffs of steelworkers in the Iron Range. She added that she hoped we are willing to work directly with the union to help the laid-off workers. Chancellor Rosenstone remarked that we are very much engaged and will be part of the solution for the next step for these workers. He added that he spoke by phone with the governor's chief of staff and expressed our concerns for the displaced workers. He also spoke with President Maki, Northeast Higher Education District, regarding customized training programs to help train for additional careers. Organized labor will be a part of the solution for the next step for these workers. The Advance Minnesota customized training program can turn on a dime and is prepared to move at lightning speed.

### **Adjournment**

Chair Vekich thanked everyone for a good discussion and adjourned the study session at 9:16 am.

**Minnesota State Colleges and Universities**  
**Board of Trustees Meeting Minutes**  
**November 18, 2015**

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

Absent: Philip Krinkie and Louise Sundin

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**1. Call to Order**

Chair Michael Vekich called the meeting to order at 10:00 AM and announced that a quorum was present.

**2. Consent Agenda**

Chair Vekich announced that consent agenda item: Approval of Contract Exceeding \$1M for St. Cloud State University Coborn Plaza Lease Agreement, was removed from the Consent Agenda and deferred to a future meeting.

**a. Minutes of the Board of Trustees Study Session on Retirement Program Overview / Fiduciary Training, October 20, 2015**

**b. Minutes of the Board of Trustees Meeting, October 21, 2015**

**c. Review / Approve Release of FY2015 and FY2014 Audited Financials**

**d. Approval of Contracts Exceeding \$1M for:**

- **Continuing Education / Customized Training Online Registration Request for Proposal**
- **Assessment for Course Placement**

**e. Approval of Allocation Framework Redesign Principles**

*Chair Vekich moved approval of the Consent Agenda.*

The motion was seconded and carried.

**3. Board Policy Decisions**

- **Proposed Amendments to Policy 4.2 Appointment of Presidents (Second Reading)**

*Trustee Erlandson moved that the Board of Trustees approve the recommended changes to Policy 4.2 Appointment of Presidents.*

The motion was seconded and carried.

**4. Chair's Report: Michael Vekich**

Chair Vekich deferred his remarks to the Trustees Report.

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

Chancellor Rosenstone read the following letter that was sent to all students, faculty and staff.

The letter was signed by Chancellor Rosenstone and all of the college and university presidents.



Dear Students, Faculty and Staff:

Recent events on campuses across the country remind us of the ugliness of racism and intolerance and its painful impact on the lives of our students, faculty, and staff. Because we are not immune to racism here in Minnesota, today we stand together – as leaders of Minnesota’s state colleges and universities – to condemn racism and intolerance and reaffirm our commitment to our core value: our colleges and universities are places of hope and opportunity where everyone can create a better future for themselves, for their families, and for their communities. And when we say everyone, we really do mean everyone.

The challenge for our nation and for our colleges and universities is how we, as a community, turn our core value into action and how we make absolutely certain that, on our campuses, hope defeats hate so that all Minnesotans fulfill their dreams for a better future.

We cannot deny the existence of racism and intolerance or pretend we do not hear racist and hateful language. And we cannot stand indifferent in the face of this historical challenge to eliminate racism and intolerance in our communities. Although we have taken deliberate steps to better understand the subtle and not so subtle ways that racism is practiced and experienced so our campuses can be more diverse and welcoming and so all students can succeed, there is much more work to be done.

When it comes to racism and intolerance, the way forward begins with a willingness to engage with each other with empathy and concern in what are sometimes difficult conversations. But, talking is not enough. We must listen – truly listen – to each other in a sincere effort to better understand our different perspectives and experiences. We must learn to build bridges across these differences. And, we absolutely must stand against racism and intolerance and work together with an abiding commitment to deliver solutions.

We must use the events of the past few weeks to rededicate ourselves to listening better than ever before; acting with a greater sense of urgency than ever before; and working together better than ever before in a spirit of trust and generosity.

**6. Student Associations**

- a. Minnesota State College Student Association  
Kevin Parker, president, addressed the board.
- b. Minnesota State University Student Association  
Sarah Berns, associate director of system and government relations, addressed the board.

**7. Minnesota State Colleges and Universities Bargaining Units**

- a. Inter Faculty Organization  
Jim Grabowska, president, addressed the board.
- b. Middle Management Association  
Robyn Cousin, business agent, and Gary Kloos, executive director, addressed the board.

- c. Minnesota Association of Professional Employees  
Jerry Jeffries, chair, MAPE Meet and Confer Committee, and John Parker - Der Boghossian, director of student life/chief diversity officer, Saint Paul College, addressed the board.
- d. Minnesota State College Faculty  
Kevin Lindstrom, president, addressed the board.

**8. Board Standing Committee Reports**

**a. Audit Committee, Robert Hoffman, Chair**

- 1. Clery Act Internal Control and Compliance Audit  
Committee Chair Hoffman reported that the committee heard the results of the Clery Act Internal Control and Compliance Audit.
- 2. Dakota County Technical College Internal Control and Compliance Audit  
Committee Chair Hoffman reported that the committee heard the results of the Dakota County Technical College Internal Control and Compliance Audit.

**b. Human Resources Committee, Dawn Erlandson, Chair**

- Charting the Future: Human Resources Project Update  
Committee Chair Erlandson reported that the committee heard an update on Charting the Future: Human Resources Project.

**c. Academic and Student Affairs Committee, Alex Cirillo, Chair**

- 1. ASA Fall Leadership Conference Update  
Committee Chair Cirillo reported that the committee heard an update on the ASA Fall Leadership Conference.
- 2. Charting the Future: Implementation Update of Academic and Student Affairs Initiatives  
Committee Chair Cirillo reported that the committee heard a report on Charting the Future: Implementation Update of Academic and Student Affairs Initiatives.
- 3. Student Demographics  
Committee Chair Cirillo reported that the committee heard a presentation on Student Demographics.

**d. Joint Meeting of Diversity and Equity and Finance and Facilities Committees, Duane Benson and Jay Cowles, Co-chairs**

- Vendor / Supplier Diversity Strategy Development  
Committee Co-chair's Benson and Cowles reported that the joint committees heard a presentation on Vendor / Supplier Diversity Strategy Development.

**e. Finance and Facilities Committee, Jay Cowles, Chair**

- Committee Chair Cowles reported on the Finance and Facilities Committee meeting.

**9. Trustee Reports**

Trustee Cirillo reported that he participated in the Academic and Student Affairs Fall Leadership Conference. Chair Vekich reported that he and Chancellor Rosenstone participated in the MSUSA Conference.

**10. Other Business**

There was no other business.

**11. Adjournment**

Chair Vekich announced that the Executive Committee will meet on December 14. The next Board of Trustees meetings are on January 26-27, 2016.

Chair Vekich adjourned the meeting at 11:15 AM.

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Ingeborg K. Chapin, Secretary to the Board

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
Agenda Item Summary Sheet**

**Name:** Board of Trustees

**Date:** January 27, 2016

**Title:** Branding Initiative Update

**Purpose (check one):**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input checked="" type="checkbox"/> Information             |   |

**Brief Description:**

In early 2014, a brand steering committee was formed to study the effectiveness of the MnSCU brand. After an RFP process, PadillaCRT was engaged to do market research, with study results presented to the Board of Trustees at its April 2015 meeting. At that time the board encouraged the branding steering committee to explore new branding options.

For part two of this work, a second RFP process was launched, and PadillaCRT was hired to develop brand alternatives. In addition, membership on the branding steering committee was expanded to include more stakeholders. Current membership includes three university presidents, three college presidents, representatives from AFSCME, MAPE, MSCF, MSUAASF, MSUSA, MSCSA, and 17 key communicators from campuses across the state.

At the January meeting the brand steering committee's goal is to update the Board of Trustees regarding the work to date and to seek counsel.

**Scheduled Presenter(s):**

Noelle Hawton, Chief Marketing and Communications Officer

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<b>INFORMATION ITEM</b>
<b>BRANDING INITIATIVE UPDATE</b>

**Purpose of Presentation**

At the January meeting the brand steering committee’s goal is to update the Board of Trustees regarding our work to date and to receive feedback on the committee’s favored brand direction. The brand steering committee will incorporate the board’s feedback into its efforts and plans to bring forward a full brand name recommendation to the Board of Trustees at its March meeting.

**Background**

In early 2014, a system-level branding steering committee – comprised of three college presidents, three university presidents, and nine key communicators from campuses across the state – was formed to study the effectiveness of the MnSCU brand. After an RFP process, PadillaCRT was engaged to conduct brand research around the Minnesota State Colleges and Universities name, logo, and often-used acronym MnSCU.

The market research results, which were presented to the Board of Trustees at its April 2015 meeting, showed very little external understanding of what the name stood for and found it confusing, with many people thinking it represented all higher education organizations in the state, including the University of Minnesota and all public, private, and for-profit institutions, as well. Internally within our campus stakeholders, there is very little support for the MnSCU acronym, which is seen only as the “central office.”

Despite low understanding of our mission, research also revealed that prospective students, parents, and community leaders identified several positive attributes that MnSCU could claim. These include **affordability** and **geographical accessibility, talent development** (critical thinking, career preparation, workforce training, and citizenship) and **meeting local community higher education needs** (MnSCU develops leaders and talent needed by business throughout the state).

Working with the steering committee, PadillaCRT presented the following:

- a) the case for refocusing a system branding effort using these attributes
- b) a brand manifesto, and
- c) recommendations for building a brand using the name “Minnesota State.”

A new or refreshed brand would allow us the opportunity to align with the strategic framework and provide value to our colleges and universities. This includes:

- Increased awareness of all colleges and universities, helping them attract more students
- A platform from which to highlight credit transferability
- The opportunity to become known for our collective attributes (listed above)

At the completion of the presentation, the board encouraged the brand steering committee to continue with its exploration of new branding options.

In late 2015, we issued an RFP for the continuation of this work, and in November, PadillaCRT was selected. In addition, our original committee was expanded to oversee this next phase of work, and now includes three university presidents, three college presidents, representatives from AFSCME, MAPE, MSCF, MSUAASF, MSUSA, MSCSA, and 17 key communicators from campuses across the state (see attached list of members). (The IFO declined the invitation to participate). The steering committee's role is to provide broad input, review progress, and select ideas that can move forward to Leadership Council and the Board of Trustees for approval.

### **Work Completed to Date**

The steering committee has met twice. In December, we met for a project orientation and input on naming alternatives. In January, we met to review brand alternatives recommended by PadillaCRT and reviewed an outline of the plan and timeline for the entire project.

PadillaCRT also has completed an environmental inventory documenting all potential elements to be impacted by a change in the brand name. The purpose of the inventory is to properly scope the remainder of the work and to develop a realistic cost estimate for implementing a brand plan (changing signage, reprinting materials, etc.). Costs are being categorized as recurring and non-recurring. Recurring costs will require no new budget (e.g., a brochure will be updated with the new branding when it is normally reprinted). Non-recurring costs are one-time costs, such as replacing a sign with the new brand.

PadillaCRT also held one-on-one telephone interviews with representatives from each of our 31 colleges and universities to get input on the brand names under consideration, understand any specific local branding challenges or opportunities, and gather any ideas about system wide branding. Each local representative was asked to complete an environmental inventory of where the system name is included for their local campus. These are being compiled so we can establish non-recurring cost estimates for colleges and universities, as well.

### **Brand Names under Consideration**

Our branding effort faces some challenges. First, literal names are difficult to replace and moving to something more aspirational or creative can be seen as too big of a change, and not particularly academic. Because we have not successfully demonstrated how to leverage a system brand name in the past, colleges and universities may not recognize the need or opportunity. Finally, our brand name should be evolutionary in nature. That means we should not ask any college or university to change their name nor require them to lock up a system brand name logo directly with their existing logo. Our plan is to create system brand guidelines that can be phased in over time and as members see the value of doing so.

After reviewing several brand name options presented by PadillaCRT, the steering committee is favoring the idea of sticking with the existing name or a condensed version, such as in "Minnesota State" or "Minnesota State System."

### **Measuring Long-term Success**

The committee also is looking at how we will determine if we've accomplished our objectives.

The following criteria are under consideration:

- adoption rate (how many colleges and universities use the new brand)
- awareness research (to see if key stakeholders know and understand the new brand)
- enrollment (whether any joint messaging and marketing efforts increase enrollment)

### **Conclusion**

The brand steering committee's goal is to update the Board of Trustees regarding the work to date and to seek counsel.

## **Brand Identity Steering Committee**

### **Presidents**

- Earl Potter, President, St. Cloud State University
- Laura Urban, President, Alexandria Technical and Community College
- Peggy Kennedy, President, Minnesota State Community & Technical College
- Rassoul Dastmozd, President, Saint Paul College
- Richard Davenport, President, Minnesota State University, Mankato
- Richard Hanson, President, Bemidji State University and Northwest Technical College

### **Campus Marketing and Communications Participants**

- Audrey Bergengren, Director of Marketing and Public Relations, Saint Paul College
- Bill Mulso, VP for Adv., Foundation Exec. Director, Southwest Minnesota State University
- Carla Johanson, Dir. for Mrktg. and Student Access, Distance Minnesota
- Chad Sperling, Int. Dir. of Mktg. & Comms., Northland Community & Technical College
- Geoff Jones, Director of Marketing and Communications, Normandale Community College
- James Stumne, Director of Marketing, Century College
- Loren Boone, Associate VP of Marketing and Communications, St. Cloud State University
- Mary Jacobson, Dir. of Mktg. and P. R., Anoka-Ramsey Community and Anoka Tech.
- Maryhelen Chadwick, Comms. and Mktg. Specialist, Bemidji State University Foundation
- Nate Stotlman, Dir. of Mktg. and P. R., Rochester Community & Technical College
- Paul Hustoles, Interim V. P. for Advancement, Minnesota State University, Mankato
- Peter Wielinski, VP/C.S.S.O., Officer, Minnesota State Community & Technical College
- Poh Lin Khoo, Director of Marketing and Communication, Metropolitan State University
- Rebekah Summer, Dir. of Inst. Research and Comm., Alexandria Tech. and Comm College
- Scott Faust, Director of Communications and Marketing, Bemidji State University
- Shelly Megaw, Director of Marketing and Public Relations, South Central College
- Trent Janezich, Interim Executive Director, Northeast Higher Education District

### **Bargaining Unit Representatives**

- Ann Olson, AFSCME Representative
- Jennifer Foley, MAPE Representative
- Mary Belanger, MSCF Representative
- Tracy Rahim, MSUAASF Representative

### **Student Association Representatives**

- Austin Ruport, Public Relations Coordinator, MSCSA
- Jered Weber, Director of Communications, MSUSA

### **Marketing and Communications Division**

- Noelle Hawton, Chief Marketing and Communications Officer (Project Lead)
- Andrea Steen, Public Relations Associate (Project Manager)
- Doug Anderson, Director of Communications and Media
- John Kearns, Senior Writer
- Michelle Goode, Director of Web and Social Media (Lead for website portion)



# Acronyms

AACC	American Association of Community Colleges
AASCU	American Association of State Colleges and Universities
ACCT	Association of Community College Trustees
AFSCME	American Federation of State/County/Municipal Employees
AGB	Association of Governing Boards of Universities and Colleges
AQIP	Academic Quality Improvement Program
ASA	Academic and Student Affairs
CAS	Course Applicability System
CASE	Council for the Advancement and Support of Education
CCSSE	Community College Survey of Student Engagement
CFI	Composite Financial Index
CIP	Classification of Instructional Programs – or - Capital Improvement Program
COE	Centers of Excellence <ul style="list-style-type: none"><li>• 360° Manufacturing and Applied Engineering Center of Excellence</li><li>• Center for Strategic Information Technology and Security</li><li>• Health Force Minnesota</li><li>• Minnesota Center for Engineering and Manufacturing Excellence</li></ul>
CSC	Campus Service Cooperative
CTF	“Charting the Future” strategic planning document,workgroups
CTL	Center for Teaching and Learning
CUPA	College and University Personnel Association
D2L	Desire2Learn
DARS	Degree Audit Reporting System
DEED	Department of Employment and Economic Development
DOA	Department of Administration

EEOC	Equal Employment Opportunity Commission
FCI	Facilities Condition Index
FERPA	Family and Educational Rights and Privacy Act
FIN	Finance
FTE	Full Time Equivalent
FY	Fiscal Year (July 1 – June 30)
FYE	Full Year Equivalent
HEAC	Higher Education Advisory Council
HEAPR	Higher Education Asset Preservation
HLC	Higher Learning Commission
HR	Human Resources
IAM	Identity and Access Management
IDM	Identity Management (Old term)
IFO	Inter Faculty Organization
IPEDS	Integrated Postsecondary Education Data System
ISEEK	Minnesota’s Career, Education and Job Resource
ISRS	Integrated Statewide Records System
IT	Information Technology
ITS	Information Technology Services
LSER	Legislative Subcommittee on Employee Relations
MAPE	Minnesota Association of Professional Employees
MDOE	Minnesota Department of Education
MHEC	Midwestern Higher Education Compact
MMA	Middle Management Association
MMB	Minnesota Management and Budget
MnCCECT	Minnesota Council for Continuing Education and Customized Training
MMEP	Minnesota Minority Education Partnership

MNA	Minnesota Nurses Association
MOU	Memorandum of Understanding
MSCF	Minnesota State College Faculty
MSCSA	Minnesota State College Student Association
MSUAASF	Minnesota State University Association of Administrative and Service Faculty
MSUSA	Minnesota State University Student Association
NASH	National Association of System Heads
NCAA	National Collegiate Athletic Association
NCHEMS	National Center for Higher Education Management Systems
NSSE	National Survey of Student Engagement
OCR	Office for Civil Rights
OET	Office of Enterprise Technology
OHE	Minnesota Office of Higher Education
OLA	Office of the Legislative Auditor
PEAQ	Program to Evaluate and Advance Quality
PM	Project Manager
PSEO	Post-Secondary Enrollment Options
RFP	Request for Proposal
SARA	State Authorization Reciprocity Agreement
SEMA4	Statewide Employee Management System
SHEEO	State Higher Education Executive Officers
SWIFT	State accounting and payroll information system
USDOE	United States Department of Education