



**MINNESOTA STATE**

Board of Trustees

30 East 7th Street  
St. Paul, MN 55101

651-201-1705

# Board of Trustees Meetings June 20-21, 2017



*Minnesota State is an affirmative action, equal opportunity employer and educator.*



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**Board of Trustees Meeting Schedule**  
Tuesday and Wednesday, June 20-21, 2017

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Unless noticed otherwise, all meetings are in the McCormick Room on the fourth floor. Committee and board meeting times are tentative. Meetings may begin up to 45 minutes earlier than the times listed if a 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, June 20, 2017**

- 11:00 AM Closed Session: Audit Committee, Bob Hoffman, Chair  
Conference Room A, Fourth Floor  
Closed session pursuant to Minnesota Statutes § 13D.05, subd. 3 (a) (2016)  
(Minnesota Open Meeting Law)
- Performance Review of the Executive Director of Internal Audit
- 12:15 PM Luncheon, 3rd Floor, Conference Rooms 3304/3306
- 1:00 PM Joint Meeting: Academic and Student Affairs and Diversity, Equity, and Inclusion Committees, Alex Cirillo and Ann Anaya, Co-chairs
1. **Minutes, Academic and Student Affairs Committee Meeting, May 17, 2017**
  2. **Minutes, Joint Meeting of the Diversity, Equity, and Inclusion and Human Resources Committees, May 17, 2017**
  3. Closing the Opportunity Gap
- 2:00 PM Audit Committee, Bob Hoffman, Chair
1. **Minutes of April 18, 2017**
  2. Fiscal Year 2017 Audit Plan Update
  3. Fiscal Year 2018 Annual Audit Planning
- 3:00 PM Closed Session: Board of Trustees, Michael Vekich, Chair  
Room 3310, Third Floor  
Closed session pursuant to Minnesota Statutes § 13D.05, subd. 3 (a) (2016)  
(Minnesota Open Meeting Law)
- Chancellor's Performance Review
- 5:00 PM Meeting Ends
- 6:00 PM Dinner (social event, not a meeting)

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**Wednesday, June 21, 2017**

8:00 AM Finance and Facilities Committee, Jay Cowles, Chair

1. **Minutes of May 16, 2017**
2. 2017 Legislative Summary
3. **FY2018 Capital Program Recommendation** (Second Reading)
4. ISRS NextGen Update
5. **Students United Fee Increase**
6. **North Dakota Reciprocity Agreement**
7. **FY2018 Annual Operating Budget** (Second Reading)
8. **Approval of Contracts Exceeding \$1 Million or Five-Year Length**
  - a. **Interagency Agreement with State of Minnesota Office of Information Technology**
  - b. **Oracle Contract Extension**
  - c. **Minneapolis Community and Technical College Construction Project**
  - d. **Minnesota State University, Mankato, 7700 France Avenue Lease**
  - e. **Metropolitan State University Janitorial Services**
  - f. **Winona State University Contract for Enrollment Management Services**
  - g. **Lake Superior College Contract with Vendor in Support of Technical Certification Program with the Minnesota Department of Transportation**

10:30 AM Human Resources Committee, Dawn Erlandson, Chair

1. **Minutes of May 17, 2017**
2. **Appointment of Interim President of St. Cloud Technical and Community College**

11:00 AM Board of Trustees, Michael Vekich, Chair

12:30 PM Meeting Ends

**Bolded items indicate action is required**



Policy Committees  
March 22, 2017

**Executive Committee**

Michael Vekich, Chair  
Dawn Erlandson, Vice Chair  
Jay Cowles, Treasurer  
Elise Bourdeau  
Alexander Cirillo  
Robert Hoffman

**Diversity, Equity and Inclusion Committee**

Ann Anaya, Chair  
Rudy Rodriguez, Vice Chair  
Basil Ajuo  
George Soule  
Louise Sundin  
Cheryl Tefer

**Academic and Student Affairs Committee**

Alexander Cirillo, Chair  
Louise Sundin, Vice Chair  
Dawn Erlandson  
Amanda Fredlund  
Jerry Janezich  
Roger Moe  
Cheryl Tefer

**Finance and Facilities Committee**

Jay Cowles, Chair  
Elise Bourdeau, Vice Chair  
Basil Ajuo  
Ann Anaya  
Robert Hoffman  
Jerry Janezich  
Roger Moe

**Audit Committee**

Robert Hoffman, Chair  
Ann Anaya, Vice Chair  
Jay Cowles  
Amanda Fredlund  
George Soule

**Human Resources Committee**

Dawn Erlandson, Chair  
Elise Bourdeau, Vice Chair  
Alexander Cirillo  
Robert Hoffman  
Rudy Rodriguez  
George Soule



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

**INFORMATION**

**Approved FY2017 AND 2018 Meeting Calendar**

**BACKGROUND**

The Board of Trustees approved the FY2017 and 2018 Meeting Calendar on June 22, 2016. Dates for the Executive Committee meetings in FY18 will be added later. The calendar is subject to change with the approval of the board chair.

**Approved FY2017 Meeting Dates**

<b>Meeting</b>	<b>Date</b>	<b>If agendas require less time, these dates will be cancelled.</b>
Added: Special Audit Committee and Board Meeting	July 8, 2016	
Added: Executive Committee	July 14, 2016	
Added: Executive Committee	August 11, 2016	
Cancelled: Executive Committee	September 7, 2016	
Board Retreat and Meeting	September 20-21, 2016	
Cancelled: Executive Committee	October 5, 2016	
Committee / Board Meetings	October 18-19, 2016	October 18, 2016
Cancelled: Executive Committee	November 2, 2016	
Committee / Board Meetings	November 15-16, 2016	November 15, 2016
Added: Executive Committee	December 2, 2016	
Cancelled: Executive Committee	January 11, 2017	
Committee / Board Meetings	January 24-25, 2017	January 24, 2017
Added: Board Meetings	February 7, 8, and 9, 2017	
Executive Committee	March 8, 2017	
Committee / Board Meetings	March 21-22, 2017	March 21, 2017
Executive Committee	April 5, 2017	
Committee / Board Meetings Awards for Excellence in Teaching	April 18-19, 2017	
Executive Committee	May 3, 2017	
Committee / Board Meetings	May 16-17, 2017	May 16, 2017
Cancelled: Executive Committee	June 7, 2017	
Committee / Annual Board Meetings	June 20-21, 2017	June 20, 2017

**Approved FY2018 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 19-20, 2017	
Executive Committee	October 4, 2017	
Committee / Board Meetings	October 17-18, 2017	October 17, 2017
Executive Committee	November 1, 2017	
Committee / Board Meetings	November 14-15, 2017	November 14, 2017
Executive Committee	January 10, 2018	
Committee / Board Meetings	January 23-24, 2018	January 23, 2018
Executive Committee	March 7, 2018	
Committee / Board Meetings	March 20-21, 2018	March 20, 2018

Executive Committee	April 4, 2018	
Committee / Board Meetings Awards for Excellence in Teaching	April 17-18, 2018	
Executive Committee	May 2, 2018	
Committee / Board Meetings	May 15-16, 2018	May 15, 2018
Executive Committee	June 6, 2018	
Committee / Annual Board Meetings	June 19-20, 2018	June 19, 2018

## **National Higher Education Conferences for Trustees**

### **Association of Community College Trustees**

#### Leadership Congress:

- Sept. 25-28, 2017, Leadership Congress, Las Vegas, NV
- Oct. 24-27, 2018, Leadership Congress, New York, NY
- Oct. 16-19, 2019, Leadership Congress, San Francisco, CA

#### National Legislative Summit:

- Feb. 6-9, 2017, Washington, D.C.
- Feb. 11-14, 2018, Washington, D.C.
- Feb. 10-13, 2019, Washington, D.C.

### **Association of Governing Boards of Universities and Colleges**

- National Conference on Trusteeship
- April 2-4, 2017, Dallas, TX
- April 22-24, 2018, San Francisco, CA
- April 14-16, 2019, Orlando, FL



**Audit Committee**

Closed Session

Tuesday, June 20, 2017

11:00 AM

Minnesota State

Fourth Floor, Conference Room A

30 7th Street East, St. Paul, Minnesota

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*Pursuant to Minnesota Statutes § 13D.05, subd. 3 (a) (2016) (Minnesota Open Meeting Law), the Audit Committee will meet in a closed session for the performance review of the executive director of Internal Audit. Committee members may participate by telephone.*

1. Call to Order
2. Motion to Close the Meeting
3. Review of the Evaluation Materials
4. Formulation of the Committee's Evaluation of the Executive Director's Performance
5. Adjournment

**Committee Members:**

Robert Hoffman, chair

Ann Anaya, vice chair

Jay Cowles

Amanda Fredlund

George Soule





MINNESOTA STATE

Joint Meeting: Academic and Student Affairs and Diversity, Equity, and Inclusion Committees  
June 20, 2017  
1:00 PM  
McCormick Room

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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, Academic and Student Affairs Committee Meeting, May 17, 2017 (pp. 2-6)**
2. **Minutes, Joint Meeting of the Diversity, Equity, and Inclusion and Human Resources Committees, May 17, 2017 (pp. 7-10)**
3. Closing the Opportunity Gap (pp. 11-38)

**Academic and Student Affairs Committee**

Alexander Cirillo, Chair  
Louise Sundin, Vice Chair  
Dawn Erlandson  
Amanda Fredlund  
Jerry Janezich  
Roger Moe  
Cheryl Tefe

**Diversity, Equity and Inclusion Committee**

Ann Anaya, Chair  
Rudy Rodriguez, Vice Chair  
Basil Ajuo  
George Soule  
Louise Sundin  
Cheryl Tefer

**Bolded** items indicate action is required.





**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
ACADEMIC AND STUDENT AFFAIRS COMMITTEE  
MAY 17, 2017**

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*Academic and Student Affairs Committee Members Present: Chair Alex Cirillo; Trustees Dawn Erlandson, Amanda Fredlund, Jerry Janezich, Roger Moe, Louise Sundin and Cheryl Tefer.*

*Other Board Members Present: Trustees Ann Anaya, Elise Bourdeau, Robert Hoffman, George Soule and Michael Vekich.*

The Minnesota State Colleges and Universities Academic and Student Affairs Committee held a meeting on May 17, 2017, at Wells Fargo Place, 4<sup>th</sup> Floor, McCormick Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Alex Cirillo called the meeting to order at 8:02 am.

**1. Minutes of March 22, 2017 Academic and Student Affairs Committee meeting**

*Trustee Erlandson moved and Trustee Tefer seconded that the minutes from the March 22, 2017 meeting be approved as written. Motion carried.*

**2. Career Technical Education and Workforce Development Update**

**Presenters:**

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs

Mary Rothchild, Senior System Director, Workforce Development

Jeralyn Jargo, System Director for Career Technical Education

Emily Pilacinski, Alumna, Century College

Mary Davenport, Interim President, Rochester Community and Technical College

Lori Jensen, Associate Dean of Career and Technical Education, Rochester Community and Technical College

Jayne Gibson, Executive Director of Curriculum and Instruction, Rochester Public Schools

Erin Broviak, CTECH and Career Technical Programs Administrator, Rochester Public Schools

Julie Brock, Director of Workforce and Education, Rochester Chamber of Commerce Foundation

This presentation provided Trustees with an overview of Minnesota State's career technical education and workforce development efforts that help students, employers and communities meet workforce needs. Presenters provided examples of innovative partnerships with business and industry that offer high school and college students applied learning opportunities in state-of-the art facilities.

Minnesota State meets the career technical and workforce development needs of students, incumbent workers and employers across the state through nearly 2,500 career and technical education programs, Senior System Director Mary Rothchild said. Programs range from short-term certificates to two-year diplomas and associate

degrees. Career technical education credentials account for 75 percent of the credentials conferred by two-year colleges.

These programs benefit entry-level students, as well as advanced career professionals, by offering varied educational pathways which lead to enhanced skills and higher-paying jobs.

Minnesota State's continuing education and customized training programs served nearly 118,000 students and more than 1,800 business partners in fiscal year 2016, Rothchild said. Learner outcomes included industry certificates, skill attainment and just-in-time learning. Credit for prior learning also was awarded for knowledge and skills obtained outside the classroom, including military training.

One of the most successful approaches to workforce development is through the eight Centers of Excellence which focus on these critical industry sectors: agriculture, energy, healthcare, information technology, manufacturing and engineering and transportation.

Through specialized industry advisory boards, the Centers of Excellence support new program development, apprenticeship education, youth enrichment camps and industry-leading studies. Rothchild said centers focus on access and equity in developing career exploration and pathways to college for underserved youth. For example, 60 percent of high school campers in HealthForce Minnesota's Scrubs camps last year were students from diverse ethnic or racial backgrounds and 30 percent qualified for free or reduced lunch.

There are challenges in career technical education and workforce development, System Director Jeralyn Jargo said. They include:

- Overcoming a public narrative focused on baccalaureate level-education which devalues career technical education and trade occupations;
- Ensuring graduates have both technical and foundational skills;
- Closing the gaps between employee skills and evolving occupational needs;
- Keeping pace with change and innovation;
- Overcoming internal and external competition over continuing education and customized training;
- Meeting resource constraints.

Minnesota State's strategies for addressing these challenges include:

- Increasing outreach to K-12 partners and communities, including youth campus and other early-engagement opportunities;
- Expanding K-12 relationships and exposure to non-traditional career pathways;
- Strengthening and growing college and career readiness through 26 Perkins consortia spanning the state;
- Creating successful partnerships with business and trade associations that grow the student pipeline.

Trustee Sundin noted career and technical education in the state suffered when high school districts cut these programs. While some offerings are being restored through partnerships with Minnesota State colleges and universities, there still are many high schoolers who do not have access to career and technical education.

College career and technical program faculty are encouraged to find real-world, client-based projects for their students, Jargo said. A partnership involving the Filmmaking and Video Production Degree Program at Century College was offered as an example.

Century College graduate Emily Pilacinski described the real-world experience she received by creating a public service announcement for the Minnesota State Patrol. Pilacinski said seeing the final product being aired on TV was amazing. She anticipates this real-world experience will help her stand out when she applies for jobs.

Campus presenters offered information on two applied-learning opportunities that are being offered to students in different regions of the state. Jargo said both partnerships work to meet workforce needs by fostering strong business and community involvement, offering students real-world experiences, relying on strong advisory committee participation and by successfully marrying K-12 and post-secondary educational experiences.

- The Career Technical Education Center at Heintz (CTECH) is a collaboration between Rochester Public Schools, Rochester Community and Technical College, Winona State University and the regional professional community. In 2012, Rochester approved a ½-cent sales tax to create CTECH and the facility opened on the Rochester campus in 2016.

CTECH offers a hands-on program, combining rigorous coursework with active project-based learning in a collaborative setting for students who want to gain a deeper understanding of high-demand professions. The center focuses on seven career pathways: agriculture, construction, engineering, health sciences, manufacturing, hospitality and information technology.

CTECH administrator Erin Broviak said the center is a place for high school students interested in obtaining certificates, diplomas, associate and baccalaureate degrees, as well as those who are interested in entering the workforce right after high school. Students become prepared for industry certificates or can be eligible for college credits through articulation agreements with area post-secondary institutions.

Julie Brock said the Rochester Chamber of Commerce and regional business and industry are active partners with CTECH. Business professionals act as guest instructors and mentors, offer job tours, internships and job shadowing opportunities. Business and industry also donated equipment used by students in the center.

Staff at CTECH are Rochester Public School employees. While funds from the sales-tax increase funded the building construction, it will be sustained through a lease agreement with Rochester Community and Technical College. Interim

President Mary Davenport said student response to the program has been excellent. While they anticipated 500 students would be served during the inaugural 2016-2017 school year, they ended up serving more than 1,600 students.

Trustee Hoffman said the outstanding way the educational entities have collaborated with the Rochester community to create CTECH is an amazing success story.

- The Applied Learning Institute (ALI) is fostering a renewal of secondary technical education in northeastern Minnesota, Northeast Higher Education District (NHED) President Bill Maki said. Created in 2006, the ALI is considered education-based economic development in their region.

The ALI is led by Roy Smith, who has a dual role as Director of Education and Talent Development for NHED and the Iron Range Resources and Rehabilitation Board (IRRRB).

Educational partners include the five higher education colleges in NHED and 24 high schools. The ALI is of great benefit to students in the region since many attend small, rural districts that have disinvested in career and technical programs over time, Smith said. The ALI works to reinvigorate and sustain those programs.

The ALI was formed at a time when the economic landscape was changing, Smith said. An aging workforce and retirements were increasing the need for skilled workers. However, local employers were finding potential employees were not prepared with the skills needed for their industries.

The ALI programs of study focus on high-growth, high demand careers in that part of the state: Industrial technology, engineering, construction trades, transportation/mechanical systems and health care. Industry partners include mining and heavy equipment companies, energy and power companies and medical care facilities.

Students are given the opportunity to take coursework related to these industries and are exposed to equipment used in the trades, Smith said. Students now are leaving high school more confident and prepared to enter the regional workforce or go on to post-secondary education, he said.

The program serves 1,200 to 1,500 students annually and enrollment is steady, even when overall student enrollment has declined, Smith said. Area industries and businesses, as well as parents and students, report a high level of satisfaction with the program, he added.

Maki said they are looking for ways to improve the ALI experience for students and meet the needs of area businesses. School classrooms and shops now are well equipped because of past investments and that is allowing the ALI to shift investments toward professional development for high school and college faculty.

Because of pending changes in credentialing standards for high school faculty, the ALI will be incorporating the Engineering Projects in Community Service curriculum (EPICS). This curriculum, which combines project-based learning and service learning, is well-known and accepted in the engineering industry, Maki said.

Senior Vice Chancellor Ron Anderson said the partnerships and activities showcased are excellent examples of the vital work being done to enhance career and technical education in the state. Robust collaborations between Minnesota State campuses, the K-12 sector, state agencies, private businesses and industries will be needed to meet the workforce needs of the future, he said.

The meeting adjourned at 9:17 am  
Respectfully submitted,  
Margie Takash, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
JOINT DIVERSITY, EQUITY AND INCLUSION COMMITTEE  
AND HUMAN RESOURCES COMMITTEE  
MEETING MINUTES  
MAY 17, 2017**

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*Diversity, Equity, and Inclusion Committee Members Present:* Ann Anaya, Chair; Rudy Rodriguez, Vice Chair; Trustees Basil Ajuo, Louise Sundin and Cheryl Tefer.

*Human Resources Committee Members Present:* Dawn Erlandson, Chair; Elise Bourdeau, Vice Chair; Trustees Alexander Cirillo, Robert Hoffman, Rudy Rodriguez, and George Soule.

*Diversity, Equity and Inclusion Committee Members and Human Resources Committee members Absent:* None.

*Other Board Members Present:* Trustees Jerry Janezich, Michael Vekich, Jay Cowles, Roger Moe, Amanda Fredlund

*Leadership Council Committee Members Present:* Steven Rosenstone, Chancellor, Nickyia Cogshell, Interim Chief Diversity Officer and Mark Carlson, Vice Chancellor of Human Resources

The Minnesota State Colleges and Universities Joint Diversity, Equity, and Inclusion Committee and Human Resources Committee held its meeting on May 17, 2017, at Wells Fargo Place, 4<sup>th</sup> Floor, Board Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Anaya called the meeting to order at 9:32 AM.

**1. Approval of the Diversity, Equity and Inclusion Committee Meeting Minutes**

*Chair Ann Anaya stated the minutes for the January 24, 2017 Diversity, Equity, and Inclusion Committee Meeting will stand as submitted.*

**2. Faculty and Staff Diversity: Current Demographics and Strategies**

**Presenters:**

Nickyia Cogshell, Interim Chief Diversity Officer  
Mark Carlson, Vice Chancellor of Human Resources

Committee Chair Ann Anaya introduced the topic of the presentation: **Faculty and Staff Diversity: Current Demographics and Strategies.**

Interim Chief Diversity Officer Cogshell provided an overview of the past several years Minnesota State has made a concerted effort to recruit and retain staff and faculty of color and American Indians and the progress and plans to continue this critical work will

be shared with you. For many years now, the system and campus leaders have engaged in this effort. We are particularly proud of our executive search results, which now serves as a model in the hiring practices systemwide.

Interim Chief Diversity Officer Cogshell expressed delight in sharing that we have exceeded the systemwide goal of increasing the diversity of our workforce that was set four years ago. The systemwide goal was to reach 11.6% by 2017 and as of March 1, 2017 we are at 11.9%! This achievement is a direct result of the board's clear direction and systemwide effort to truly "move the dial".

Interim Chief Diversity Office Cogshell presented systemwide employee headcount has trended with credit enrollment over the last decade. It increased gradually between 2007 and peaked in 2011. Enrollment dipped and revenue has not kept up with costs, which led to our workforce being cut nearly by 13% or 2,362 employees, including a drop of 413 employees over the last year. Although our headcount has declined, the number of employees of color and American Indian employees has increased 3%, rising to 1,907 in 2017.

Vice Chancellor Carlson described the current snapshot of our workforce. Systemwide there are approximately 16,100 employees on our payroll, 56% of employees work at the colleges, 42% work at the university, and 2% work in the system office. The largest group of employees at the colleges and universities are faculty with 55%, women are 56%, and employees of color or American Indian are 11.9%. The second largest group of employees are service and support at 20%, professional employees make up 19%, and the smallest groups is managers, supervisor and administrators at 3%.

Interim Chief Diversity Officer Cogshell stated that while the number of employees dropped by 9% since 2007, the percent of employees of color and American Indian employees rose over 30% in the same time period. Students are more diverse than the faculty and staff, with only Asian Pacific Islander employees mirroring the student population, all other race-ethnicity categories are a greater percentage of the student population than employees. It is important to keep monitoring this comparison to ensure we are making improvements. All students learn from and grow personally and intellectually from strong mentors who look like them.

Interim Chief Diversity Cogshell spoke to data which showed that the percent of instructional faculty of color in probationary or tenure track statuses were higher than unlimited and tenure status, especially at the universities. This may be a sign of progress if we are able to retain and promote those faculty.

Vice Chancellor Carlson added in addition to considering the race and ethnicity of the workforce we need to also consider other dimensions of diversity, such as gender and age. The gender composition within each of the five employee roles is service and support, professionals, administrators, managers and supervisors, and instructional faculty.

- Service and support, professionals, and administrators have a majority of women employees
- Instructional faculty positions are equally split between women and men
- A slightly majority of managers and supervisors are men

Vice Chancellor Carlson included:

- 42% of professors are women, up from 34% a decade ago
- Their male colleagues experienced a 10% decline over the same decade
- Assistant professors showed an increase percentage of women, which also suggested they will comprise an increased percentage of tenured faculty at the universities in the future

Interim Chief Diversity Officer Cogshell added that when comparing gender composition by rank at our universities to that of similar universities across the country, women comprise a higher percentage at our universities than at similar universities, nationally.

Vice Chancellor Carlson mentioned that on average, white employees and employees of color and American Indian employees were about the same age in faculty and administrator roles. However, employees of color were about five and a half years younger in the manager and supervisor role, five years younger in the professional role, and eight years younger in the service and support role than their white colleagues. He added that the percentage of new hires who are employees of color and American Indian employees was greater than the current workforce composition. Vice Chancellor Carlson stated that the pipeline of more diverse employees was encouraging and it showed that our efforts to attract more employees of color is truly paying off. He highlighted that during Chancellor Rosenstone's tenure, the dial has moved from 8% of executive level hires of people of color or American Indian employees to between 23% and 25% in the past three years. This is now serving as a best practice model for our colleges and universities.

Vice Chancellor Carlson summarized the presentation to show:

- Growing diversity with new hires
- Focused recruitment efforts are making a difference
- Improved employees of color and American Indian employees in executive leadership positions
- New search procedures that have been developed with better training for search advisory committees
- Campuses more carefully evaluate recruitment strategies to increase diversity in their applicant pools



Interim Chief Diversity Officer Cogshell spoke about retention efforts of a workgroup comprised of Chief Diversity Officers, Chief Human Resource Officers, and faculty development professionals. This group has been working on retention strategies focused on cultural competence and culturally relevant pedagogy practices. This has been an effort to understand current professional development opportunities for faculty and staff, identify gaps, and to make recommendations to fulfill needs across the system.

Vice Chancellor Carlson described the new model “Intentional Recruitment and Retention” which provides our college and university chief human resource officers and others the ability to proactively manage vacancies with the goal of producing more diverse and competitive applicant pools. While on track to meet goals established four years ago, a more holistic approach is being used. By taking this more active approach, we continue to:

- Leverage internal and external data to better understand our employee base
- Reasonably predict workforce needs before vacancies occur
- Maximize the effectiveness of our recruitment strategies and attract top talent
- Increase the effectiveness of our hiring practices
- Retain the best and brightest talent
- And most importantly, better meet student needs

Vice Chancellor Carlson included that beyond strategic workforce we are focused on:

- Mobilizing talent communities
- Enhancing onboarding and retention efforts
- Developing leadership and succession planning
- Better search advisory committees
- Strategic HR

The board thanked Interim Chief Diversity Officer Cogshell and Vice Chancellor Carlson for the presentation.

The meeting adjourned at 10:28 AM  
Respectfully submitted,  
Sonya Castillo, Recorder

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

**Agenda Item Summary Sheet**

**Name:** Joint Meeting: Academic and Student Affairs  
and Diversity, Equity, and Inclusion Committees

**Date:** June 20, 2017

- **Title:** Closing the Opportunity Gap

**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 goal of this discussion is for the two committees to review progress and discuss initiatives that aim to eliminate the opportunity gap between students of color, American Indian Students, and white students. The background information provides an overview of recent trends in student readiness and financial resources and trends in persistence and completion rates for students of color, American Indian Students, and White students.

**Scheduled Presenter(s):**

**Brent Glass – Interim Associate Vice Chancellor for Student Affairs**

**Nickyia Cogshell – Interim Chief Diversity Officer**

**President Scott Olson – President, Winona State University**

**President Sharon Pierce – President, Minneapolis Community and Technical College**

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

**INFORMATION ITEM**

**CLOSING THE OPPORTUNITY GAP**

**BACKGROUND**

The goal of this discussion is for the two committees to review progress and discuss initiatives that aim to eliminate the student opportunity gap between students of color, American Indian Students and white students. The background information provides an overview of recent trends in student readiness and financial resources and trends in persistence and completion rates for students of color and American Indian Students and for White students.



June 2017

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# Closing the Opportunity Gap

Board of Trustees

Joint Meeting of the Academic and Student Affairs Committee and  
the Diversity, Equity, and Inclusion Committee

# Defining the opportunity gap

“the ways in which race, ethnicity, socioeconomic status, English proficiency, community wealth, familial situations, or other factors contribute to or perpetuate lower educational aspirations, achievement, and attainment for certain groups of students”

- *the Glossary of Education Reform*

# First, the facts

# Academic preparation and financial need are significant determinants of student success

## Minnesota State Colleges Students Entering in Fall 2005 through Fall 2012

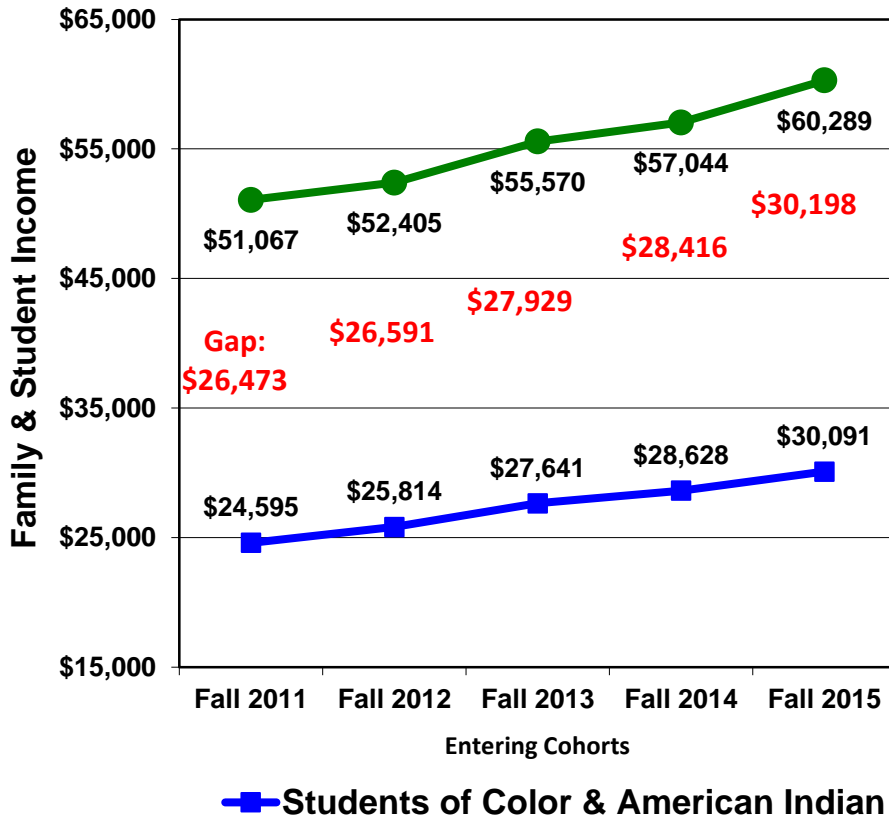
Completion Rates at Third Spring After Entry	Less Prepared	Moderately Prepared	Highly Prepared
Low Financial Need	45%	52%	<b>53%</b>
Moderate Financial Need	37%	46%	47%
High Financial Need	<b>29%</b>	35%	39%

## Minnesota State Universities Students Entering in Fall 2003 through Fall 2009

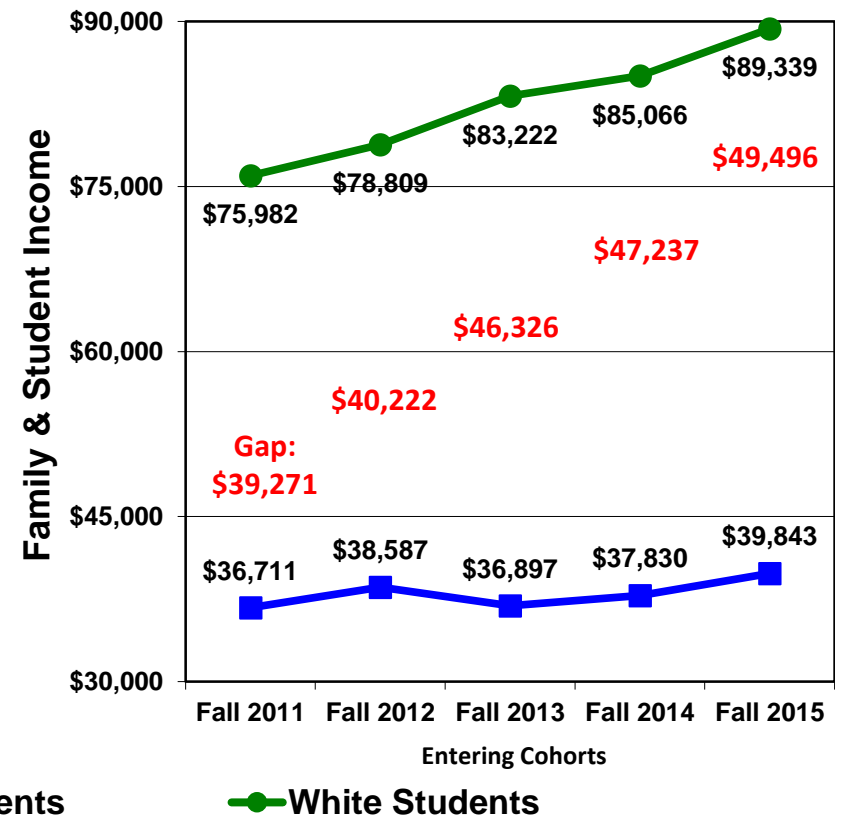
Completion Rates at Sixth Spring After Entry	Less Prepared	Moderately Prepared	Highly Prepared
Low Financial Need	49%	53%	<b>58%</b>
Moderate Financial Need	44%	49%	57%
High Financial Need	<b>39%</b>	44%	51%

There are substantial gaps in **financial need** between students of color and American Indian students as compared to white, non-Hispanic students and the gaps have **increased**

State Colleges: Median Income



State Universities: Median Income

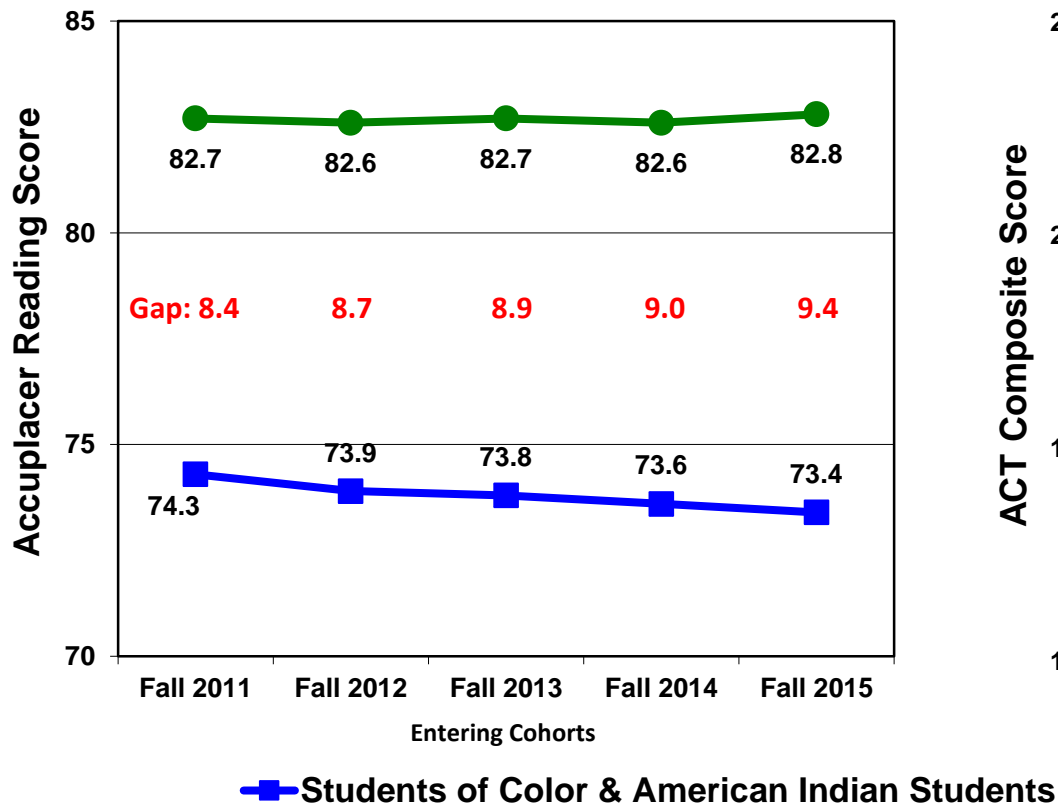


Median income of fall entering undergraduate full-time degree seeking students.

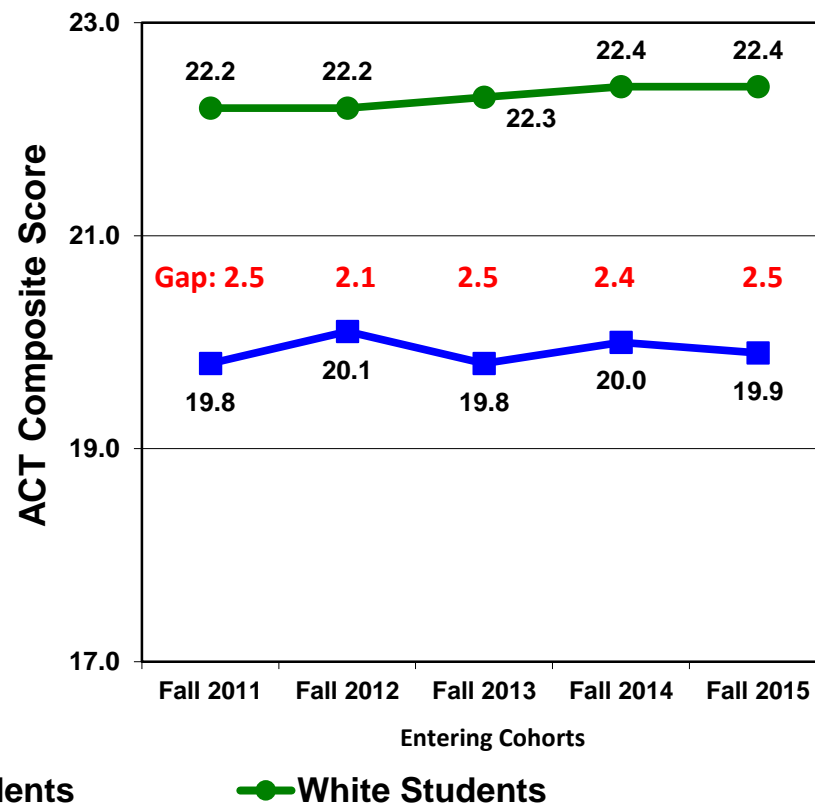


There are substantial gaps in **college readiness** between students of color and American Indian students as compared to white, non-Hispanic students and the gaps have **not changed appreciably**

State Colleges: Accuplacer Reading Score

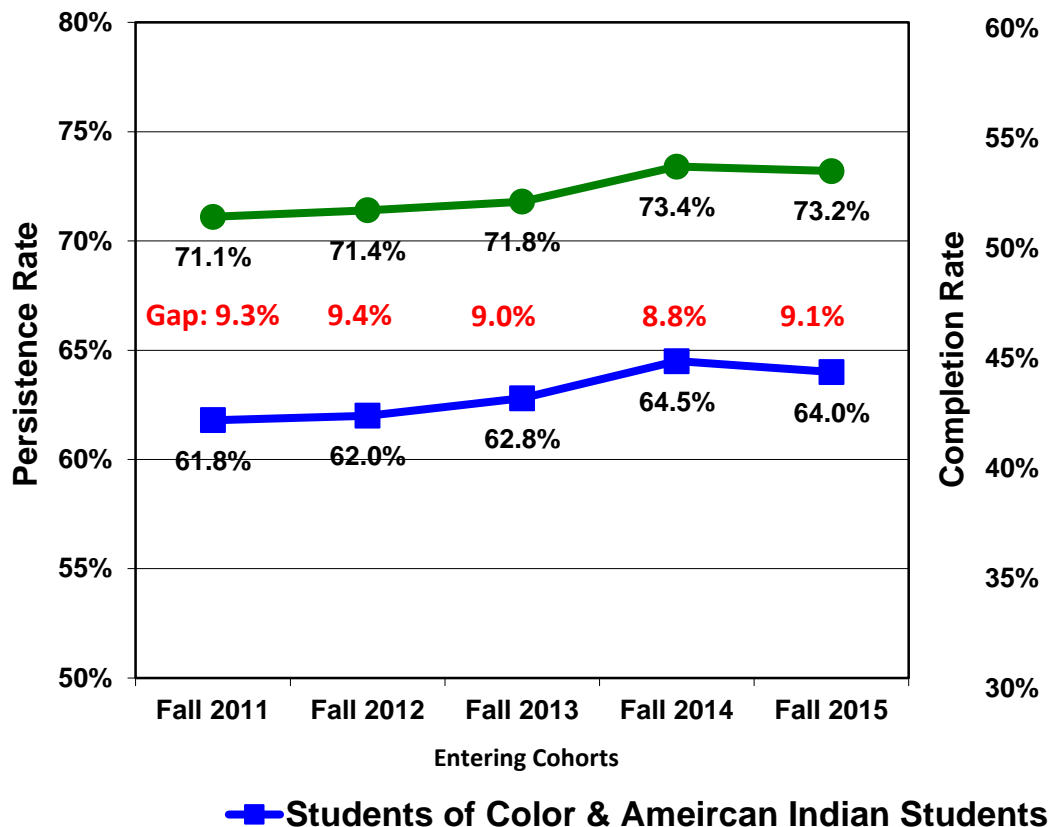


State Universities: ACT Composite Score

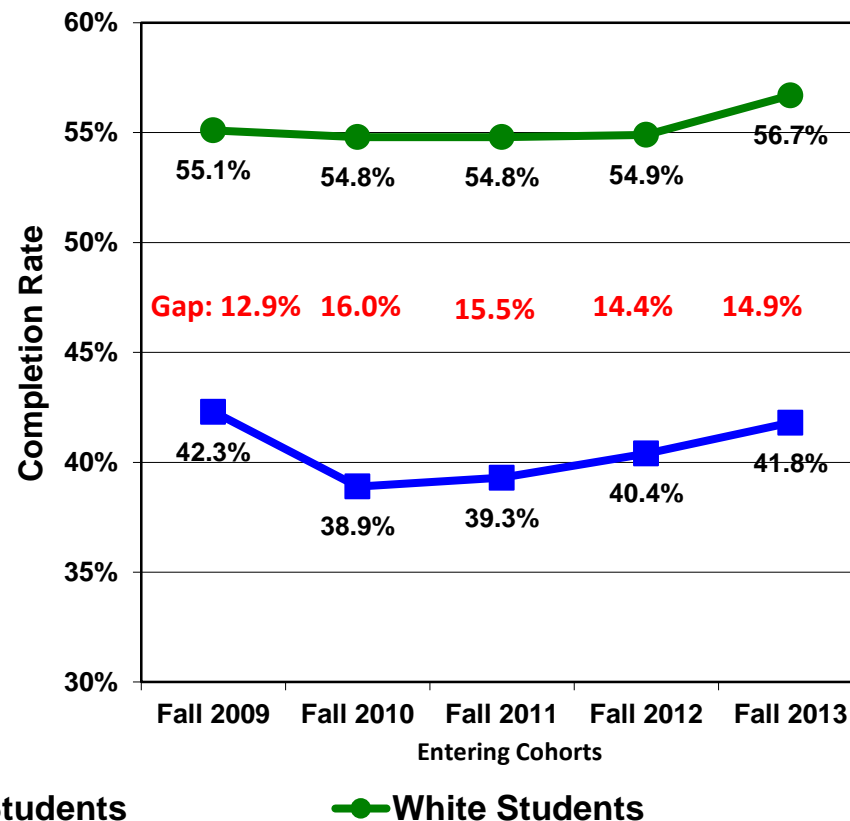


# Persistence and completion gaps have not narrowed at our colleges

State Colleges: **Persistence Rate** (Second Fall)



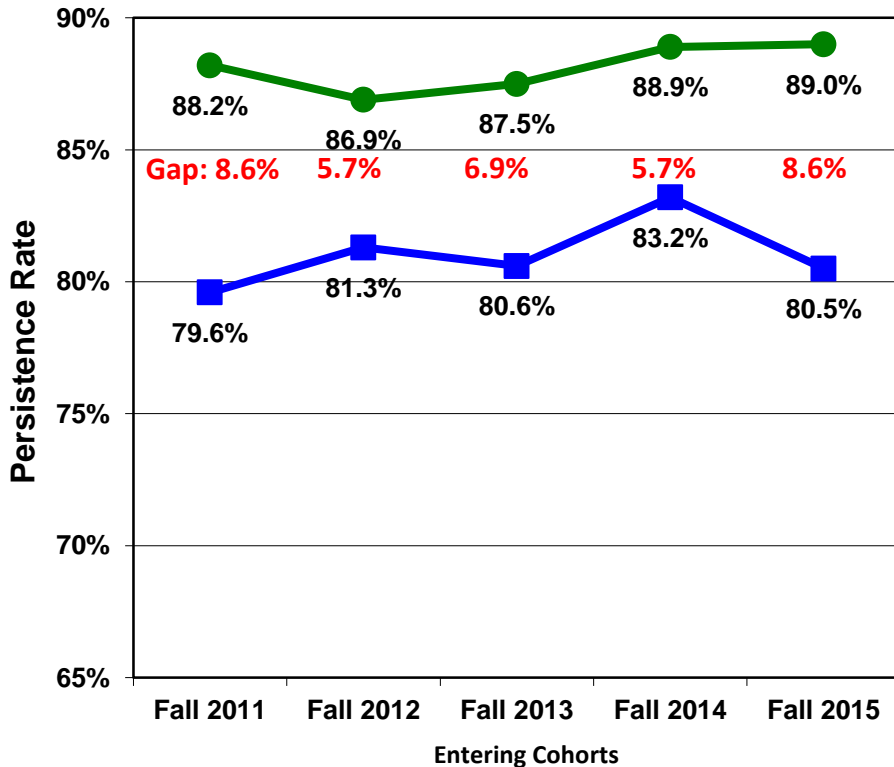
State Colleges: **Completion Rate** (Third Spring)



Fall terms are when the cohort of students initially enrolled at the college.

# Persistence and completion gaps have not narrowed at our universities

State Universities: **Persistence Rate** (Second Fall)

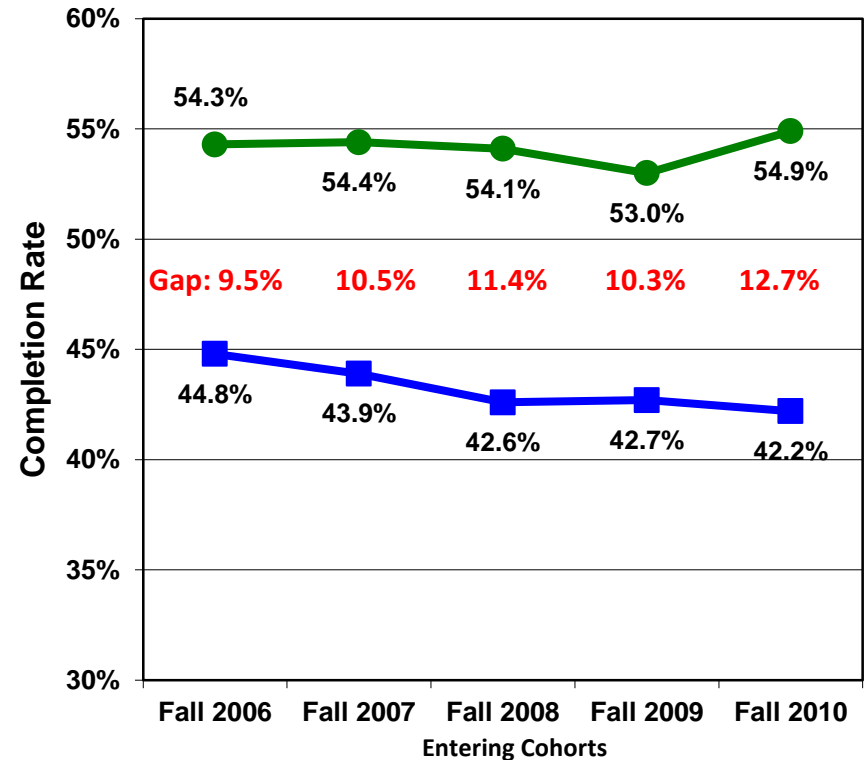


■ Students of Color & American Indian Students

● White Students

Fall terms are when the cohort of students initially enrolled at the university.

State Universities: **Completion Rate** (Sixth Spring)



**Approximately 2/3 of the opportunity gap is attributable to gaps in academic preparation and financial resources; everything else accounts for the remaining 1/3 of the gap**

Colleges	Percent	
Lack of Academic Preparation*	36.3%	71.1%
Lack of Financial Resources	34.8%	
Other Factors	28.9%	
<b>Total</b>	<b>100.0%</b>	



Universities	Percent	
Lack of Academic Preparation*	44.3%	67.6%
Lack of Financial Resources	23.3%	
Other Factors	32.4%	
<b>Total</b>	<b>100.0%</b>	

\* As measured by Accuplacer and ACT test scores.  
 Source: System Office Research – Academic and Student Affairs

# Modest success in closing the achievement gap

## Students of Color Preparation/Income Gaps

## Students of Color Completion Gaps

Colleges:	Preparation	22.4%		14.9%
	Income	50.0%		
Universities:	Preparation	11.0%		12.7%
	Income	49.0%		

*Preparation is measured by need to take developmental education courses.*

- *Colleges: Fall 2013 entering students*
- *Universities: Fall 2010 entering students*

# How do our completion rates and gaps compare to those in other states?

<b>Colleges</b>	<b>Completion MN</b>	<b>MN Rank Among States</b>	<b>Completion U.S. Associate Colleges</b>
Students of Color & American Indian Students	38.3%	<b>13<sup>th</sup> highest rate</b>	35.6%
White Students	54.0%	<b>7<sup>th</sup> highest rate</b>	44.7%
Gap	15.7%	<b>4<sup>th</sup> largest gap</b>	9.1%

<b>Universities</b>	<b>Completion MN</b>	<b>MN Rank Among States</b>	<b>Completion U.S. Masters Universities</b>
Students of Color & American Indian Students	34.0%	<b>25<sup>th</sup> highest rate</b>	41.3%
White Students	49.1%	<b>21<sup>st</sup> highest rate</b>	53.7%
Gap	15.1%	<b>20<sup>th</sup> largest gap</b>	12.4%

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# Strengths students bring with them

- Hopes and dreams for the future
- Intellectual and social skills attained through proficiency in multiple languages
- Varied experiences and deep knowledge of diverse cultures
- Access to diverse networks of people and community
- Skills for navigating social institutions

# Why is this a tougher challenge in Minnesota?

## People of color and American Indians are:

- 10.7 times more likely to be homeless
- 3.1 times more likely to live in poverty
- 11% less likely to have a job
- Half as likely to own a home

## than are white Non-Hispanics

The income of people of color and American Indians is 38% lower than that of white, non-Hispanics.

On each of these measures, Minnesota has among the largest racial gaps in the nation.



# Current strategies to close the opportunity gap

## 1. Financial

- More need-based scholarships
- Increased use of Open Educational Resources (OER)
- Board commitment to affordability

# Current strategies to close the opportunity gap

## 2. Academic Preparedness

- Redesign of developmental education
- Summer bridge programs to ensure academic preparedness
- K-12 partnerships to ensure more students graduate college-ready

# Current strategies to close the opportunity gap

## 3. Other factors

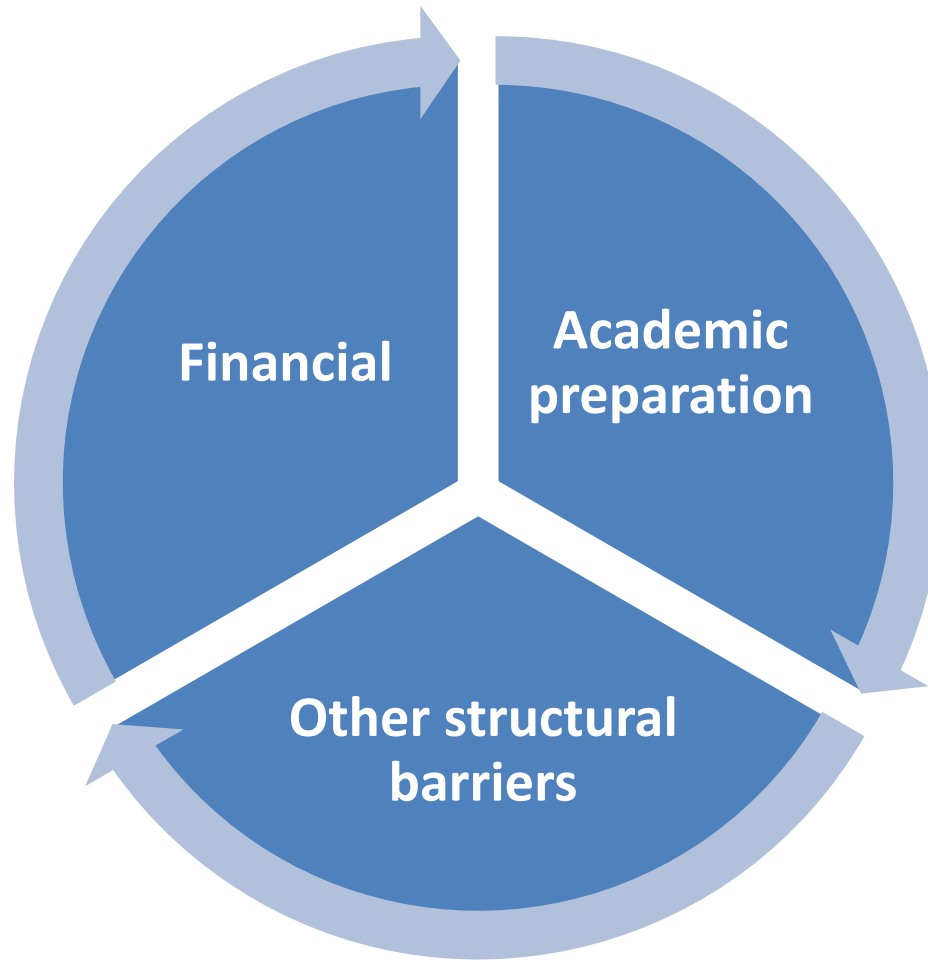
- Predictive analytics
- Revisions to curriculum and pedagogy
- Campus climate
- Non-academic support services

# Example strategies from campus diversity and inclusion plans

- Redesign first year experience for all students
- Deploy best practices on culturally responsive pedagogy
- Complete PACE climate survey and act upon the results
- Provide the Intercultural Development Inventory (IDI) and unconscious bias training for search advisory committees



# Additional strategies going forward



# Additional strategies going forward

- We need to pivot away from current approach to something bigger to address structural inequity and the barriers it produces
- Strategically partner with K-12 and agencies working to close the opportunity gap
- Expand identification of high impact practices and scale them up
- Evaluate predictive analytics and, if successful, scale their use
- Improve the current campus climate metric to better monitor progress
- Improve professional development around equity and inclusion

# Strategic questions for discussion

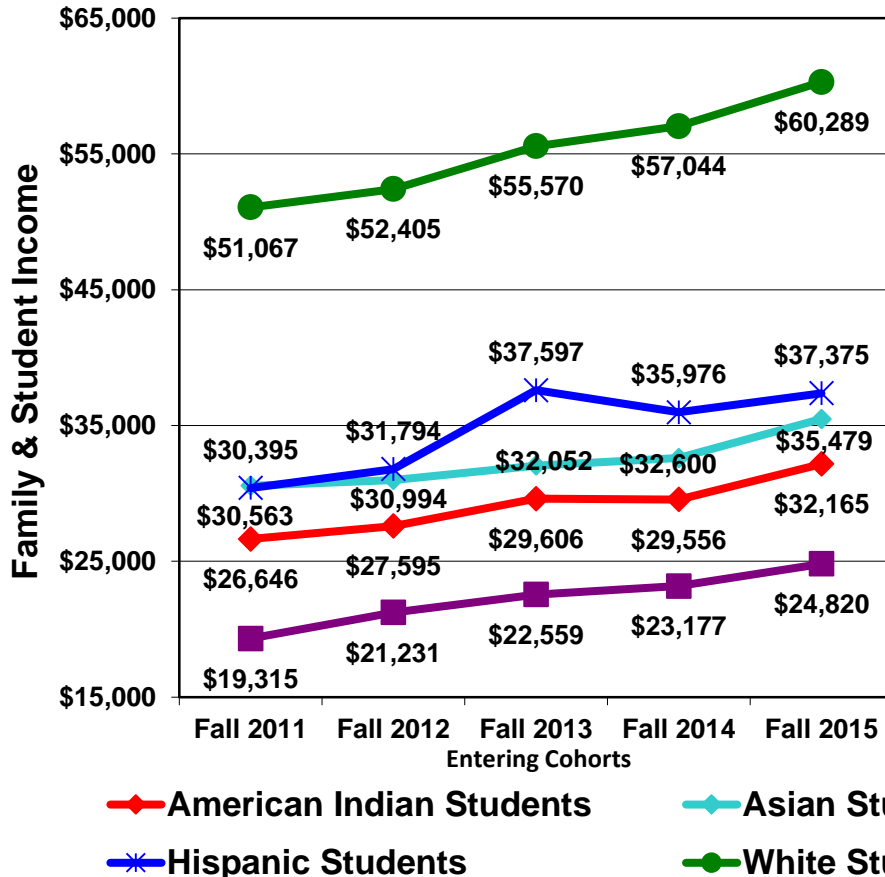
- Are there additional suggestions for strategies to eliminate the opportunity gap?
- How should we better partner with organizations to address systemic challenges undergirding the opportunity gap in Minnesota?

# More Detailed Data

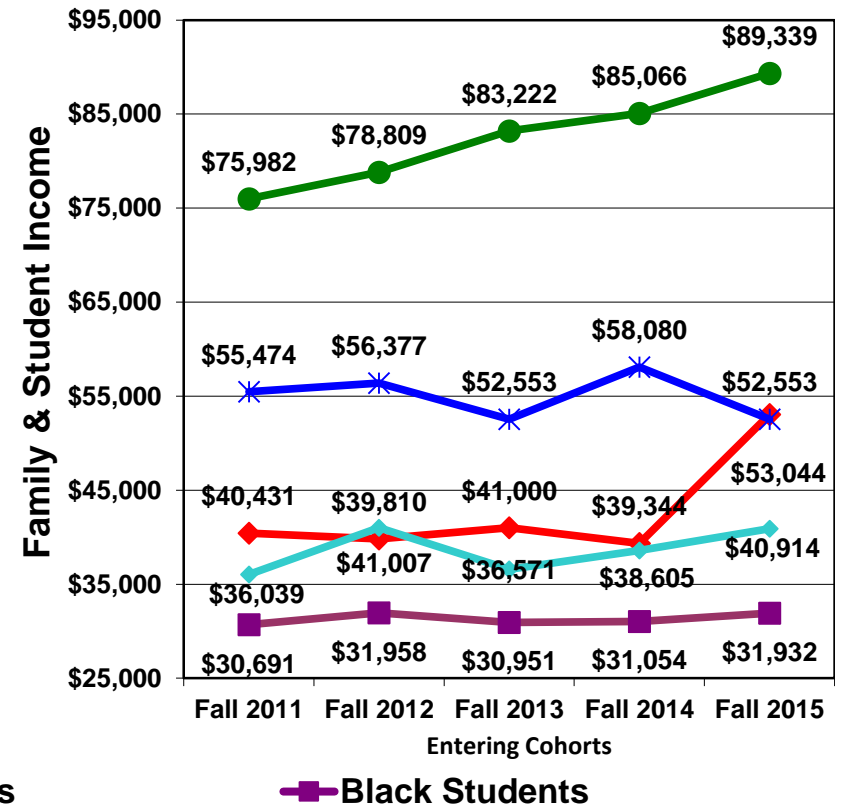


# The gaps in **financial need** vary substantially by racial and ethnic group and the gap for each group **has increased**

## State Colleges: Median Income



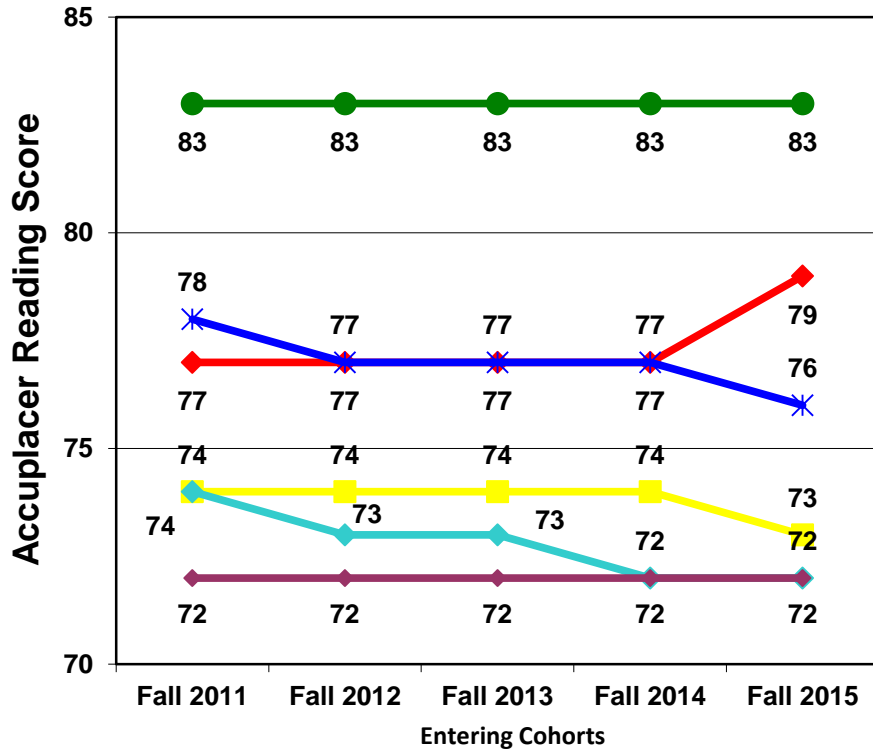
## State Universities: Median Income



Median income of fall entering undergraduate full-time degree seeking students.

# The gaps in college readiness vary substantially by racial and ethnic group and most have not changed appreciably

## State Colleges: Accuplacer Reading Score



Students of Color

American Indian Students

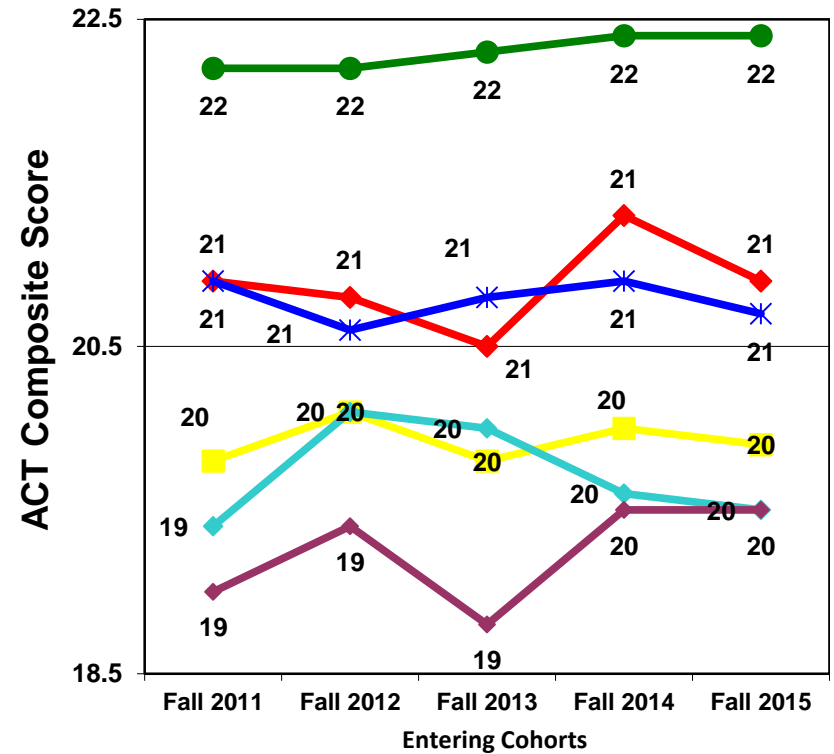
Asian Students

Black Students

Hispanic Students

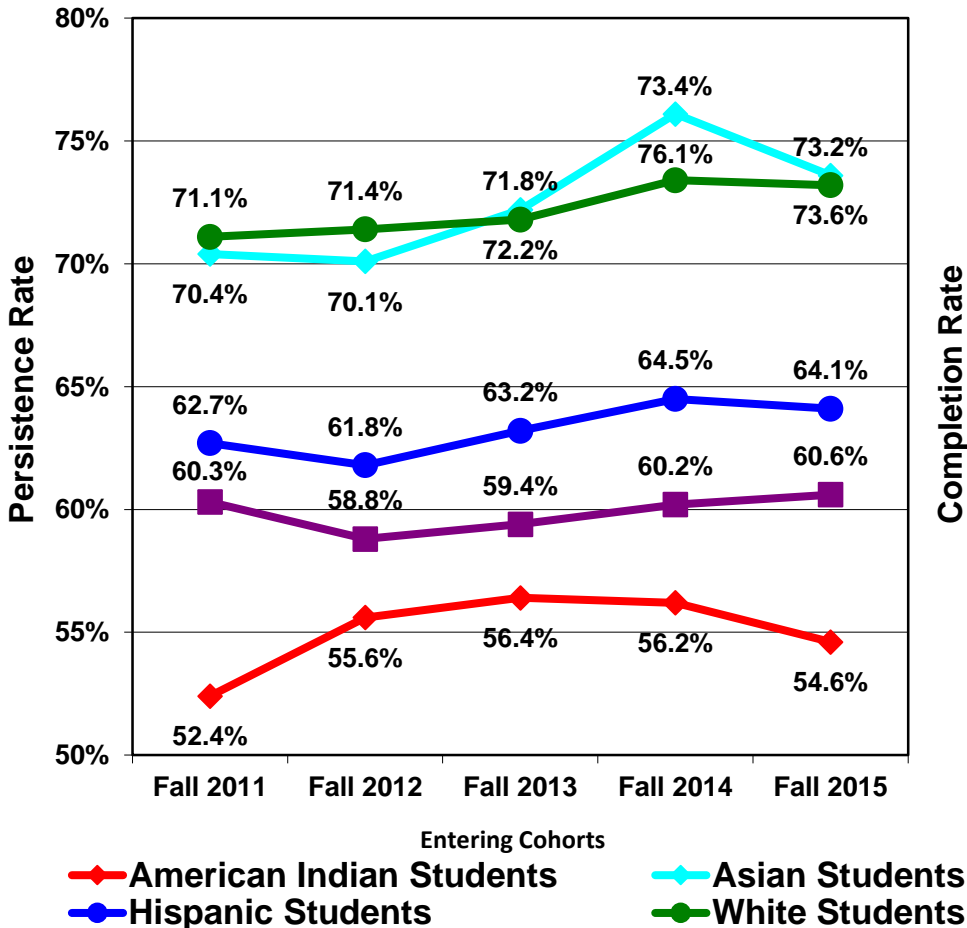
White Students

## State Universities: ACT Composite Score

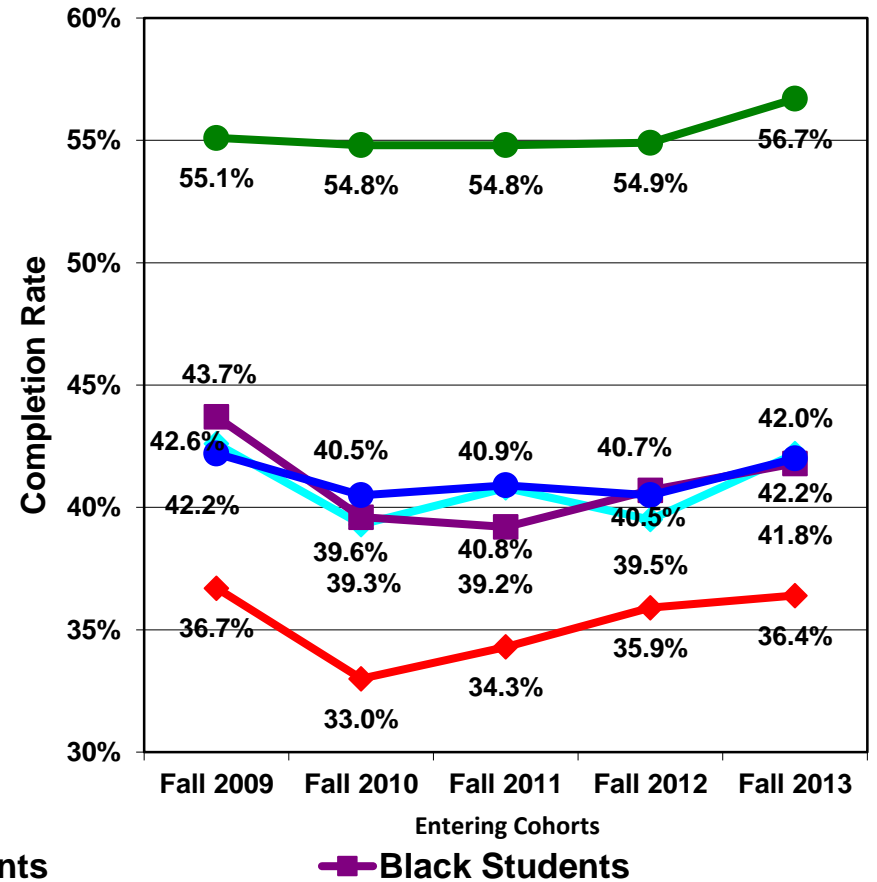


# Persistence and completion gaps vary by racial and ethnic group and have not narrowed for most groups at our colleges

State Colleges: **Persistence Rate** (Second Fall)

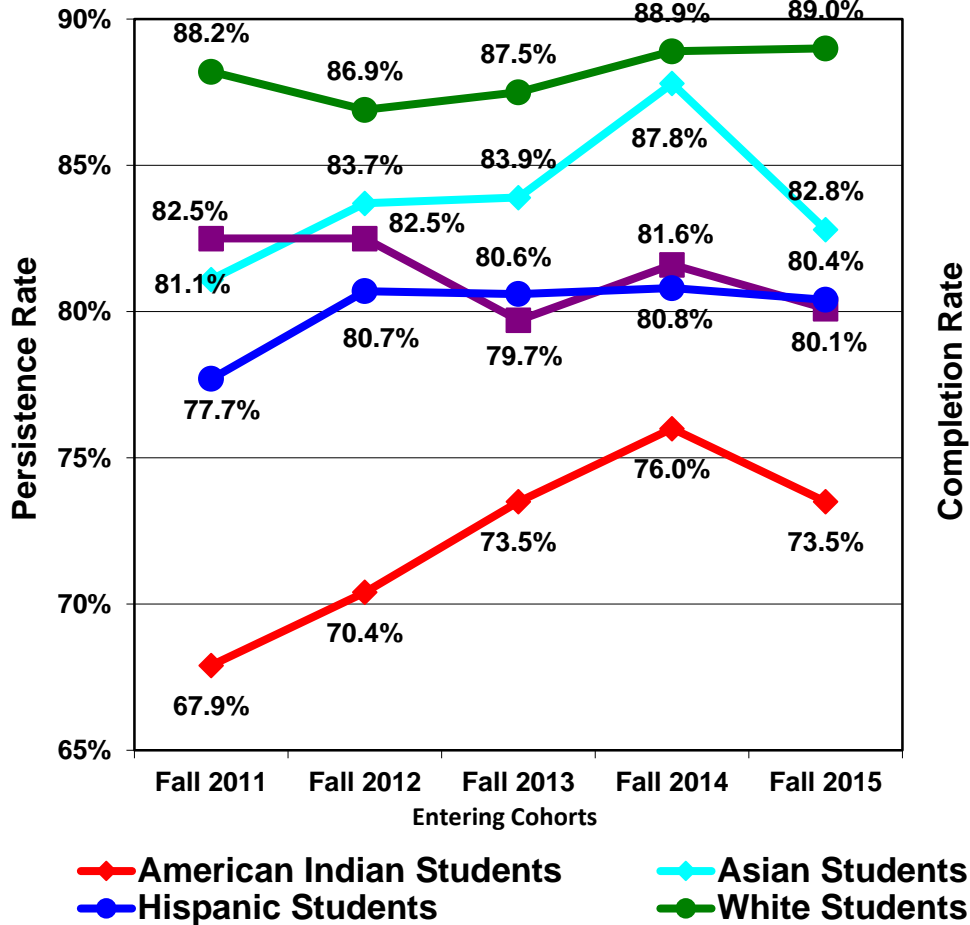


State Colleges: **Completion Rate** (Third Spring)

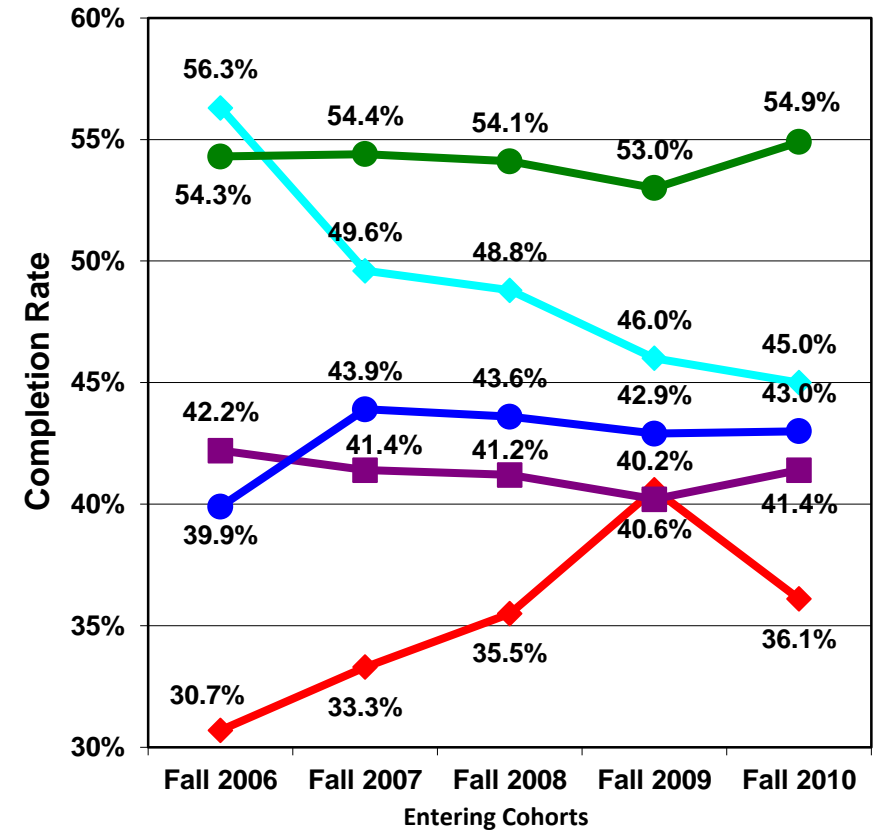


# Persistence and completion gaps vary by racial and ethnic group and have not narrowed for most groups at our universities

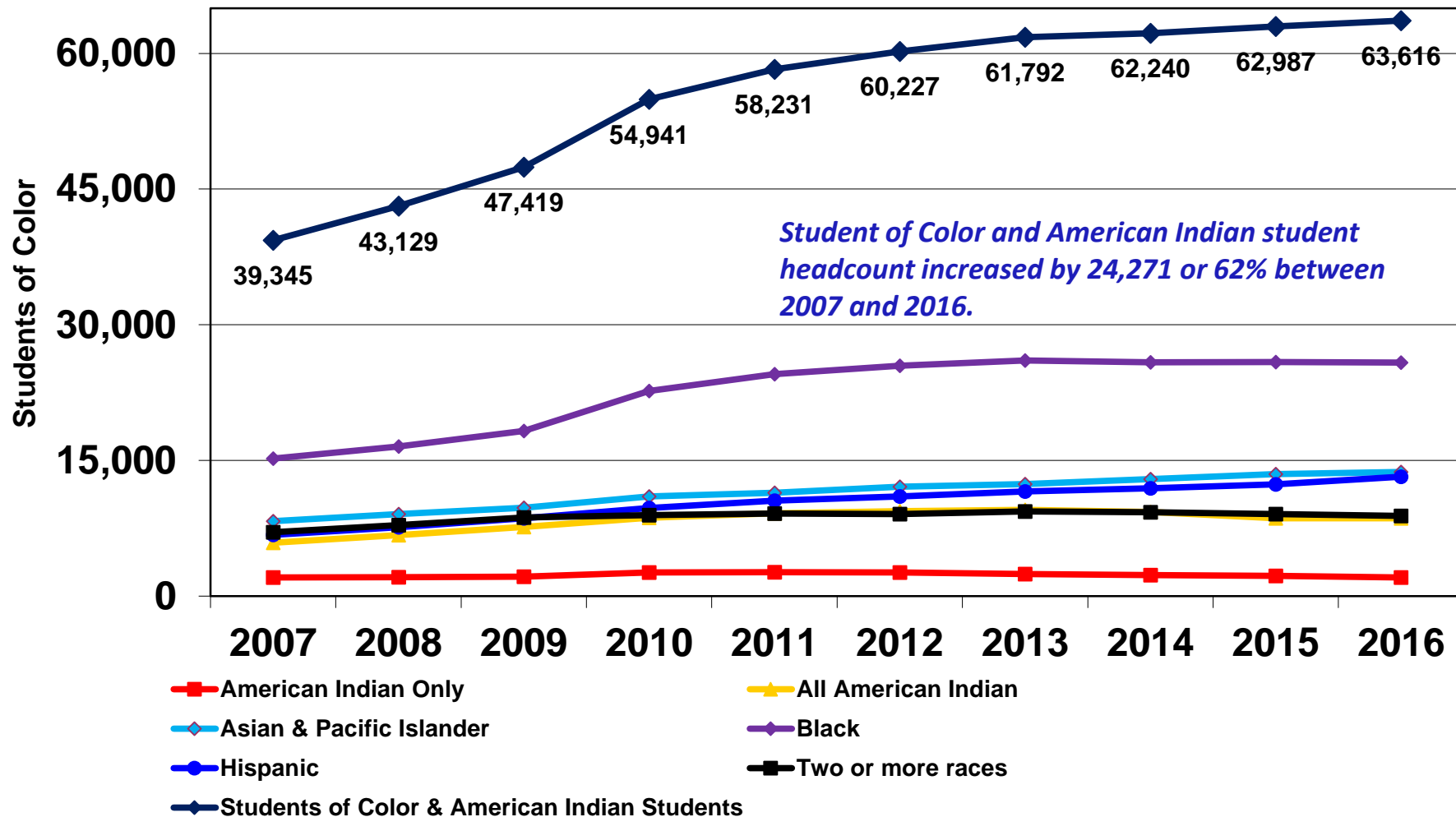
State Universities: **Persistence Rate** (Second Fall)



State Universities: **Completion Rate** (Sixth Spring)



# Minnesota State serves more Minnesota students of color and American Indian students than all other higher education providers *combined*





MINNESOTA STATE

Audit Committee  
June 20, 2017  
2:00 p.m.  
McCormick Room

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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 April 18, 2016 (pages 1-3)**
2. Fiscal Year 2017 Audit Plan Update (pages 4-5)
3. Fiscal Year 2018 Annual Audit Planning (pages 6-15)

Committee Members:

Robert Hoffman, Chair  
Ann Anaya, Vice Chair  
Jay Cowles  
Amanda Fredlund  
George Soule

**Bolded** items indicate action is required.



**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
AUDIT COMMITTEE MEETING MINUTES  
April 18, 2017**

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**Audit Committee Members Present:** Trustees Robert Hoffman, Jay Cowles, and George Soule

**Audit Committee Members Absent:** Trustee Ann Anaya and Amanda Fredlund.

**Others Present:** Trustee Basil Ajuo, Elise Bourdeau, Dawn Erlandson (by phone), Jerry Janezich, Rudy Rodriguez, Louise Sundin, and Cheryl Tefer.

The Minnesota State Colleges and Universities Audit Committee held its meeting on April 18, 2017, in the 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 3:29 p.m.

**1. Minutes of March 22, 2017**

The minutes of the March 22, 2017 audit committee were approved as published.  
Corrected motion \$1.9 “million.”

**2. Fiscal Year 2017 Audit Plan Update**

Mr. Dave Pyland, Executive Director for Internal Auditing, began by giving a quick update. The Office of Internal Auditing has an executed contract with Baker Tilly Virchow Krause, LLP to provide internal auditing services. A kickoff meeting was held and included Internal Audit staff, Baker Tilly staff, Mr. Don Loberg of CliftonLarsonAllen, as well as Committee Chair Hoffman. He stated that they talked about trying to ensure that internal auditing services remain relevant to the mission of Minnesota State, remain focused on the future impact to the system, not just reporting past events, and that the activities are transparent, collaborative, and consultative in nature. There was also a commitment to ensuring that the activities were highly coordinated with the external audit services to ensure that the system gets the most value of all of its services to the system.

Mr. Pyland plans to come back to the audit committee in June to give a status on the initial audit plan and an update on the audits that are in process at that point.

Trustee Hoffman reminded members that this contract marked a change of operations for the Office of Internal Auditing. It was decided that six open positions would not be filled in the department in order to bring in the flexibility of external expertise. He added that after sitting in the kickoff meeting, he was strongly of the opinion that this was the right decision. Baker Tilly varied experiences that they can bring to the organization and have tremendous experienced in higher education.

Trustee Soule asked if the decision to hire an outside firm was because it had been difficult to hire internal auditors. Trustee Hoffman responded that we were competing in a highly competitive job market for talented audit staff. He stated that the reclassification process had been difficult to move through as well. He added that at this time, it made more sense to gain the expertise quickly and so we could hit the ground running.

Trustee Soule asked if a cost comparison had been done to compare the cost of hiring internal auditors versus the cost of contracting with Baker Tilly. Vice Chancellor Laura King, Chief Financial Officer, stated that while those calculations had not been run, she thought it would undoubtedly be more expensive on a per hour basis to contract for services versus hiring staff, but she added that was not the only way to measure the tradeoff. She reminded members that these were very difficult positions to fill. The skills change very fast. The skills needed on a project-by-project basis are variable.

Mr. Pyland added that an external quality audit of the department recommended that a professional services firm should at least be added to provide flexible resources and a greater depth of skill sets so that we could address projects that need to be addressed, and not just projects that we were able to address. Later it was decided to expand that, rather than fill some existing positions. The impact should be budget neutral because the dollars from those unfilled positions were used to build a budget for the professional services contract.

### 3. Federal Single Audit

Mr. Pyland began by introducing Mr. Don Loberg, Principal with CliftonLarsonAllen, LLP and Ms. Brenda Scherer, Manager with CliftonLarsonAllen, LLP.

Mr. Loberg stated that they were contracted by Minnesota State to perform the compliance testing over the Student Financial Assistance Program. The audit covers \$881 million that students receive and that the institutions receive for tuition. Compliance requirements are tested under the Uniform Guidance Compliance Supplement. The student financial aid departments have to adhere to over 600 different federal compliance regulations. In addition, the students want to have their money in a timely way, so the financial aid departments are operating under competing influences. He stated that CliftonLarsonAllen's report will be included as part of the State of Minnesota's Single Audit Report.

Finally, Mr. Loberg stated that the results for the audit were very positive, and he added that the board should be very proud of the staff that handle student financial aid.

Ms. Scherer reviewed the audit process and approach. She presented the audit results. CliftonLarsonAllen issued an unmodified opinion on compliance. That is the best result that could be given, and she congratulated the system for that opinion. There were no material weaknesses, and only two significant deficiencies.



Ms. Scherer stated that the U.S. Department of Education always states that one of their triggers for performing a program review is if a system has zero findings too many years in a row. They believe it is impossible to be perfect.

Ms. Scherer reviewed the two findings, neither of which rose to the level that would be a material weakness.

Chancellor Rosenstone asked CliftonLarsonAllen to characterize the cooperation they received both from the system office and at the campuses from the financial aid staff. Mr. Loberg stated that the cooperation was phenomenal. He added that the institutions and the system office did a great job helping them so that they could complete the audit work in an efficient and effective manner. He added that he was very impressed with the cooperation, the timeliness, and the quality of the information that they received. Ms. Scherer added that the staff on the campus worked tirelessly to clear issues that came up.

Trustee Cowles asked if there were best practices that could be communicated to the system as a whole. Mr. Loberg stated that there were always best practices that are noted or things that might make an institution a little more efficient. CliftonLarsonAllen provides a management letter in addition to the audit report. Ms. King added that it had long been the practice to share the management letter to the entire community. They circulate it on campus as a teaching tool.

The meeting adjourned at 3:57

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

**Name:** Audit Committee

**Date:** June 20, 2017

**Title:** Fiscal Year 2017 Audit Plan 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:**

Executive Director David Pyland will review the list of projects that were completed as part of the fiscal year 2017 audit plan.

**Scheduled Presenter(s):**

David Pyland, Executive Director of Internal Auditing

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

<b>INFORMATION ITEM</b>
Fiscal Year 2017 Audit Plan Update

**BACKGROUND**

Executive Director David Pyland will review the list of projects that were completed as part of the fiscal year 2017 audit plan.

- Office of Internal Auditing reorganization
- Projects and plans that have been completed in fiscal year 2017
- Executed contracts with two professional services firms
  - CliftonLarsonAllen (External Auditor)
  - Baker Tilly (Internal Auditor)

*Date Presented to the Board of Trustees: June 20, 2017*

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

**Name:** Audit Committee

**Date:** June 20, 2017

**Title:** Fiscal Year 2018 Annual Audit Planning

**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:**

Executive Director David Pyland will introduce the Baker Tilly team, review the goals for fiscal year 2018 and discuss the fiscal year 2018 internal audit strategy.

**Scheduled Presenter(s):**

David Pyland, Executive Director of Internal Auditing  
Eric Wion, Deputy Director of Internal Auditing  
Raina Rose Tagle, Baker Tilly Partner  
Chris Jeffrey, Baker Tilly Partner  
Frank Bossle, Baker Tilly Director

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

<b>INFORMATION ITEM</b>
Fiscal Year 2018 Annual Audit Planning

**BACKGROUND**

Executive Director David Pyland will introduce the Baker Tilly team, review the goals for fiscal year 2018 and discuss the fiscal year 2018 internal audit strategy.

**Baker Tilly**

- Raina Rose Tagle, CPA, CISA, CIA - Partner, National Higher Education Consulting Practice Leader
- Chris Jeffrey, CPA - Partner, Midwest Risk, Internal Audit and Cybersecurity Practice Leader
- Frank Bossle, CPA, MBA - Director, Former Chief Audit Executive of Johns Hopkins University

**Fiscal Year 2018 Goals and internal audit strategy**

- Initial Planned Projects
- Additional Targeted Projects
- Additional Topics for Consideration
- Ongoing Services

**Next Steps and Discussion Questions**

*Date Presented to the Board of Trustees: June 20, 2017*



June 20, 2017  
Office of Internal Auditing

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# Internal Audit Report to the Audit Committee

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## Contents

- Introduction to Internal Audit Team
- Overview and Fiscal Year (FY) 2017 Progress
- FY2018 Goals
- FY2018 Internal Audit Strategy
- Next Steps
- Discussion Questions
- Contact Information

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MINNESOTA STATE

## Introduction to Internal Audit Team

Minnesota State	Baker Tilly
<ul style="list-style-type: none"> <li>Dave Pyland, CPA (TX) - Chief Audit Executive</li> </ul>	<ul style="list-style-type: none"> <li>Raina Rose Tagle, CPA, CISA, CIA - Partner, National Higher Education Consulting Practice Leader</li> </ul>
<ul style="list-style-type: none"> <li>Eric Wion, CPA, CISA, CISSP - Deputy Director</li> </ul>	<ul style="list-style-type: none"> <li>Chris Jeffrey, CPA - Partner, Midwest Risk, Internal Audit and Cybersecurity Practice Leader</li> </ul>
<ul style="list-style-type: none"> <li>Melissa Primus, CPA, CIA - Audit Project Manager</li> </ul>	<ul style="list-style-type: none"> <li>Frank Bossle, CPA, MBA - Director, Former Chief Audit Executive of Johns Hopkins University</li> </ul>
<ul style="list-style-type: none"> <li>Craig Fautsch, CFE - Audit Coordinator/Investigator</li> </ul>	
<ul style="list-style-type: none"> <li>Darla Senn - Office Manager</li> </ul>	

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## The Baker Tilly Partnership

### Partnership

#### Minnesota State

- Handle day to day audit activities
- Focal point of communications with management
- Partner with Baker Tilly on the planning, performance and reporting of audit engagements
- Provide the Minnesota State insight, knowledge and relationships necessary for successful engagements

#### Baker Tilly

- Bring experience in working with premier public and private higher education institutions, plus corporate perspectives
- Clients include University of California System, University of Texas System, Stanford University, and Harvard University
- Provide a deep range of industry-specialized subject matter experts and staff

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## Ongoing Activities Handled by Minnesota State Staff

### Audit Activity

#### Assurance Services

- Audit of board expenses and trustee expense reimbursements
- Monitoring progress on outstanding audit findings
- Fraud inquiry and investigation services
- Establish data analytics capabilities to support continuous auditing and dashboarding capabilities

#### External Audit Activity Coordination

- Financial statement audits
- Federal student financial aid audit
- Other external party audits

#### Advisory Services

- Participation on a variety of committees
- Ongoing ad-hoc inquiries and advice
- Develop an internal audit advisory group

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## Overview and Fiscal Year FY2017 Progress

### Reorganized

- Internal Audit Department

### Completed

- ERM Steering Committee Involvement
- Cultivated Relationships with Leadership
- Completed 3 Engagements
- Participated in internal investigations, as needed
- Coordinated external audits, including financial statements and federal student aid

### Engaged

- CliftonLarsonAllen (External Auditor)
- Baker Tilly (Internal Auditor)

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## FY 2017 Engagement Results

### Engagements

**Minnesota State Community & Technical College - Internal Control & Compliance Audit**

Issued January 18, 2017

College operations were within expected parameters.

**North Hennepin Technical College – Process Review Consulting Engagement**

Finalized December 2016

Recommendations helped process improvement & personnel alignment.

**Bookstore Internal Control & Compliance Audit**

Issued June 13, 2017

Bookstore controls were working as expected, with minor exceptions.

**Two Investigation Reports –** Resulting from normal internal referrals.

Issued October 10, 2016 and April 6, 2017. Controls were improved.

## FY 2018 Goals

Goal	Measurement
<ul style="list-style-type: none"> <li>Align IA activities with System strategy and priorities</li> </ul>	<ul style="list-style-type: none"> <li>Senior leader feedback</li> </ul>
<ul style="list-style-type: none"> <li>Develop the FY 2018 risk-based internal audit plan for October Audit Committee approval</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with the chancellor, risk committee, cabinet, &amp; leadership council</li> </ul>
<ul style="list-style-type: none"> <li>Deliver quality, timely project results</li> </ul>	<ul style="list-style-type: none"> <li>Regular reporting to the audit committee</li> </ul>
<ul style="list-style-type: none"> <li>Provide system guidance in risks, internal controls &amp; accountability</li> </ul>	<ul style="list-style-type: none"> <li>Time-bound management action plans and IA monitoring</li> </ul>
<ul style="list-style-type: none"> <li>Develop data analytics, continuous auditing, dash-boarding</li> </ul>	<ul style="list-style-type: none"> <li>Capabilities and communication strategy developed</li> </ul>
<ul style="list-style-type: none"> <li>Implement a quality assurance and improvement program (QAIP)</li> </ul>	<ul style="list-style-type: none"> <li>As prescribed by the Institute of Internal Auditors (IIA)</li> </ul>

## FY 2018 Internal Audit Strategy

### Get Started

- Four engagements have been started and will be reported on over the next six months

### Risk Assessment & Audit Plan Development

- Meet with
  - both chancellors
  - the ERM committee
  - the cabinet
  - Leadership council
- Brainstorm top enterprise risks and identify key areas for internal audit focus

### Ongoing Audit Plan

- Maintain a dynamic audit plan
- Update for emerging risk & audit results

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## FY 2018 Get Started – Initial Audit Projects In Process

Project Area	Project Description	Linkage to Enterprise Risks
Follow-up on 2014 purchasing card audit, including a leading practices review	Survey all institutions, assess the current state of action plans from the 2014 audit, review current processes at three institutions, and recommend best practices.	<ul style="list-style-type: none"> <li>• Increasing costs/expenses: energy, supplies and materials, disposal</li> <li>• Financial sustainability of colleges and universities</li> </ul>
Payment Card Industry (PCI) risk assessment	Survey each College, University, and the System Office to determine the system's PCI risk profile and areas for focus.	<ul style="list-style-type: none"> <li>• Information security and information management</li> </ul>
NextGen project risk review	Establish IA's role in facilitating periodic checkpoints to provide assurance regarding risks of NextGen project, designed to replace our primary enterprise systems.	<ul style="list-style-type: none"> <li>• Outdated legacy systems in the face of new technologies for student services, learning, course delivery, and administration</li> <li>• Poorly aligned / aging solutions that are not sustainable in their current form and/or hamper the organization's ability to act operationally and strategically to meet current and future needs</li> </ul>
Institutional data reporting audit	Assess the processes and controls over data collected and reported to state and federal agencies.	<ul style="list-style-type: none"> <li>• Title IV and state financial aid programs</li> <li>• Federal and state financial support for students</li> <li>• Low awareness and varied reputation of our colleges and universities and the system</li> </ul>

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## FY 2018 Risk Assessment & Plan Development

These are sample topics to be discussed during audit plan development.

### Potential Topics

Information Security  
Cloud Computing

Student Revenue  
(Tuition, Fees, &  
Collections)

Vendor Contracts  
Procurement

Student Success  
HR Transactional  
Model

Campus Security  
Treasury and  
Investments

IT Risk Assessment  
Compliance Risk  
Assessment

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## FY 2018 Ongoing Audit Plan

### Dynamic Audit Plan

#### Update audit plan based on

- Special requests from the audit committee, board, & senior management
- Emerging risks identified by senior management, the board, or internal audit
- Ongoing detailed and enterprise risk assessment results
- Discussions with system-wide management
- Audit engagement results

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## Next Steps

- Complete the FY2018 initial projects
- Develop the FY 2018 risk-based internal audit plan in collaboration with the Chancellor, Risk Committee, Cabinet, and Leadership Council
- Obtain approval for the 2018 Internal Audit plan from the Audit Committee in October
- Consider an Audit Advisory Group to help internal audit brainstorm emerging risks and consider the impact of audit results; possibly include external audit and key representatives from both the system office and campus level
- Continue to refine future planned projects based on the enterprise risk assessment and ongoing discussions with system-wide management

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## Discussion Questions

- How does the FY2018 Internal Audit strategy align with the Board's priorities?
- What areas of the strategy require clarification?
- What other feedback, questions, or comments does the Board have for Internal Audit's consideration?

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## Contact Information

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**MINNESOTA STATE**

Board of Trustees

30 East 7th Street  
St. Paul, MN 55101

651-201-1705

**Board of Trustees**

**Closed Session**

Tuesday, June 20, 2017

3:00 PM

Minnesota State

Third Floor, Conference Room 3310

30 7th Street East., St. Paul, MN

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Pursuant to Minnesota Statutes § 13D.05, subd. 3 (a) (2016) (Minnesota Open Meeting Law), the Board of Trustees will meet in closed session for the performance review of the chancellor.

1. Call to Order, Chair Michael Vekich
2. Motion to Close the Meeting
3. Chancellor's Performance Review
4. Adjournment



*Minnesota State is an affirmative action, equal opportunity employer and educator.*



## Finance and Facilities

June 21, 2017

8:00 A.M.

McCormick Room

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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 May 16, 2017 (pp. 1-11)**
2. 2017 Legislative Summary (pp. 12-23)
3. **FY2018 Capital Program Recommendation (Second Reading) (pp. 24-60)**
4. ISRS NextGen Update (pp. 61-66)
5. **Students United Fee Increase Proposal (pp. 67-81)**
6. **FY2018 Annual Operating Budget (Second Reading) (pp. 82)**
7. **Approval of North Dakota Tuition Reciprocity Agreement (pp. 83-86)**
8. **Approval of Contracts Exceeding \$1 Million (pp. 87-93)**
  - a. **Interagency Agreement with State of Minnesota Office of Information Technology**
  - b. **Oracle Contract Extension**
  - c. **Minneapolis Community and Technical College Construction Project**
  - d. **Minnesota State University, Mankato, 7700 France Avenue Lease**
  - e. **Metropolitan State University Janitorial Services**
  - f. **Winona State University Contract for Enrollment Management Services**
  - g. **Lake Superior College Contract with Vendor in Support of Technical Certification Program with the Minnesota Department of Transportation**

Committee Members:

Jay Cowles, Chair

Elise Bourdeau, Vice Chair

Basil Ajuo

Ann Anaya

Robert Hoffman

Jerry Janezich

Roger Moe



**Bolded** items indicate action is required.

**MINNESOTA STATE  
BOARD OF TRUSTEES  
FINANCE AND FACILITIES COMMITTEE  
MAY 16, 2017  
McCORMICK ROOM  
30 7TH STREET EAST  
ST. PAUL, MN**

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***Finance and Facilities Committee Members Present:*** Chair Jay Cowles, Vice Chair Elise Bourdeau, Trustees Robert Hoffman, Jerry Janezich, Basil Ajuo, Roger Moe

***Committee Members Absent:*** Ann Anaya

***Other Board Members Present:*** Trustees Cheryl Tefer, Alexander Cirillo, Dawn Erlandson, Amanda Fredlund, George Soule, and Michael Vekich

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

The Minnesota State Finance and Facilities Committee held its meeting on May 16, 2017 in the 4th Floor McCormick Room, 30 East 7th Street in St. Paul, MN.

Chair Cowles called the meeting to order at 3:04 p.m.

**1. Minutes of April 19, 2017**

*Chair Cowles called for a motion to approve the minutes from April 19, 2017. Trustee Bourdeau made the motion, Trustee Ajuo seconded. The motion carried.*

Chair Cowles welcomed updates from Vice Chancellor King.

***Legislative update***

There are 6 days remaining in the legislative session

Listed are the following actions taken by the legislature in the past week and what is expected in the days ahead.

- The governor presented an offer which was \$25 million less than the original recommendation for higher education.
- Republican leadership countered with a recommendation that was \$25 million higher than their position at the time.
- Negotiations between the governor and legislative leaders resulted in the house and senate passing all 10 of the omnibus budget bills. All have been vetoed by the governor.
- The governor communicated that all bills would be vetoed with the hopes of restarting budget negotiations.
- The higher education bill was vetoed. The total budget for all of higher education was \$125 million which is 39% of the governor's recommendation.



- In his letter, the governor stated that the lack of investment in both the University of Minnesota and Minnesota State risks the degradation of educational quality for today and tomorrow's students.
- In addition, he stated that the current bill exacerbates the situation for Minnesota State by setting tuition rates rather than leaving that up to the appointed Minnesota State Board of Trustees.
- The governor pointed out other policy concerns in the bill and the most notable concern is the language in the bill concerning mandatory student fees. The legislature was urged to leave this decision up to the appointed Minnesota State Trustees.
- The governor did not mention ISRS Next Gen financing in his veto letter.
- Conversations concerning a bonding bill continue between the House and the Senate. A decision will be made in the final hours of session on whether there will be a bonding bill.

#### *What's next?*

The Governor and legislative leaders met this morning and another offer was made. Negotiations continue.

- Budget targets will need to be set so the committee chairs can re-write the bills and move them back to the governor in conference form.
- Members are expected to work through the weekend to meet the deadline of May 22.
- The Government Relations team will continue to provide updates as the conversations unfold.

#### *2018-2019 division work planning underway*

The following workplan items that will be coming before the committee this year:

*Enterprise Administrative Financing Project (EAS).* Working with campus CFOs, CAOs and CIOs to look at how enterprise activity is funded. This was prompted by the Charting the Future work and general acknowledgement of other administrative services areas that has grown over the last 15 years. The group plans to complete the work by the end of this calendar year and provide recommendations to the committee during the November- January timeframe. There will be consultations within the chief community and leadership council.

The staff is moving into the second stage of the *tuition and fee study* and anticipate bringing a recommendation to the board in January 2018. There will be a substantial overhaul of the board policy that governs tuition and fees and related procedures.

The second phase of the *campus facilities regional and sub regional master planning project* is underway. Research was started this year. Most of the work in 2018 will involve data. The pilot work has been around Metropolitan State baccalaureate expansion project. However, the plan is also to look at academic planning, academic coordination across campuses, space planning,

and an academic plan which relates to the physical plan, and bring recommendations to the FY2018 capital program, and advise to the long-term planning project.

## 2. FY2018 Capital Program Recommendation (First Reading)

Associate Vice Chancellor Yolitz presented on the FY2018 capital program recommendation. The request would preserve, maintain and enhance the academic spaces at the colleges and universities. The ultimate outcome of this legislative session and any action on a 2017 bonding bill is unknown at this time, therefore, it is premature to make a recommendation for 2018.

Although 2017 is not considered a bonding year, there are high expectations that a bonding bill would emerge as part of the session deliberations. The board validated the projects and priorities from the FY2016 request and resubmitted for funding a capital program totaling \$252 million. The Minnesota State request that is before the legislature lists the board's priorities as established almost 2 years ago. This included:

- Asset Preservation is the top priority. The \$110 million request for HEAPR funding would fund nearly 90 projects for roof repairs, upgrading HVAC systems, repairing, sealing and protecting exterior walls and windows, and improving water and electrical and the infrastructure systems at 44 campuses.
- 18 major line item capital projects totaling \$141.9 million to improve academic spaces at 17 campuses.
- Funding for projects at South Central College, Northland Community College, MSU Mankato and Anoka Ramsey are focused on STEM and allied health programming.
- Student services and student success are the focus of projects at M-State, Hibbing Community College, St Cloud State, and Normandale College.
- Projects at Bemidji State, Rochester Community & Technical Center, Winona State, Minnesota State University - Moorhead and Inver Hills focuses on facility spaces in the areas of business, teacher education and general education and the liberal arts.
- Century College and Riverland Community College projects focuses on technical and trade programs.
- Minneapolis Community and Technical College project involves one of their skyways. This is could be considered a HEAPR project, but given its size, the college chose to pursue funding as a standalone project.

Governor Dayton's recommendation in early January totaled \$202 million and followed the board's priorities by providing \$80 million for HEAPR and \$122 million for 11 of the 18 capital projects.

The capital investment committees of both legislative chambers met with smaller bills. The Senate's bill totaled \$108 million and replicates the bill that was in place at the end of the 2016 legislative session. The House proposed a smaller bill totaling \$36 million.

The staff will continue to engage legislative leaders over the next 6 days and will ask that the board's priorities be followed. The board's priorities includes: consideration for the need of a strong and supportive HEARP number, keeping projects at the funding level requested. It is hopeful that a bill will emerge in the coming days to bring some clarity for the preparation of a FY2018 recommendation.

*Note: subsequent to the May committee meeting- the legislature passed and the governor signed a bonding bill which included \$92.3M for Minnesota State (\$25M for HEAPR and \$67.3M for capital projects)*

Planning for the FY2018 Capital Program Recommendation began over a year ago when the Board approved Guidelines in March of 2016. Colleges and universities took the guidelines and reviewed their individual Comprehensive Facilities Plans and created or updated predesigns for proposed FY2018 project considerations. In January of this year, nearly 100 representatives from colleges and universities campuses, which included faculty, staff and presidents, scored project proposals against the Board's 2018 Guidelines. The committee will use the scoring results to present the board with a final recommendation for FY2018. Once the FY2018 request is approved, a bonding book will be created which will outline the Board's priorities. Campus tours for legislative committees and executive staff members are expected to commence in the late summer/early fall. . The tours will be scheduled in preparation for the 2018 legislative session starting next February. Later this year, the staff will be seeking the board's approval of guidelines for FY2020 program planning.

In preparing for the FY2018 recommendation, the state of the academic spaces and past preservation funding were the first areas reviewed.

Last October, the staff shared the following information with the board:

- Over two-thirds (67.2%) of our academic space is rapidly approaching 40 years of age
- Over 50% of our space was built between 1960 and 1975, during a period characterized by "Quick-Flash Construction," where there was relatively low-quality construction practices and low end building materials and components.

As assessed in 2016, the backlog of maintenance for this space had climbed to \$783 million. This backlog increase calls into question the past strategy that was coordinated with the state that with the state's help, would have reduced the backlog of maintenance by 50% over ten years by using a blend of HEAPR, individual capital projects, and campus operating dollars.

This Board has prioritized HEAPR as the number one capital request since this system was founded. In recent years, that priority has sought \$110 million in HEAPR funding over biennium in order to deliver on the strategy. That level of funding has not been received over time.

With no bonding bill in 2016 and the last HEAPR funding in 2014, the backlog is expected to grow even more. Based on this feedback from colleges and universities, it is anticipated that there will be a recommendation for a larger request for HEAPR in 2018.

The projects proposed by campuses and under consideration for inclusion in the FY2018 recommendation includes:

1. All 18 projects on the 2017 list.
2. 14 projects totaling \$85 million which are new to the consideration process.

Project themes center on improving and rightsizing space for:

- Technical and trades programs – Anoka Tech and Century
- Student services and support – Central Lakes and Riverland
- Allied health – Century and Northland
- Teacher education – like the Mah-Jeh-GEE, Start Growth Project at Fond du Lac Tribal and Community College
- Liberal Arts and general education – MSU Mankato, Saint Paul College, and Vermillion College

Chair Cowles asked whether the projects will be additional requests made in the FY2020 recommendation. Mr. Yolitz responded yes, if executed, some are for design in 2018 and construction in 2020. Chair Cowles asked whether investments made in 2017-2019 will affect the 2020 projects if they are not approved. Mr. Yolitz responded that they would be deferred for the first funding.

The board has adopted guidelines concerning general obligation debt establishing annual GO debt service targets at or below 3% of annual operating revenues. This only refers to major capital line items.

HEAPR funding carries no debt to Minnesota State. Currently the system's total outstanding GO debt is \$235.5 million and the annual debt service payment in FY2017 was \$30.9 million. This debt service payment represents roughly 1.1% of system operating revenues.

If the entire FY2017 program was funded, it would have added \$43.7 million to the total outstanding GO debt and \$3.4 million to the annual debt service payment.

Mr. Yolitz introduced the motion that will be before the committee at a future meeting:

- Approve the FY2018 projects and priorities;
- Direct the chancellor to provide these projects and priorities to the state's Capital Budget System via MMB on the way to the legislature and the governor;
- Enable the chancellor, after consultation with the Board, to make any adjustments should a Special Session impact the projects lists;

- Allow the chancellor to make adjustments, particularly to project costs that may need to be adjusted due to MMB inflation projects and the like; and
- Finally, delegates contracting authority to the chancellor when projects are funded.

Chair Cowles invited questions. Trustee Erlandson asked whether there is data on the impact of the physical space offered and the competitiveness of physical space to other institutions of higher learning. Mr. Yolitz responded that there is no data. Although the program is not focused on competitiveness, it is a factor. Trustee Hoffman asked whether the 1/3 debt will fall back on the campuses in FY2018. Mr. Yolitz responded yes, that's when the new debt service provision will first apply – only to projects approved by the board for the first time in 2018.

Chair Cowles asked whether a sensitivity analysis has been done to measure interest rates on debt capacity and what the most recent GO bond rates are. Mr. Yolitz offered to bring sensitivity reports to the board in June. The GO bonds are 2-2 ¼ percent. Vice Chancellor King commented that since the modeling runs on a revenue test, the revenue outlook was stressed. Vice Chancellor King will provide the committee with a tutorial outlining more details.

Chancellor Rosenstone was invited to comment and stated that there is no recommendation for moving forward on the projects that are still active from FY2016-17 and possibly FY2018. In order to formulate a recommendation from the chancellor to the board, there will be a meeting with Chancellor Rosenstone, Vice Chancellor Anderson, Vice Chancellor King and Mr. Yolitz to review the scoring and fiscal constraints that the campuses are confronting. Debt capacity and project affordability needs to be done specifically for campuses that are under severe stress right now. Projects that enhance the financial viability should be brought forward. The \$783 million backlog of HEAPR work needs to be attended to.

It may be the board's position that it wants to be even more heavily weighted towards HEAPR in the FY2018 request particularly if there is not a FY2017 bonding bill. Campuses are suffering because there was no bonding bill last year. There were emergencies that needed attention and campuses used their own funds to attend to the emergencies that cannot be deferred. Given the financial struggles of campuses, sorting out the proper portfolio of HEAPR versus capital projects should be done before the recommendation is brought to the board.

Chair Cowles asked for a rating of the additive square footage of the campuses when the projects are brought forward vs renovations. We should be mindful of the pressure on the operating budget of adding more space. Mr. Yolitz commented that if the FY2018 request is fully executed, it would reduce square footage by 123,000. There were no further questions.

### 3. FY2018 Annual Operating Budget (First Reading)

Vice Chancellor King presented on the FY2018 Annual Operating Budget along with Deb Bednarz, System Director of Financial Planning and Analysis.

Vice Chancellor King stated since the legislative session has not ended and a higher education funding bill has not been passed and signed into law by the governor, many key pieces of the operating budget are unknown. This includes the level of state appropriation and tuition limitations. The detailed operating budget will be presented in June and will be based upon a key legislative decisions including funding levels and tuition constraints if any. This is the first operating budget that will be implemented with the new allocation framework.

The detailed operating budget information that will be presented in June will be based on key legislative decisions including:

- funding levels
- language constraining the board's tuition
- pending legislation to refinance state defined pension programs
- labor agreements for FY2018-19

The board's legislative request was for \$178 million in new funding. The board agreed that if the request was fully funded, tuition would be held flat in 2018 and 2019. The governor's recommendation supported 84% of the request. The conference committee bill that was approved by the house and senate has been vetoed by the governor. The board's message will continually be delivered during negotiations.

The goals include:

- Seeking to protect programs and campuses in order to meet workforce needs
- Reduce economic and racial disparities
- Provide faculty, staff and IT infrastructure

The structure of the biennial appropriation is an area of concern. It was structured as a 1/3, 2/3 proposal. Leadership gave direction to committee chairs to structure appropriations at 50/50. There will likely be discussion at the June meeting about a structural deficit for FY2019.

An issue that the chancellor has been clear about is revenue being equal to expenses. Expenses are largely devoted to salary and benefit costs and some fixed costs associated with compensation will increase without any action on behalf of management. It is expected that there will be increases to employer's contributions to pension plans, healthcare costs, and some faculty contracts. These are cost accelerators built into college and university budgets that will require budgeting.

*Note: subsequent to the May committee meeting, the legislature passed and the governor signed a FY2018-FY2019 Higher Education Omnibus bill that included an operating appropriation totaling \$106.3 million for Minnesota State.*

#### *New Allocation Model*

In June, the results of the FY2018 allocation framework will be presented. This is the first phase with the new framework approved by the board last November. It is intended to:

- Promote and support student success
- Make the model more responsive to changing conditions
- Better align the cost of programs and services with resources
- Increase transparency, simplicity and accountability

Elements of the allocation framework that are not changing:

- It continues to be a block grant to the presidents and they have complete discretion in how they budget their campus and shared governance process.
- It does not dictate how funds will be spent, only how they will be calculated.
- It recognizes the differences in program costs and missions.
- Keeps tuition and fees at the college or university where it is collected.

The board approved a hold harmless provision for FY2018 and FY2019 that is intended to mitigate potential negative impacts resulting from the changes in the framework design.

The work of the Technical Advisory Committee continues. The committee handled the analytical work for the allocation framework design.

At the June meeting, there will be a recommendation incorporated into the larger tuition recommendation to transition St. Cloud State University to a banded tuition program, and an update on the student consultation process. SCSU will propose banded tuition that offers a fixed price for credits between 12 and 18. Currently 5 of 7 universities band tuition. Bands are intended to encourage completion by providing students an incentive to increase credit taking behavior. A study was done by St. Cloud State enrollment management staff and it was found that students who are enrolled in 15 credits persist at a higher rate than those students taking fewer credits. This was found to be true regardless of the student's GPA. This transition would result in a slight increase in St. Cloud State's tuition revenue.

Student consultation letters are available on the Finance division website. Under board policy, the student associations are expected to communicate to the board that they are satisfied with the process. The letters indicate that the campus student associations were satisfied with the consultation process.

Chair Cowles invited new trustees to contact Vice Chancellor King if any information needs clarifying. Trustee Moe asked what would happen to St. Cloud State University's tuition plan if

there is a tuition freeze. Vice Chancellor King responded that St. Cloud State University would have to make a decision to go forward or wait until there is an opportunity for an actual impact on tuition rates and related revenues.

Trustee Moe stated, regarding legislative negotiations taking place, that there were a few items in the conference committee report from the legislature that were different than the governor's recommendation, on workforce and rural campuses. Vice Chancellor King responded that one was an initiative inserted in the senate providing \$3 million a year and a dedicated special to be allocated to presidents of colleges located outside of the metro area. The workforce proposal is a next generation bill from several years ago. The bill would provide targeted scholarships to students interested in particular fields of study.

There were no further questions.

#### **4. Surplus and Sale of Real Estate and Improvements, Minneapolis Community and Technical College**

Chair Cowles commented that there has been several attempts to be in touch with each trustee in advance of the meeting to hear comments and questions. Chair Cowles, Chair Vekich, Trustees Janezich and Moe toured the Minneapolis Community and Technical College facilities along with Mr. Yolitz, Vice Chancellor King, President Pierce and her facility staff in order to gain a comprehensive understanding of the status of the campus and specific opportunities and costs related to the Wells building. Chair Cowles pointed out the amended resolution states that the final terms and condition of the sale is subject to the approval of the chancellor or chancellor's designee in consultation with the Chair of the Board and Chair of Finance and Facilities Committee after assurance that the developer has obtained all necessary approvals to commence work on the site.

Chair Cowles invited Vice Chancellor King to present. Vice Chancellor King stated that during this meeting, the intention is to address the questions that emerged from the committee during the last meeting. Mr. Yolitz stated that the recommendation comes after a great deal of effort by the college and community partnerships interested in the stewardship and preservation of the Wells Family Center along with two adjoining properties. The current combined value of both properties is negative \$1.8 to \$2.4 million. Board action would enable a "Pass-Through Sale" for the historic preservation and rehabilitation of the Wells Family College Center, development to meet City of Minneapolis planning needs, and relieve the college of liabilities associated with the historic property. The City of Minneapolis would use Minnesota Statute which governs the board's surplus action to purchase the property.

The board's questions were centered on liability after sale, fees and demolition costs, capacity and growth potential. Since the last meeting, city officials were contacted and it was confirmed that the sale is to be 'as is, where is' with no liability remaining with the college after transfer.



In terms of fees and costs, when executing property actions with the State of Minnesota, the City of Minneapolis typically charges a fee of 10% of the property value to recover administrative and processing fees. Because the combined property value is negative, it was agreed that a fee of \$20,000 would be paid to help with recovering costs related to organizing and facilitating the redevelopment transaction.

The college blackbox theater will be demolished to prepare the site for development. The college intends to pay demolition cost to control all aspects of that work. The staff sought to re-open discussions with the city, but the city declined.

The colleges has the capacity to support both its own foreseeable growth, as well as accommodate the growth in baccalaureate offerings through its partnership with Metropolitan State University and other system universities. The surplus action benefits the college in several ways:

- Financially, the 10 year cost for maintaining the property outweighs the cost associated with following through on the surplus action.
- Retaining the property would continue to be a drain on the college's operating budget
- The college would be able to prioritize and advocate for the capital investments directly impacting the academic programs and grants, which supports baccalaureate partnerships and student services.
- It allows the college an opportunity to focus on the core mission and student success.
- The Wells building will be preserved and rehabilitated, which is important to the college, city and local community groups.
- The proposed development enhancement will improve the neighborhood and meet the city's objective of preserving Wells facility.

Chair Cowles invited questions. Trustee Sundin commented in support of Trustee Janezich's comments from last month's meeting about having more discussions centered on student housing, particularly in the urban areas. Several other areas of focus should be thinking about competitive pressure and developing a different future, having more full service institutions, partnering with resources to make this happen. The focus shouldn't just be on enrollment needs or filling seats needs, there are personal needs. Meeting customer needs means doing something different and additional in the future. Should consider diversity, technology, and thinking about big and small things.

Chair Cowles expressed appreciation for Trustee Sundin's ideas of developing a forward looking vision and the emphasis on partnerships. There is a tremendous facility and property asset base that is costly to maintain.

Trustee Erlandson commended the work by the staff in answering all questions and stated that she was not in support of the purchase of the Wells building during her time as board member

on MCTC foundation. The motion to approve the resolution was made by Trustee Bourdeau and seconded by Trustee Hoffman. It was adopted with two dissenting votes.

## **5. Approval of Contract Exceeding \$1 Million**

- **Minnesota State University, Mankato Aviation Training Contract**

Presenters, Vice Chancellor King and President Richard Davenport. Vice Chancellor King stated that this request is a routine transaction with significant dollar amounts. The university has a continuing program for aviation training. The contract is with an operator to provide flight training to students. The students pay the cost for flight hours to the university and the university passes it to the operator. The motion is to approve execution of a three year contract with option to extend for two additional years between Minnesota State University, Mankato, and the operator at a value not to exceed \$18 million over the full five years.

Trustee Hoffman asked the President Davenport whether the pass-through nets zero. President Davenport responded that the program is priced in a manner that does not leave the institution with debt. It is the most cost effective aviation training program in the Midwest. This cost is separate from tuition.

There were no further questions. Chair Cowles called for a motion to approve the recommendation. Trustee Janezich made the motion and Trustee Bourdeau seconded it. The motion carried.

The meeting adjourned at 4:51 p.m.

Respectfully submitted  
Maureen Braswell, Recorder

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

**Name:** Finance and Facilities Committee

**Date:** June 21, 2017

**Title:** 2017 Legislative Summary

**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 2017 legislative session resulted in numerous law changes of interest to Minnesota State. The board report summarizes the changes and details areas of interest. Also included in the materials is a letter Chair Vekich and Vice Chair Erlandson sent to all ten members of the Minnesota delegation regarding the administration's proposed federal FY2018 budget.

**Scheduled Presenter(s):**

Laura M. King – Vice Chancellor – Chief Financial Officer  
Jaime Simonson – Director, Government Relations



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## 2017 Legislative Summary

The 2017 legislative session ended on Monday, May 22, 2017 with lawmakers only passing five budget bills. Governor Dayton called a special session at 12:01 a.m. on Tuesday, May 23 with the understanding that work would be wrapped up by 7 a.m. the following day. However, it took lawmakers until Friday, May 26 to wrap-up and pass the remaining budget bills.

On Tuesday, May 30, Governor Dayton announced that he would sign all budget bills and finance bills except for the tax bill, which he said he would allow to become law without his signature. The governor also announced he vetoed the preemption bill concerning local government authorization which also included provisions for paid parental leave for state employees.

In a somewhat surprising move, the governor invoked his authority to line-item veto the operating budgets for the Minnesota House and the Minnesota Senate. The governor said he did this in response to a provision in the State Government Finance bill that connected funding for the Department of Revenue to the enactment of the tax bill. Otherwise, the governor said he would have vetoed the tax bill.

However, he signed the tax bill the next day as concerns were raised given the unclear timeline for the bill to be enacted into law under these circumstances following a special session. The governor signed the bill in order to protect funding for the Minnesota Department of Revenue.

With funding for legislative operations as a point for negotiations, Governor Dayton signaled his desire to call the legislature back for another special session to discuss removing portions of the tax bill relating to reductions in the tobacco tax, the estate tax, and the commercial industrial property tax. He also wants to eliminate a provision in the Public Safety bill prohibiting undocumented immigrants from obtaining driver's licenses and a provision in the E-12 Education bill relating to a change to Minnesota's teacher licensure standards.

On Friday, June 2, the Legislative Coordinating Commission passed the measure on a 7-2 party-line vote to allow the Legislature to hire an outside attorney in preparation for potential litigation over the de-funding. There has been no discussion of a special session at this time. The dispute with the governor and the legislature does not have any immediate impact on our work.

## Higher Education Omnibus Bill

Lawmakers passed a \$210 million higher education omnibus bill. Included in the bill for Minnesota State is a total **\$106.3 million over the biennium** which includes **\$91 million for campus operating support** and **\$8 million for upgrading ISRS**.

Non-metro colleges will receive **\$6 million for supplemental aid for operations and maintenance**. Each two-year institution in the system will receive \$100,000 each year for each campus not located in the metro county but may not receive more than \$300,000 in total supplemental aid.

The **Workforce Development Scholarship** was included in the final bill with a \$1 million appropriation in FY2019 to Minnesota State. The scholarship program is to incentivize new students to enter high-demand occupations upon graduation. Students who are enrolled in a minimum of nine-credits in advanced manufacturing, agriculture, health care services, or information technology may be eligible to receive a \$2,500 scholarship to be distributed evenly between two terms that is renewable not to exceed \$5,000. The board shall establish an application process and other guidelines for program implementation with leadership by Academic and Student Affairs. A report is due to the legislator by **February 1, 2019** on the progress of the first round of awards.

The bill also provided guidance to Minnesota State on **tuition rates**.

- For 2017-2018 academic year, colleges must not exceed the 2016-2017 academic year tuition rate by no more than one percent.
- For 2018-2019 academic year, undergraduate tuition rates at colleges and universities must not exceed the 2017-2018 academic year rates.
- However, colleges and universities are permitted to increase differential tuition charges in both years where costs for course or program delivery have increased due to extraordinary circumstances beyond the control of the college or university. Rates and rationale must be approved by the Board of Trustees.

**HealthForce MN (Winona State University)** received **\$100,000 one-time appropriation** in FY2018 to develop educational materials that **increase awareness of career opportunities** available in the field of senior care. A report is due to the legislature by **February 1, 2019** with information about the materials developed, to whom materials were distributed, and identify any collaborations with employers and trade organizations.

The bill included language that encourages the Board of Trustees and the University of Minnesota's Board of Regents in **collective bargaining negotiations to seek fiscal balance** recognizing the ability of the employer to fund the agreements or awards.

Lawmakers added language to the statutes for Minnesota State and the University of Minnesota. Both systems must report on **work performed by consultants in excess of \$500,000**. Data must include the name of the consultant, the value of contract, a description of work, and reason why consultant was used. Consulting contracts were defined as contracts from management, investment and financial advisory services, project management, computer/technology advisory services, and construction project management.

Aggregate data elements were also included on the following: student demographics; five-year history of student enrollment, student debt, and student fees; employee headcount and demographics; information on facilities; administrative costs; and operating budgets (colleges and universities).

Lawmakers added in language effective **September 1, 2017** that any postsecondary public institution **must not increase mandatory student activity fees by greater than two percent** unless the increase is approved by a majority of students voting in a campus referendum. This does not apply to fees paid by students that are directly related to academic, administrative, health services, or debt obligations including bonds.

Any public or regionally accredited private postsecondary institution must **provide information to students who are parents of one or more children age 12 or younger, and to students who have notified their institution that they are pregnant**. The information must include a fact sheet on the legal rights of student parents and pregnant students and a list of available resources. The information must be available in languages that reflect the primary languages of the institution's student body.

Two provisions were added concerning developmental education. Minnesota State must develop a **plan to reform developmental education** aimed at reducing the number of students placed into developmental education. Elements of the plan were included in the bill. The plan must be submitted to the legislator by **February 15, 2018**.

In addition, the Office of Higher Education by **February 15, 2018** must post on their website **summary data on students who graduated from a Minnesota high school and are attending a public postsecondary institution**, limited to the most recent academic school year. Data on the number of students placed in **supplemental or developmental education**; the number of students who complete the supplemental or developmental education within one academic year; the number of students that complete gateway courses in one academic year; and time to complete a degree or certificate. Summary data must be aggregated by school district, high school, and postsecondary institution.

**Licensure exemptions to the Minnesota Board of Psychology** were included in the bill for those individuals employed in a secondary, postsecondary, or graduate institution from teaching and conducting research in psychology within an educational institution. As long as

appropriate oversight mechanisms are in place and no direct clinical services are being provided.

The **County Scholarship Program** allows a county (St. Louis County) who imposes a tax on mineral values to establish a scholarship program that must be used at a Minnesota State college or university within the county. The county shall establish scholarship procedures.

An additional **\$36 million was added to the Minnesota State Grant program**. In addition, the assigned family responsibility was reduced by ten percent across the board.

The Office of Higher Education received **\$300,000 to staff a campus sexual violence prevention and response coordinator** to serve as a statewide resource providing professional development and guidance on best practices to postsecondary institutions.

The Office of Higher Education shall allocate **\$350,000 Emergency Assistance for Postsecondary Students** grant funds on a matching basis to schools with a demonstrable homeless student population to provide emergency housing, food, and transportation assistance.

An additional \$1 million is awarded to the Office of Higher Education to provide **Grants to Teacher Candidates** geared towards students enrolled in Board of Teaching approved teacher preparation programs who intend to teach in a shortage area after graduating or who belong to an underrepresented racial or ethnic group.

A number of **loan forgiveness programs** received appropriations.

- \$400,000 for the Teacher Shortage Loan Forgiveness program
- \$100,000 for the Agricultural Educators Loan Forgiveness program
- \$50,000 for the Aviation Degree Loan Forgiveness program

The Office of Higher Education received \$400,000 to establish a **grant program for students with intellectual and developmental disabilities**.

### **Other Omnibus and Finance Bills**

In the State Government bill, **Minnesota State administrators were excluded** from a provision modifying **severance pay**.

In the Jobs bill, \$497,000 was appropriated to Twin Cities RISE, in collaboration with Metro Transit and **Hennepin Technical College**, for the technician training program.

A \$250,000 grant to Small Business Development Center hosted at **Minnesota State University, Mankato**, for a collaborative initiative with the Regional Center for Entrepreneurial Facilitation

to provide entrepreneur and small business development direct professional business assistance services in specific counties.

In the Agriculture bill, \$400,000 was appropriated to expand and renovate the GROW-IT Center at **Metropolitan State University**.

\$226,000 is available for statewide mental health counseling support to farm families and business operators. **South Central College** shall serve as the fiscal agent.

In the tax bill five provisions were included that pertained to higher education:

- An income tax subtraction for contributions to a 529 plan.
- A non-refundable tax credit for 529 plan contributions.
- A non-refundable credit for student loan debt (\$500 max credit).
- An income tax subtraction for discharging student debt.
- An income tax credit for obtaining a master's in Licensure area.

Included in the preemption bill, lawmakers included language that would have continued the **Paid Parental Leave program** for those state employees originally covered under a memorandum of understanding and extended coverage to all covered under a state labor contract, compensation plan, and arbitration award. Governor Dayton vetoed the preemption bill on May 30. However, a ruling by Minnesota Management and Budget, deemed that the legislature ratified the collective bargaining agreements and compensation plans including ratification of memorandums of understanding that provide paid parental leave for state employees. These ratifications by the legislature of those provisions were effective immediately upon the final votes of the Senate and the House. Guidance from MMB stated that the following are now eligible for paid parental leave.

Collective Bargaining Agreements (MOUs) – PPL continues without break (available May 23)

- American Federation of State, County, and Municipal Employees (AFSCME), all units
- Minnesota Association of Professional Employees
- Middle Management Association
- Minnesota Nurses Association
- State Residential Schools Education Association
- Minnesota Law Enforcement Association
- Minnesota Government Engineering Council
- Minnesota State University Administrative and Service Faculty
- Minnesota State College Faculty

Compensation Plans – PPL available beginning May 25

- Commissioner's Plan
- Managerial Plan
- Medical Specialists' Addendum to the Commissioner's Plan



- Office of Higher Education Unclassified Personnel Compensation Plan
- State Board of Investment Salary Administration Plan
- MNsure Compensation Plan
- Minnesota State Personnel Plan for Administrators

### **E-12 Education Omnibus Bill**

Lawmakers passed a **\$483.5 million E-12 education omnibus bill** which Governor Dayton signed. The bill provides a **2% general education formula increase** in both FY2018 and FY2019.

The bill amended the current **Alternative Teacher Pay System (ATPS)** law to allow for: hiring bonuses or compensation for teachers who demonstrate gap-closing instructional efficiency; **incentives for teachers to obtain graduate credits in licensure area required for teaching concurrent enrollment or college in the schools**; and ability to fund a ‘Grow Your Own’ alternative teacher preparation program.

A **definition for concurrent enrollment** was added. Concurrent enrollment means a nonsectarian course in which a student enrolls to earn both secondary and postsecondary credits, are taught by a secondary teacher or a postsecondary faculty member, and are offered at a high school for which the district is eligible to receive concurrent enrollment program aid.

\$750,000 was appropriated for grants to encourage high schools and postsecondary institutions to provide **“Introduction to Teaching”** or **“Introduction to Education”** courses.

A provision was added that requires secondary schools to allow **full-time PSEO students access to the high school campus, technology, and network**. In addition, school districts are to adopt a policy regarding **grade weighting of concurrent enrollment courses**.

The Minnesota Department of Education also has 15 more days (from 30 to 45) to calculate PSEO payments to postsecondary institutions after receiving enrollment information.

Language amended the eligibility requirements of the **Southwest Minnesota State University Special Education Teacher program** beyond special education paraprofessionals to include persons teaching under a variance or as a community expert.

**\$3 million was appropriated for Rural Career and Technical Education Consortium Grants** to provide career and technical education opportunities within a service cooperatives multi-county service area. In FY2018 and FY2019, a two-year grants is awarded to a consortium that is a collaborative of the Southwest/West Central Service Cooperative (SWWC), Southwest Minnesota State University, Minnesota West Community and Technical College and Ridgewater College, and other regional and private partners. For FY2020 and FY2021, a two-year grant shall be awarded that includes the South Central Service Cooperative or Southwest Service

Cooperative and a two-year grant to an applicant that includes the Northwest Service Cooperative or Northeast Service Cooperative.

**\$700,000 appropriated to the Statewide Concurrent Enrollment Teacher Training Program** which expands the Northwest Service Cooperative pilot program in conjunction with **Minnesota State University Moorhead** enacted last year to a voluntary statewide partnership program that funds teacher course development to meet the Higher Learning Commission requirement that concurrent enrollment teachers obtain 18 graduate credits in their instructional licensure area.

### **Teacher Licensure**

- **Establishes a four tier licensure system overseen by a new Professional Educators Licensure Standards Board, (PELSB)** which replaces the Board of Teaching of which one member of must be a teacher from a teacher preparation program.
- Licenses in effect on January 1, 2018 remain in effect for an additional year.
- Eliminates the current law requirement that alternative teacher preparation programs partner with an existing teacher preparation program approved by the Board of Teaching.
- Eliminates the requirement that teacher candidates have a bachelor's degree with a minimum GPA and demonstrate passage of skills and content exams.
- Eliminates the requirement that an alternative teacher preparation program include a student teaching component and replaces it with observed classroom experience.
- Limits the PELSB's power to set criteria for program approval; requires PELSB to approve Alternative Teacher preparation programs if the program meets specified statutory criteria.
  - Establishes that alternative teacher prep programs are a means to obtain a Tier 2 and prepare to obtain a Tier 3 licensure.
- The PELSB must adopt rules to establish a "Licensure by Portfolio" process that allows candidates to demonstrate content and pedagogical competence.

#### **Tier 1 Licensure Requirements:**

- A bachelor's degree if teaching outside of the Career and Technical Education (CTE)
  - A Tier 1 in CTE must have:
    - An associate's degree, OR
    - A professional certification, OR
    - Five years relevant work experience
- A Tier 1 license is issued upon request of a school district or charter after affirming that:
  - More qualified candidates were not available;
  - The candidate is qualified;
  - Background Check requirements have been met.

- Tier 1 License is renewable up to three years upon meeting the following conditions:
  - More qualified candidates remain unavailable.
  - The candidate has taken a content licensure exam within the year.
  - The candidate has taken cultural competency training within the year.
- Tier 1 License for CTE instructors or in a teacher shortage area is renewable annually with no limitation.
- The Tier 1 license is limited to one content matter and to teaching at the entity (school/charter) requesting the license.

**Tier 2 Licensure Requirements:**

- PELS must approve a Tier 2 license upon request of a district or charter after affirming that:
  - The candidate has a bachelor's degree if teaching outside CTE.
  - The candidate has met the following course work requirements:
    - 8 upper division courses in licensure content area,
    - Field specific methods of training/coursework,
    - At least two-years of experience teaching in another state,
    - Passing scores on pedagogy and content exams,
    - Completion of a state approved teacher preparation program.
  - The CTE candidate has:
    - An associate's degree, OR
    - A professional certification, OR
    - Five-years relevant work experience.
- Tier 2 license has a two year term, renewable three times, if a teacher has completed Cultural Competency training before the first renewal.
- The Tier 2 license is limited as to content area and requesting entity.
- A Tier 2 license does not fall under the definition of teacher but qualifies toward meeting a probationary period.

**Tier 3 Licensure Requirements:**

- The candidate has a bachelor's degree if teaching outside CTE.
- The candidate has met the following course work requirements:
  - Completion of state approved teacher preparation program or completion of a state approved teacher preparation program that includes field specific student teaching equivalent to a Minnesota approved teacher preparation program (unless the candidate has two-years teaching experience already).
  - Submission of a content specific licensure portfolio.
  - A teaching license from another state with evidence that the license is in good standing and the candidate has two years or more teaching experience.
  - Three years of teaching under a Tier 2 license with evidence of positive teacher evaluations.
  - A passing score on a licensure exam

- The CTE candidate has:
  - An associate's degree, OR
  - A professional certification, OR
  - Five years relevant work experience.
- The Tier 3 license has a three year term with unlimited renewals.
- Tier 3 licensees must participate in a districts' mentorship and teacher evaluation program.

**Tier 4 Licensure Requirements:**

- Meets all requirements for a Tier 3 license.
- Passing scores on all board adopted exams in reading, writing and mathematics.
- Three years of teaching experience
- A passing score on all required licensing exams.
- The Tier 4 license has a five-year term and may be renewed without limitation.

**Bonding Bill**

Although even-numbered sessions are traditionally considered a bonding year, in the final minutes of the special session, the legislature passed a \$990 million bonding bill which Governor Dayton signed.

The 2017 bonding bill funded for Minnesota State a total of capital program of \$92.3 million which includes \$25 million in Higher Education Asset Preservation and Replacement (HEAPR) funds and \$67.3 million for seven major capital projects. This total program funding represents 37% of Minnesota State's 2017 request of \$251.9 million. The individual projects funded were:

- South Central College, North Mankato – STEM and Healthcare design and renovation
- Minnesota State Community and Technical College, Fergus Falls – Center for Student and Workforce Success design and renovation
- Minnesota State Community and Technical College, Wadena – Library and Student Development design and renovation
- Northland Community and Technical College, East Grand Forks – Laboratory design and renovation
- Hibbing Community College – Campus reconfiguration
- Winona State University – Education Village Phase II renovation and demolition
- St. Cloud State University – Student health and academic renovation

The 2018 Legislative Session is scheduled to convene on Tuesday, February 20, 2018.

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June 1, 2017

The Honorable Senator Al Franken  
United States Senate  
309 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Franken:

On behalf of Minnesota State Colleges and Universities, we are writing to express our deep concern with the administration's Fiscal Year 2018 budget request. We urge you to oppose the administration's proposed deep and drastic cuts which will limit Minnesotans' access to a high-quality education. We need a budget proposal that expands access to higher education to ensure a vibrant and growing economy.

The administration's budget proposes significant and unspecified cuts to non-discretionary spending and, if enacted, would seriously limit Minnesota students' access to affordable higher education opportunities. We share the common goal of making higher education more affordable and accessible, but firmly believe the administration's budget would have the opposite effect.

The administration's Fiscal Year 2018 budget request proposes to cut funding from the Department of Education by \$9.2 billion or 13%. Much of these proposed funding cuts would have profound impacts to vital programs that are essential to students in Minnesota. For example, the administration's budget proposes to eliminate the Federal Supplemental Educational Opportunity Grant program (SEOG). SEOG programs are campus based federal grants for undergraduates with exceptional financial need. In 2016, SEOG programs provided grant aid to almost 13,000 students in colleges and universities across the Minnesota State system. This saved our Minnesotan students about \$7.1 million in total tuition costs, or an average of \$550 per student. SEOG programs provide grant aid to over 1.5 million students nationally with community college students representing a quarter of those recipients.

Proposed funding for TRiO programs is also severely cut. As you know, TRiO programs are federal outreach and student services programs, administered by the Department of Education, that provide support services for students who are low-income, first generation college students, and individuals with disabilities. In 2015-2016, there were a total of 69 TRiO programs in 31 colleges and universities in Minnesota, including institutions within Minnesota State, the University of Minnesota and other private colleges. These programs served 16,106 students in Minnesota, of which 11,279 (70%) were low-income and first generation, and 9,240 (57%) were

*Minnesota State is an affirmative action, equal opportunity employer and educator.*

students of color. In total, students in Minnesota received \$21,570,964 in TRiO funding for support services to advance their education.

Dramatic changes to the Carl D. Perkins Career and Technical Education program would have devastating consequences on our colleges and universities abilities to meet Minnesota's workforce needs. A 15% reduction in basic state allocation funding would affect the nearly 250,000 Minnesota secondary and post-secondary students who participate in programs supported by these funds. These funds provide the infrastructure for innovative projects such as the Career and Technical Education Center at Heintz (CTECH) in Rochester which brings together community, business and industry, secondary and post-secondary options for students.

In addition, it is important that Members of Congress continue to support any legislation that will extend the Perkins Loan Program. Currently, the program is set to expire on September 30, 2017. Perkins Loans are low-interest federal loans for students with exceptional need and carry a fixed interest rate of 5%. A fully-funded Perkins program is vital to provide economically disadvantaged students access to the life changing benefits of a higher education. In the President's FY 2018 budget request, no new Perkins loans would be made available in FY 18, thus allowing the program to expire.

Lastly, while we appreciate and are encouraged by Congress's actions to reinstate the year-round Pell Grant in the FY 2017 budget, we are concerned that the President's FY 2018 budget request also proposes cancelation of \$3.9 billion of Pell Grant funding from unobligated carryover funding. This funding cut will have a severe impact on many of the students across the Minnesota State system.

Once again and on behalf of Minnesota State, the nation's fourth largest system of higher education, our Board of Trustees, and our 396,000 students at 37 colleges and universities in 47 communities across the state, we respectfully ask that you voice strong opposition to deep cuts to vital higher education programs that help our most vulnerable students in Minnesota succeed in completing their higher education goals.

Please do not hesitate to contact us if you have any questions or concerns. Thank you for your leadership championing a strong federal budget proposal that supports Minnesota students' higher education dreams.

Sincerely,



Michael Vekich  
Board of Trustees, Chair



Dawn Erlandson  
Board of Trustees, Vice Chair

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

**Name:** Finance and Facilities Committee

**Date:** June 21, 2017

**Title:** FY2018 Capital Program Recommendation (Second 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 6.9 Capital Planning states the *“chancellor shall, make recommendations to the board for approval of capital investments for Academic facility projects and asset preservation by the State of Minnesota.”*

The 2018 program recommendation is before the committee for consideration and action. The recommendations were endorsed by the Leadership Council and informed by the capital scoring process and the results of the 2017 legislative session.

The committee and the Board will be asked to approve a capital investment program to be recommended to the Governor and state legislature.

**Scheduled Presenter(s):**

Laura M. King – Vice Chancellor – Chief Financial Officer

Brian Yolitz- Associate Vice Chancellor for Facilities

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

**BOARD ACTION**

FY2018 CAPITAL PROGRAM RECOMMENDATION (SECOND READING)

**1 BACKGROUND**

2 This is the second reading of the recommended Minnesota State FY2018 capital program to be  
3 offered to the governor and legislature for funding by the State of Minnesota. The [May Board](#)  
4 [Report](#) provided an overview of the system’s capital planning program, an update on debt  
5 capacity, and a preliminary discussion of the potential size of the 2018 program. With the  
6 outcome of the 2017 legislative session now known, this report provides recommended projects  
7 and priorities for board consideration and approval.

8 Board Policy 6.9, Capital Planning, calls on the chancellor to make a recommendation to the  
9 board for approval of capital investments for academic facility projects and asset preservation by  
10 the State of Minnesota. Board action on the FY2018 capital program is needed in June in order  
11 to comply with Minnesota Management and Budget (MMB) deadlines.

12 The 2017 bonding bill signed by Governor Dayton on May 30, 2017, provides \$92.3 million for  
13 Minnesota State capital priorities including \$25.0 million in Higher Education Asset Preservation  
14 and Replacement (HEAPR) and \$67.3 million for 7 major capital projects to maintain and improve  
15 college and university academic buildings and their systems. This funding represents 37% of the  
16 board’s 2017 request of \$251.9 million. When fully executed, this work will eliminate nearly  
17 35,000 square feet of obsolete academic space. A comparison of the FY2017 request and actual  
18 funding is found in **Attachment C**.

**19 OVERVIEW FY2018 CAPITAL PROGRAM RECOMMENDATION**

20 The chancellor recommends a FY2018 capital program that totals \$232.2 million and includes  
21 \$130 million for HEAPR and \$102.2 million for 15 major capital projects. If fully executed, this  
22 work would renovate nearly 700,000 square feet of academic space and ultimately eliminate  
23 nearly 80,000 square feet of obsolete space. The recommended projects and priorities for board  
24 review and approval are found in **Attachment A**. Individual major capital project summaries are  
25 in **Attachment B**. Additional recommended program details are below. The recommendations  
26 have been reviewed and endorsed by the Leadership Council.

**27 CAPITAL PLANNING – GENERAL**

28 Over 80% of Minnesota State’s 28.0 million square feet of owned facility space is academic in  
29 nature and eligible for general obligation bonding for preservation and improvement through the  
30 State of Minnesota’s capital bonding process. Minnesota State has established a highly regarded



1 capital planning process for soliciting, vetting, presenting and executing capital projects for state  
2 funding.

3 This process is rooted in ongoing campus planning where all colleges and universities develop  
4 and maintain comprehensive facilities plans that take into account academic plans and  
5 programming, demographic and enrollment trends, facility conditions and configuration, and  
6 space utilization and energy consumption data. These plans identify and prioritize college and  
7 university facilities investment needs and any real estate strategies or transactions.

8 **FY2018 CAPITAL PROGRAM RECOMMENDATION DEVELOPMENT**

9 The FY2018 capital program recommendation process began in March 2016 with the board  
10 approving program guidelines (See page 60 of the [March board packet](#)). Key elements included:

- 11 1. Maintain, improve, and modernize existing campus spaces to support current and  
12 emerging academic needs of a region and the state of Minnesota.
- 13 2. Improve opportunities for student success by updating support services, academic  
14 advising, and tutoring spaces.
- 15 3. Prioritize space that improves transferability between institutions (colleges and  
16 universities) and access to baccalaureate programming.
- 17 4. Preserve and maintain the space we have by reinvesting in campus infrastructure  
18 and prioritizing renovation over adding new square footage; additional square  
19 footage should be considered only in unique situations where options for  
20 reutilization or replacement of existing space have been exhausted.
- 21 5. Build for the future with flexible and adaptable space that prioritizes energy  
22 efficiency.

23 The board-approved guidelines for FY2018 reflected the need for additional asset preservation  
24 investment and called for an increase from past practice to “...approximately \$125 million  
25 prioritized to address asset preservation needs.” The guidelines also called for a total capital  
26 bonding program request on the order of \$250 million. The program size recommended in the  
27 board-approved FY2018 guidelines was based in part on assumptions about regular state  
28 investment rates.

29 Using this guidance, colleges and universities reviewed their comprehensive facilities plans and  
30 prioritized their academic facility capital investment needs. These needs included over \$350  
31 million in proposed asset preservation projects to be included in Minnesota State’s request for  
32 HEAPR funding and over 30 proposed major capital projects at 24 campus locations totaling \$300  
33 million.

34 In early January 2017, nearly 100 campus representatives from across system colleges and  
35 universities, including finance, facilities, IT, faculty, and staff from the system office, used the  
36 2018 board guidelines to score all proposed major capital project pre-designs. The proposed  
37 major capital projects included all of the projects considered for funding in the 2016 and 2017  
38 legislative sessions. The scoring results guided development of the FY2018 capital program  
39 recommendation.

1 **FY2018 CAPITAL PROGRAM RECOMMENDATION - DETAILS**

2 The chancellor’s recommended FY2018 capital program totals \$232.2 million and includes \$130  
3 million for HEAPR and \$102.2 million for 15 major capital projects. The program is listed in  
4 priority order with previously recommended projects prioritized above new projects. The  
5 proposed work would renovate nearly 700,000 square feet of academic space and replace more  
6 than 230,000 square feet of obsolete academic space with smaller, more effective facilities,  
7 ultimately eliminating nearly 80,000 square feet of space. The recommended projects and  
8 priorities for board review and approval are found in **Attachment A**. Individual major capital  
9 project summaries are found in **Attachment B**. The program includes an expectation of \$198  
10 million in state general obligation (GO) bond support and \$34 million in college and university  
11 support.

12 The FY2018 program recommendation adheres to board guidelines targeting at least \$125 million  
13 for HEAPR and \$125 million for major capital projects. It continues a trend started in 2012 to  
14 emphasize the need for asset preservation funding to address the growing backlog brought on  
15 by the gap between facilities maintenance backlog and state investments in asset preservation.

16 The 2018 recommendation increases HEAPR’s portion from \$110 million to \$130 million of the  
17 total requested capital program. Dedicating this greater proportion of the board’s request to  
18 HEAPR underscores the board’s commitment to stewardship and asset preservation and  
19 encourages legislative action for appropriating more HEAPR funding.

20 In terms of major capital projects, ten of the fifteen recommended FY2018 major projects were  
21 on the board’s FY2016/FY2017 capital bonding priority list. Several major projects in the FY2018  
22 recommendation exhibit long development timelines from conception to funding: For example,  
23 Minnesota State University, Mankato’s Clinical Sciences project first appeared on the board’s  
24 FY2010 list for initial design and Rochester Community and Technical College’s initial design  
25 request appeared on the board’s FY2012 list. In both cases, funding in FY2018 would complete  
26 what has been a lengthy process. Similarly, there are six major capital projects in the  
27 recommended FY2018 program that require additional funding in FY2020 totaling nearly \$100  
28 million for construction.

29 Programmatically, the recommended major capital projects impact a wide array of academic  
30 needs. In general terms, projects at Bemidji State University, Rochester Community and  
31 Technical College, Minnesota State University Moorhead, Fond du Lac Tribal and Community  
32 College, and Vermilion Community College improve general classroom, liberal arts, and  
33 education program spaces. Allied health and science, technology, engineering and math (STEM)  
34 program spaces are the focus of projects at Minnesota State University, Mankato, Anoka-Ramsey  
35 Community College, Saint Paul College, and Northland Community and Technical College.  
36 Enhancements to trade programs will be accomplished in projects at Century College and  
37 Riverland Community College. Improved student services is the priority of projects at  
38 Normandale Community College, Central Lakes College and three college campuses associated  
39 with improving access to baccalaureate education. Finally, the project at Inver Hills Community  
40 College enriches their business and technology programs. All projects strive to improve  
41 operational efficiency and include asset preservation work to complement core project elements.

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**CAPITAL DEBT AND DEBT SERVICE PLANNING**

Minnesota State is responsible for one-third of the debt service for its major capital projects. In keeping with recent board-approved debt service allocation strategies, the debt associated with first-time board-approved projects in 2018 will carry the full one-third debt responsibility. This is the case for recommended priorities 12 through 16 in **Attachment A**. Projects that were on prior board-approved lists will continue to split the debt evenly between the benefiting institution and the system as a whole. This one-sixth/one-sixth debt responsibility applies to recommended priorities 2 through 11 in **Attachment A**.

As of the FY2016 financial statements, the total general obligation principal outstanding for system capital bonding projects was \$235.5 million and the total debt service paid in FY2017 was \$30.9 million. The 2017 funded capital projects added \$22 million worth of principal to the system’s total outstanding debt and an average of \$1,327,800 in annual debt service payments, representing the system’s 1/3 share. Should the entire recommended FY2018 capital program be funded, the system’s principal outstanding debt would increase by \$34 million and annual debt service payments would increase by an average of \$2,197,000, representing the system’s 1/3 share.

For additional debt capacity and debt burden analysis, see **Attachment C**

**COMMITTEE/BOARD CONSIDERATION – TOTAL PROGRAM SIZE**

The lack of a bonding bill in 2016 had a major negative impact on Minnesota State’s physical plant. Since 2010, the board has requested a total of \$440.0 million in HEAPR funding for asset preservation of college and university academic space. Over the same period, the system has received only \$169.5 million or 39% of the request. The academic facility maintenance backlog in 2016 was \$783 million, up \$158 million from \$625 million reported in 2010, an increase of 25%. In addition, the estimated 10-year renewal (investments that are needed as building systems, roofs, boilers, HVAC systems and infrastructure reach the end of their useful lives) was \$1.0 billion for the forecast period 2016-2026.

Recent review of the system’s debt forecast finds capacity for a “catch up” program of approximately \$300 million without impacting the system’s general obligation debt threshold of 3% of annual revenues. If the board were to consider a program request that included \$180 million for major capital projects and \$125 million for HEAPR requirements, the total program target for FY2018 could be as high as \$305 million. A program at this size would be possible within the board’s current general obligation debt guidelines.

Investment in the stewardship of capital assets is part of the overall financial plan for colleges and universities. Consideration of debt capacity also includes recognition of the financial condition and competing pressures on the financial sustainability of our colleges and universities. This consideration was part of the chancellor’s recommendation.

1 **CAPITAL PLANNING FOR 2020 AND BEYOND**

2 Projects, if funded for design in the FY2018 capital program recommendation, would require  
 3 potential follow-on major capital investments for 2020 totaling \$96 million to complete the  
 4 construction phase of the projects.

2018 Priority	Institution	Title	Campus Location	Estimated 2020 Amount
5	Anoka Ramsey Community College	Nursing and Business Renovation (Design)	Coon Rapids	\$ 14,146,000
7	Normandale Community College	Classroom & Student Services Renovation Project	Bloomington	\$ 23,463,000
8	Minnesota State University Moorhead	Weld Hall Renovation (Design)	Moorhead	\$ 17,414,000
9	Inver Hills Community College	Technology and Business Center (Design)	Inver Grove Heights	\$ 14,745,000
13	Saint Paul College	Academic Excellence (Design)	St Paul	\$ 15,741,000
16	Central Lakes College	Student Services and Academic Support Renovation (Design)	Brainerd	\$ 10,528,000
<b>Total potential 2020 capital investment needs</b>				<b>\$ 96,037,000</b>

5  
 6 In addition, there were a dozen proposed projects totaling \$125 million not recommended for  
 7 funding as part of the FY2018 capital program that may meet future board guidelines and may  
 8 be resubmitted for the FY2020 cycle. Finally, if the call for 2020 project proposals is like the 2018  
 9 project call, we can expect more than \$150 million in new major capital project proposals. This  
 10 would bring the total for major capital project proposals to be considered for a FY2020 capital  
 11 program recommendation to between \$350 and \$400 million--more than double the board's  
 12 average request for major capital projects.

13 Board guidelines for the FY2020 program, to be reviewed and approved in early 2018, will be the  
 14 opportunity to focus the board's investment expectations on the system's most important and  
 15 impactful needs.

16 **2017 HEAPR Program**

17 Attachment E contains the list of projects associated with the \$25M FY2017 HEAPR program  
 18 recently funded by the legislature. It is provided for your information, no action is required. Staff  
 19 focused the limited resources on critical failures, code compliance and facilities conditions that  
 20 can get remedied quickly. The size of the allocation results in projects for nineteen of the system's  
 21 37 college and universities.

22 **NEXT STEPS**

23 After board approval, staff will submit details of Minnesota State's FY2018 capital program to  
 24 Minnesota Management and Budget (MMB) via the state's electronic capital budget system.  
 25 Submissions are due to MMB no later than June 30, 2017.

1 In preparation for the 2018 legislative session, staff will develop a Minnesota State Bonding Book  
2 to highlight details of the board’s approved capital program and the impact projects will have on  
3 system colleges and universities. Bonding Books will be distributed to system colleges and  
4 universities and their key stakeholders in preparation for the 2018 legislative session.

5 The legislature will use the information submitted to MMB and the Bonding Books during site  
6 visits to proposed capital project locations around the state this summer and fall to become  
7 familiar with capital requests from all state entities.

8 Given the volatility in the construction market, specific project cost estimates in **Attachments A**  
9 **and B** may change over the coming months as additional MMB guidance on project inflation rates  
10 is applied. Final adjustments to the requested projects must occur no later than October 2017  
11 for preparation of the Governor’s capital program recommendation to the 2018 legislative  
12 session.

13 **RECOMMENDED COMMITTEE MOTION**

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

16 The Board of Trustees approves the FY2018 capital program request as presented in **Attachment**  
17 **A**, specifically the projects and priorities for the 2018 legislative session. The chancellor is  
18 authorized to make cost and related adjustments to the request as required, and to forward the  
19 request through Minnesota Management and Budget to the governor and legislature for  
20 consideration in the state’s FY2018 capital budget. The chancellor is authorized to make  
21 adjustments to **Attachment A** if warranted as a result of a special session of the legislature after  
22 consultation with the Chair of the Board and the Chair of the Finance committee. The chancellor  
23 shall advise the board of any subsequent changes in the approved capital program prior to the  
24 2018 legislative session. In addition, as funding is authorized and appropriated by the legislature  
25 and approved by the governor, the chancellor or the chancellor’s designee is authorized to  
26 execute contracting actions necessary to deliver on the project scope and intent.

27 **RECOMMENDED BOARD MOTION**

28 The Board of Trustees approves the FY2018 capital program request as presented in **Attachment**  
29 **A**, specifically the projects and priorities for the 2018 legislative session. The chancellor is  
30 authorized to make cost and related adjustments to the request as required, and to forward the  
31 request through Minnesota Management and Budget to the governor and legislature for  
32 consideration in the state’s FY2018 capital budget. The chancellor is authorized to make  
33 adjustments to **Attachment A** if warranted as a result of a special session of the legislature after  
34 consultation with the Chair of the Board and the Chair of the Finance committee. The chancellor  
35 shall advise the board of any subsequent changes in the approved capital program prior to the  
36 2018 legislative session. In addition, as funding is authorized and appropriated by the legislature  
37 and approved by the governor, the chancellor or the chancellor’s designee is authorized to  
38 execute contracting actions necessary to deliver on the project scope and intent.

39

1  
2 *Date Presented to the Board of Trustees:* 06/21/17  
3 *Date of Implementation:* 06/21/17  
4

**ATTACHMENT A**

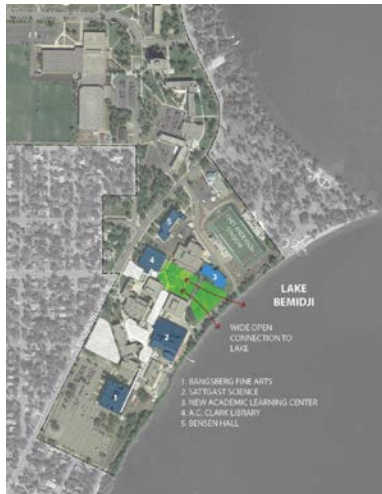
**Recommended FY2018 Minnesota State Capital Program – Priority Listing**

<b>Board Priority</b>	<b>Institution</b>	<b>Title</b>	<b>Campus Location</b>	<b>Requested Amount</b>
1	Systemwide	Higher Education Asset Preservation and Replacement (HEAPR)	Statewide	\$ 130,000,000
2	Bemidji State University	Academic Learning Center & campus renovation and Hagg-Sauer demolition	Bemidji	\$ 24,297,000
3	Rochester Community and Technical College	Memorial and Plaza Halls Demolition Design and Renovation	Rochester	\$ 23,539,000
4	Minnesota State University, Mankato	Clinical Sciences Phase 2	Mankato	\$ 6,914,000
5	Anoka Ramsey Community College	Nursing and Business Renovation (Design)	Coon Rapids	\$ 569,000
6	Century College	Applied Technology Center, East Campus	Mahtomedi	\$ 7,217,000
7	Normandale Community College	Classroom & Student Services Renovation Project	Bloomington	\$ 14,141,000
8	Minnesota State University Moorhead	Weld Hall Renovation (Design)	Moorhead	\$ 628,000
9	Inver Hills Community College	Technology and Business Center (Design)	Inver Grove Heights	\$ 698,000
10	Riverland Community College	Transportation, Trade and Industrial Education Center	Albert Lea	\$ 11,430,000
11	Minneapolis Community and Technical, North Hennepin and Normandale Colleges	Increase Access to Baccalaureate Education	Multiple	\$ 4,427,000
12	Fond du Lac Tribal and Community College	Maajiigi (Start to Grow)	Cloquet	\$ 1,283,000
13	Saint Paul College	Academic Excellence (Design)	St Paul	\$ 996,000
14	Northland Community and Technical College	Effective Teaching and Learning Labs	East Grand Forks	\$ 2,671,000
15	Vermillion Community College	Classroom Building Renovation	Ely	\$ 2,587,000
16	Central Lakes College	Student Services and Academic Support Renovation (Design)	Brainerd	\$ 850,000
			<b>Total Program</b>	<b>\$ 232,247,000</b>
			<b>Capital Projects Only</b>	<b>\$ 102,247,000</b>
			<b>State Support (GO)</b>	<b>\$ 198,164,667</b>
			<b>User Financing (UF)</b>	<b>\$ 34,082,333</b>



## Proposed Priority List - 2018 Capital Budget

**2018 Priority**                    **2**  
**Project Request:**            **\$24,297,000**  
**2017 Priority**                    **6**  
**Campus**                        **Bemidji State University**  
**Title**                              **Academic Learning Center, campus renovation and Hagg Sauer Demolition**

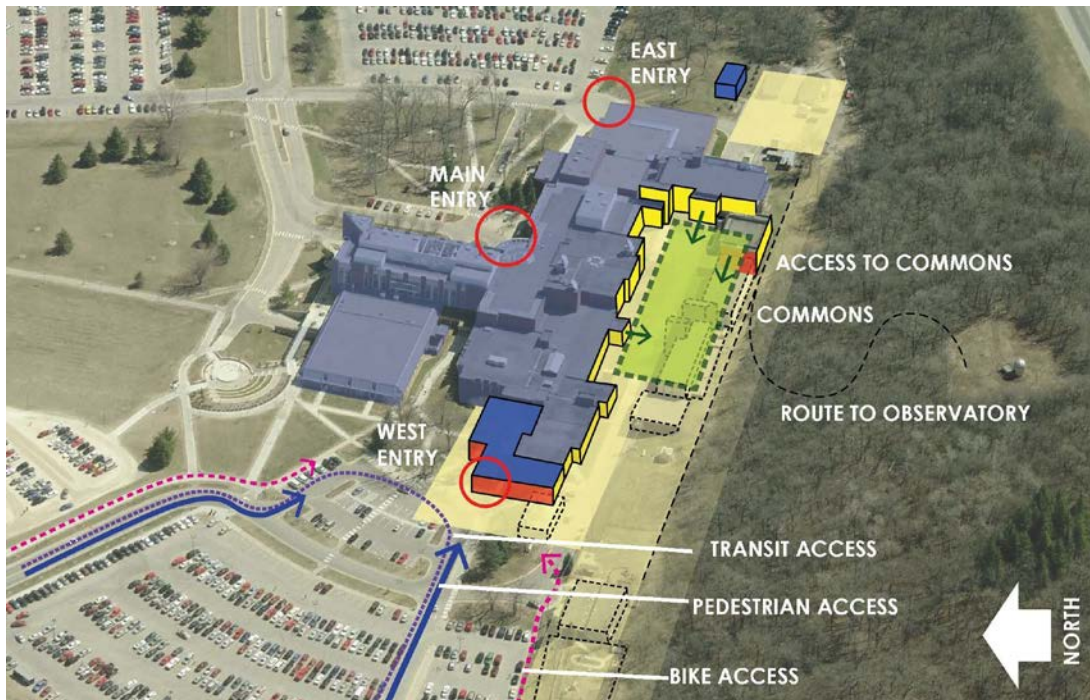


### Project Summary

This project replaces the existing Hagg-Sauer classroom building, which is severely outdated and has one of the largest FCIs on campus, with a state-of-the-art classroom and learning center while updating existing facilities in three academic buildings (Bangsberg, Bensen and Sattgast Halls) and Clark Library. The net impact includes the demolition of 82,500 gross sq. ft. renovation of 22,797 gsf, renewal of 32,086 gsf and construction of 27,738, gsf. The project results in a net reduction of 54,762 gross square feet.



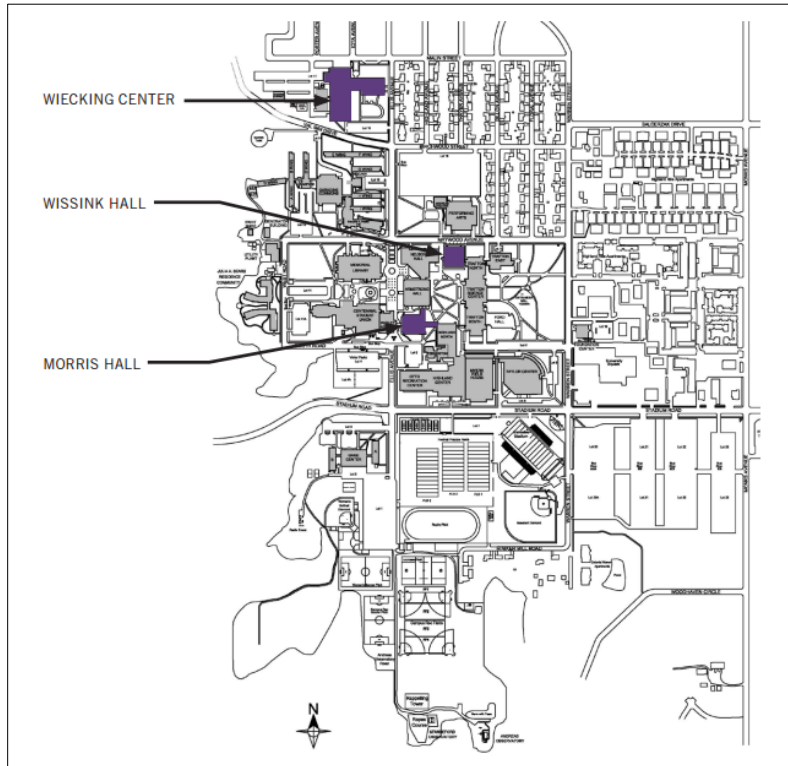
<b>2018 Priority</b>	<b>3</b>
<b>Project Request:</b>	<b>\$23,539,000</b>
<b>2017 Priority</b>	<b>7</b>
<b>Campus</b>	<b>Rochester Community and Technical College</b>
<b>Title</b>	<b>Memorial and Plaza Hall demolition, design and renovation</b>



### **Project Summary**

This project demolishes Memorial and Plaza Halls and the former childcare building, constructs an addition to Endicott Hall and a new central chiller plant. The intent is to replace obsolete faculty and learning spaces with modern collaborative academic and student support space. The net impact includes the demolition of 38,000 gross sq. ft., renovation of 11,190 gsf, renewal of 3,430 gsf and construction of 20,000 gsf. The project results in a net reduction of 18,000 gsf.

**2018 Priority** 4  
**Project Request:** \$6,914,000  
**2017 Priority** 11  
**Campus** Minnesota State University, Mankato  
**Title** Clinical Sciences, Phase 2



### **Project Summary**

This project repurposes the spaces that were left after the new Clinical Sciences Building (2014 Capital Budget) was completed. This final phase includes repurposing select space in two buildings, Morris Hall (4,639 sq. ft.) and Wissink Hall (5,112 sq. ft.), vacated by programs moving into the new building. The renovation and renewal of the Family Consumer Science classrooms and labs in Wiecking Center (8,182 sq. ft.) will provide updated and resizing of 33 year old space and infrastructure. Project also includes a HEAPR related 29 year old roof replacement and building envelope repairs at Wissink Hall and completion of the 2% renewable energy initiative for the solar photovoltaic panels at the new Clinical Sciences Building.

**2018 Priority**                    5  
**Project Request**                \$569,000 (design)  
**2017 Priority**                    12  
**Campus**                            Anoka Ramsey Community College (Coon Rapids)  
**Title**                                 Nursing and Business Renovation, Design

**DESIGN OPTION 3/**

-  CORE SPACES
-  CLASSROOM SPACES
-  SHARED/COMMUNITY SPACES
-  SIMULATION SPACES
-  OFFICE SUITE

PERKINS+WILL



**Project Summary**

This project designs the complete renovation of the Business and Nursing (BN) Building to modernize and expand existing nursing classrooms and labs. Existing mechanical, electrical, and plumbing systems are nearing their end of life and will be replaced as part of the project. The net impact includes the renovation of 34,505 gsf, affecting 19 classrooms and labs, 4 suites of offices, academic administrative space, and student collegial space.

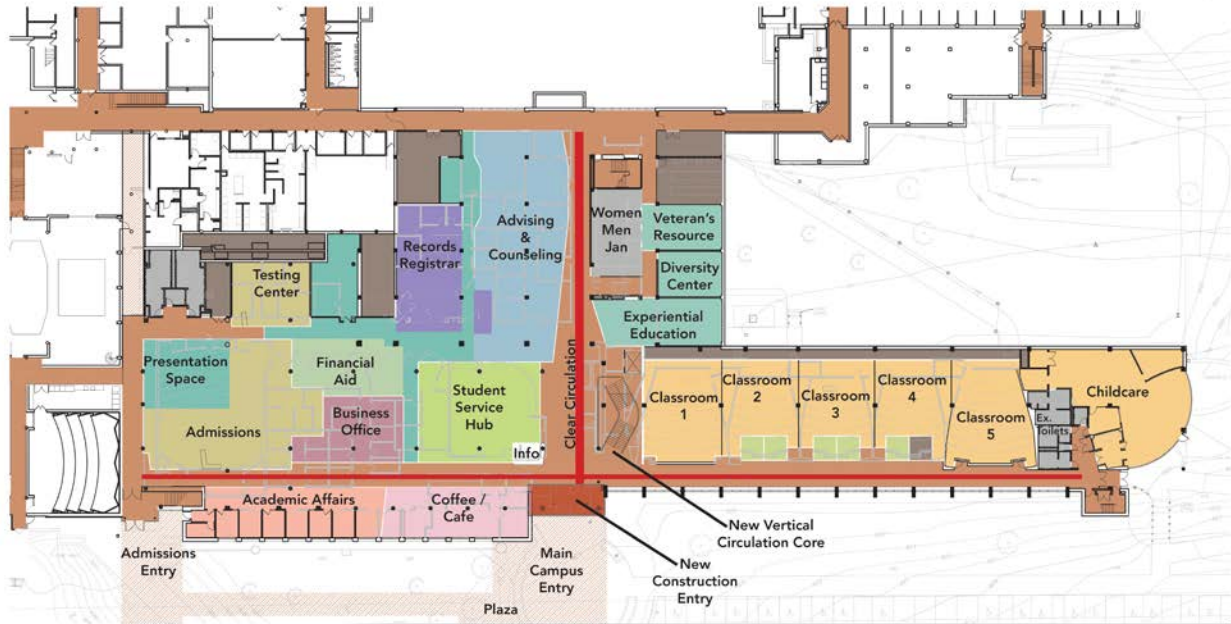
<b>2018 Priority</b>	<b>6</b>
<b>Project Request:</b>	<b>\$7,217,000</b>
<b>2017 Priority</b>	<b>13</b>
<b>Campus</b>	<b>Century College (East Campus)</b>
<b>Title</b>	<b>Applied Technology Center</b>



**Project Summary**

This project remodels the first and second floors on the East Campus to create a multi-disciplinary Engineering and Applied Technology Center that will serve a future Applied Engineering program as well as other STEM programs. The net impact includes the renovation of 16,580 gsf and renewal of 4,000 gsf. Four classrooms and four labs will be affected by the project.

**2018 Priority**                 **7**  
**Project Request:**         **\$14,141,000**  
**2017 Priority**                 **14**  
**Campus**                         **Normandale Community College**  
**Title**                             **Classroom & Student Services Renovation**

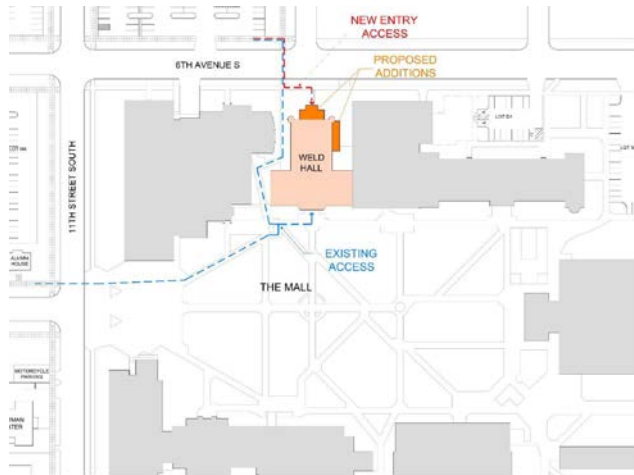


FIRST FLOOR - COLLEGE SERVICES BUILDING

**Project Summary**

This project is the first of two phases that remodel all three floors of the College Services Building to upgrade existing classrooms, address over \$10 million in currently deferred and anticipated maintenance, create a central hub for student services, and improve internal circulation in the college’s main campus entry. Improvements to student gathering spaces and parking will also be included. Phase 1 of the project encompasses the first floor remodeling and addition as well as the site improvements. The net impact for phase 1 includes the renovation of 51,000 gsf and construction of 1,200 gsf for a new campus entry.

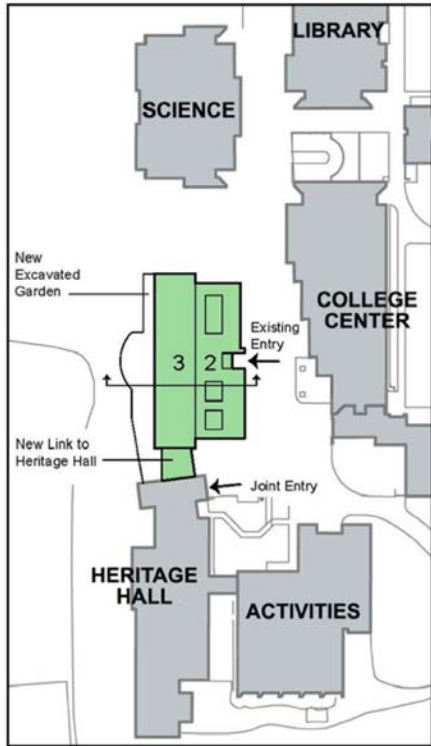
**2018 Priority**                **8**  
**Project Request:**        **\$628,000 (design)**  
**2017 Priority**                **15**  
**Campus**                    **Minnesota State University, Moorhead**  
**Title**                        **Weld Hall Renovation, Design**



### **Project Summary**

This project designs the renovation of historic Weld Hall that will create new state-of-the-art teaching environments, provide flexible learning studios, and adjust the building's mix of classrooms and labs to increase space utilization. The project also reduces the amount of office space in the building. More than \$8 million of deferred maintenance will be removed. Exterior work includes tuckpointing and window replacement. Interior updates will address fire code requirements and sprinklers, HVAC equipment and distribution, plumbing updates, new electrical, new finishes, accessibility code updates, and improved technology throughout the building. Small additions will provide an improved accessible entrance and auditorium stage access. The net impact includes the renovation of 33,484 gsf and construction of 2,821 gsf.

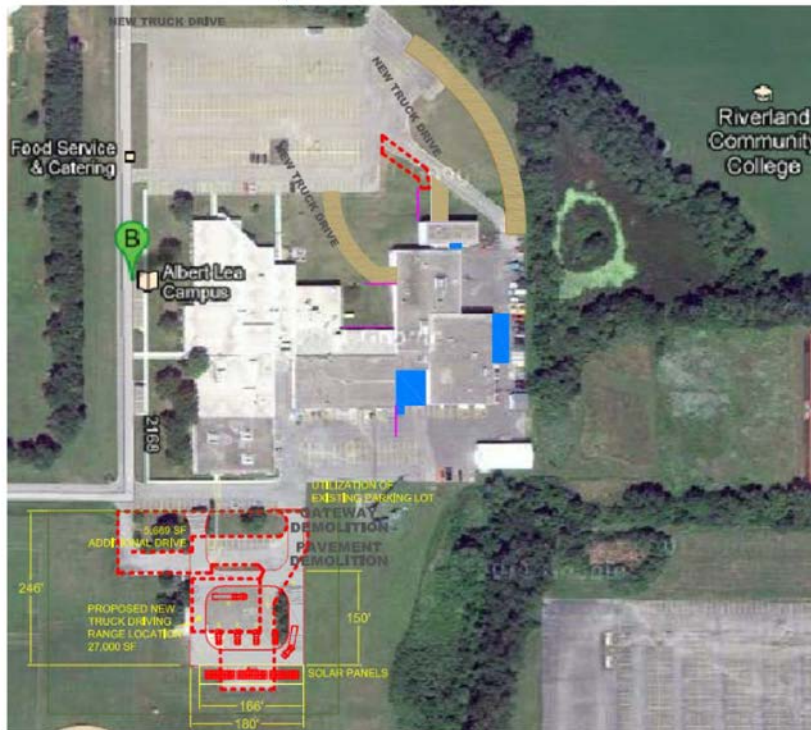
**2018 Priority**                    9  
**Project Request:**            \$698,000 (design)  
**2017 Priority**                    16  
**Campus**                         Inver Hills Community College  
**Title**                                Technology and Business Center, Design



**Project Summary**

This project designs the renovation of the Business Building to create a Technology and Business Center with improved classrooms. A third floor will be added within the existing building footprint, utilizing excess ceiling height to infill the new floor. A new 2-story link to Heritage Hall will be constructed. The net impact includes the renovation of 31,800 gsf and construction of 2,000 gsf; more than \$6.5 million in deferred maintenance will be removed.

**2018 Priority**                **10**  
**Project Request:**        **\$11,430,000**  
**2017 Priority**                **17**  
**Campus**                      **Riverland Community College (Albert Lea)**  
**Title**                          **Transportation, Trade, and Industrial Education Center**



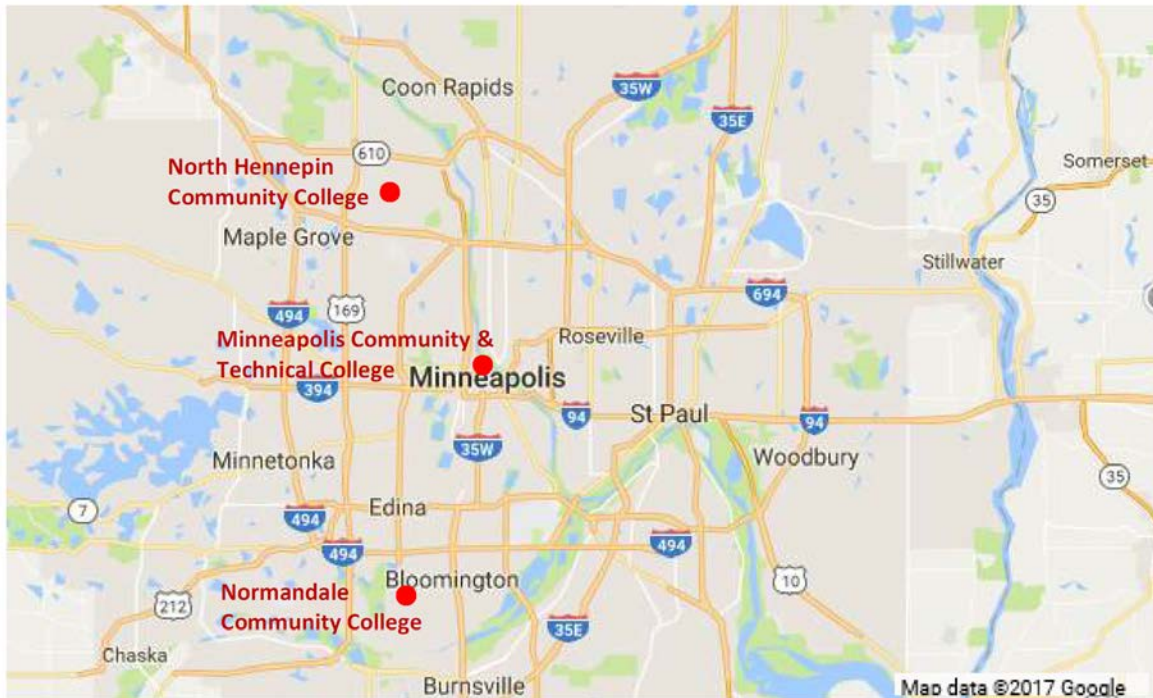
Site Plan – Option 4 the Preferred Alternative

### Project Summary

This project remodels existing space and infills 7,482 sq. ft. of space to benefit transportation, trades, and robotics programs. Existing collision repair and truck driving programs will be moved to Albert Lea from the Austin campus so that these programs can share resources with Diesel and Auto Repair. New site work will accommodate the truck driving program. Remodeling in the C Building will create clearer wayfinding and will improve accessibility. The net impact includes demolition of the 7,488 gsf Gateway Building, the renovation of 29,764 gsf, renewal of 9,409 gsf, and construction of 7,482 gsf. The project results in a net reduction of 6 gsf.



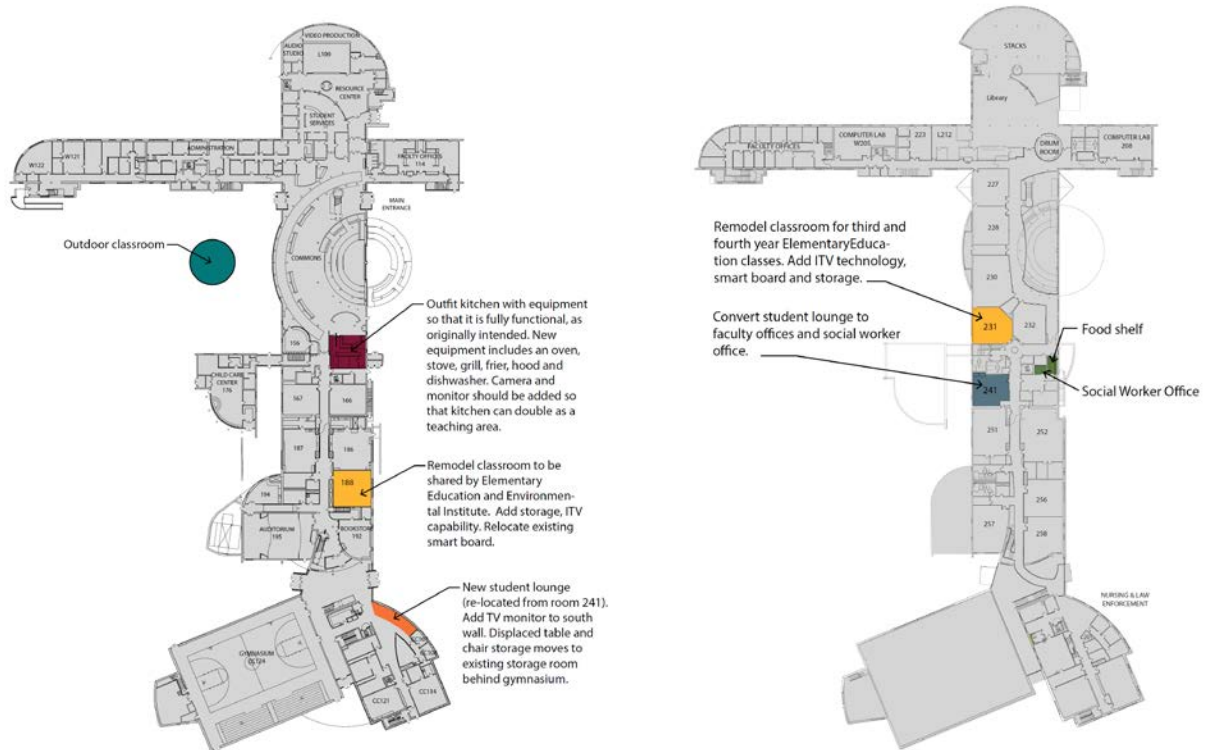
<b>2018 Priority</b>	<b>11</b>
<b>Project Request:</b>	<b>\$4,427,000</b>
<b>2017 Priority</b>	<b>19</b>
<b>Campus</b>	<b>Minneapolis Community &amp; Technical College, North Hennepin Community College, and Normandale Community College</b>
<b>Title</b>	<b>Increase Access to Baccalaureate Education</b>



**Project Summary**

This project remodels existing space on three college campuses to support increasing access to baccalaureate education. The scope of work includes student services space, classroom and lab technology upgrades, faculty offices, and social and collaboration spaces. Project costs are \$4.1 million for the renovation at MCTC; \$120,000 at Normandale for targeted technology and office modifications; and \$214,000 at North Hennepin to renovate two classrooms and convert an existing work room to advisory space. The project’s net impact includes 20,850 gsf of renovation across the three campuses.

**2018 Priority**            **12**  
**Project Request:**       **\$1,283,000**  
**2017 Priority**            **n/a**  
**Campus**                 **Fond du Lac Tribal and Community College**  
**Title**                      **Maajiigi (Start to Grow)**



**Project Summary**

This project remodels existing space for the Elementary Teacher Education program and the Environmental Institute. New faculty offices are created as well as a new student lounge. The existing kitchen will be upgraded to provide more options for food service. A new outdoor space is created for teaching use. The net impact includes 2,960 gsf of renovation, 600 gsf of renewal, and demolition of an existing 1,680 gsf modular building.

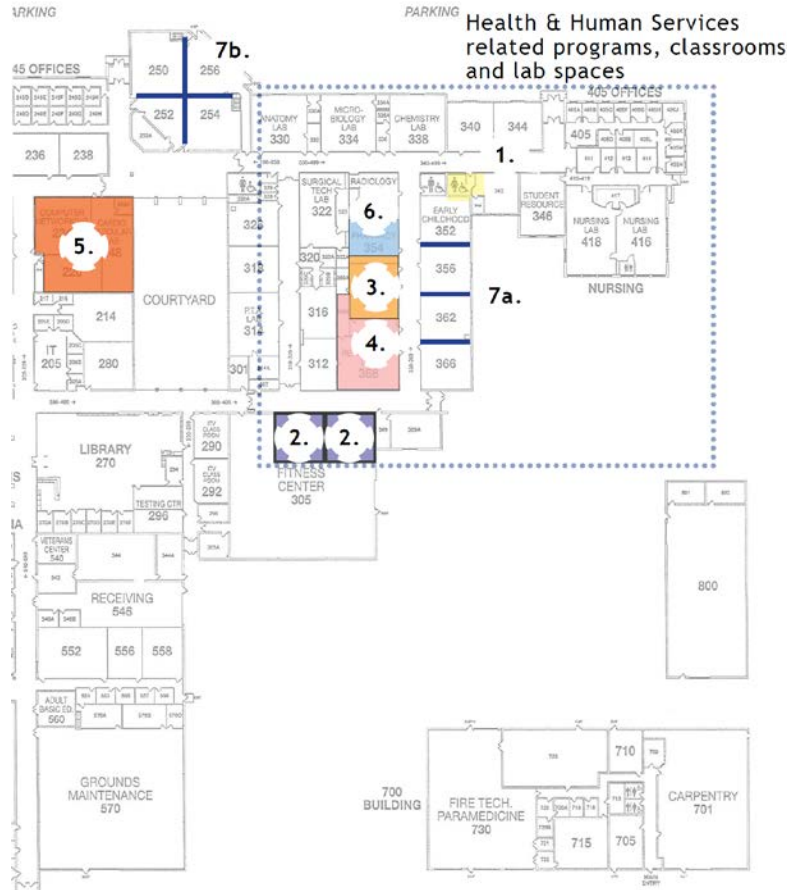
**2018 Priority**                **13**  
**Project Request:**        **\$996,000 (design)**  
**2017 Priority**                **n/a**  
**Campus**                      **Saint Paul College**  
**Title**                            **Academic Excellence, Design**



**Project Summary**

This project designs the renovation of spaces in the East and West Towers to upgrade classrooms, laboratories, and student services space. Classroom and lab spaces will benefit programs in STEM, liberal arts, and workforce trades. Student services will be consolidated into a new One-Stop Shop that will be part of a new Welcome Center for students. The net impact of this project includes 19,270 gsf of renovation and 90,775 gsf of renewal. More than \$6.3 million of deferred maintenance will be removed.

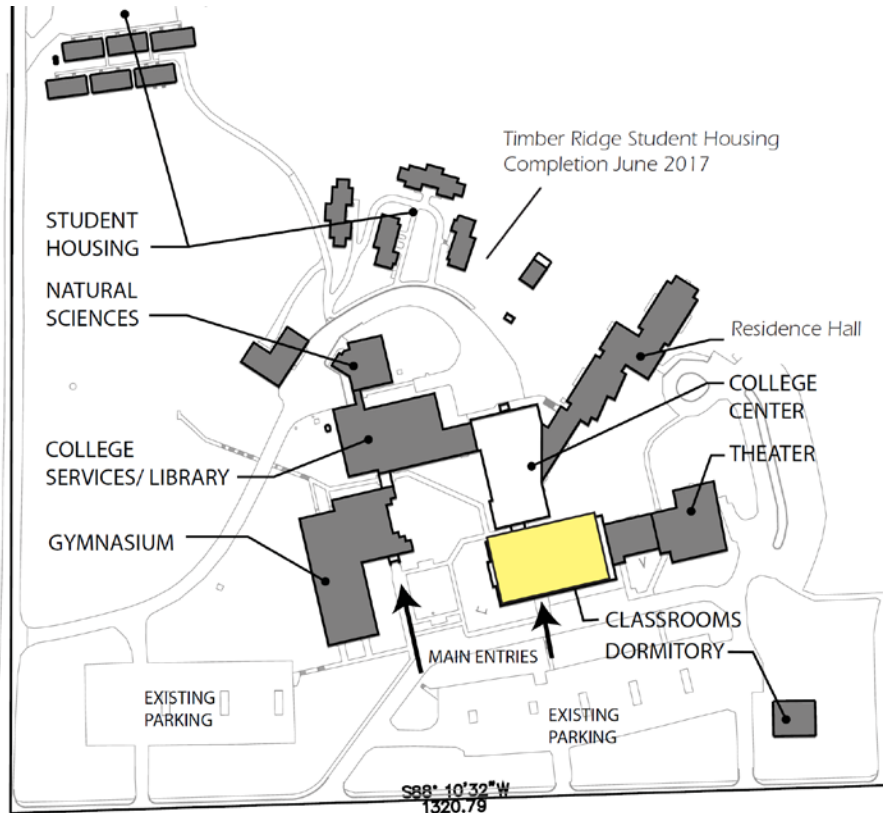
**2018 Priority**            **14**  
**Project Request:**       **\$2,671,000**  
**2017 Priority**            **n/a**  
**Campus**                 **Northland Community and Technical College (East Grand Forks)**  
**Title**                      **Effective Teaching and Learning Labs**



**Project Summary**

This project remodels existing space to consolidate and expand the Early Childhood and Education, Occupational Therapy Assistant, Pharmacy Technology, Respiratory Therapist, and Computer & Networking Technology programs. Existing health sciences and technology lab spaces will be updated and upgraded. The net impact includes 8,225 gsf of renovation, removing \$993,600 of deferred maintenance.

<b>2018 Priority</b>	<b>15</b>
<b>Project Request:</b>	<b>\$2,587,000</b>
<b>2017 Priority</b>	<b>n/a</b>
<b>Campus</b>	<b>Vermilion Community College</b>
<b>Title</b>	<b>Classroom Building Renovation</b>

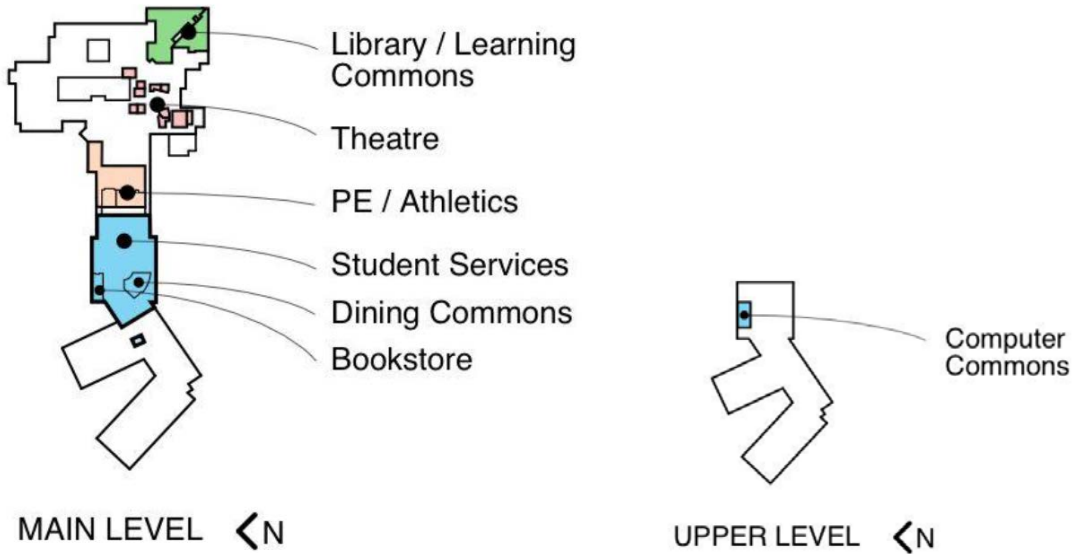


CAMPUS PLAN 2017

**Project Summary**

This project renovates six classrooms as well as adjacent restrooms and corridor space. The roof of the Classroom Building will also be replaced. The classrooms will also benefit from technology upgrades that will serve new teaching styles. The net impact includes 6,925 gsf of renovation and a \$1,124,000 reduction in deferred maintenance.

<b>2018 Priority</b>	<b>16</b>
<b>Project Request:</b>	<b>\$850,000 (design)</b>
<b>2017 Priority</b>	<b>n/a</b>
<b>Campus</b>	<b>Central Lakes College (Brainerd)</b>
<b>Title</b>	<b>Student Services and Academic Support Renovation, Design</b>



**Project Summary**

This project designs the renovation of Student Services and Academic Support space. The project realigns the Student Services area, and renovates theatre support spaces, PE/Athletic locker rooms, public restrooms, Student Life spaces, and Library/Learning Commons spaces. A new focal point will be created at the main entrance to help with orientation and wayfinding. The net impact includes 41,800 gsf of renovation and 29,235 of renewal. More than \$1.8 million of deferred maintenance will be removed.

## DEBT CAPACITY ANALYSIS

### Background

The system has established an annual general obligation debt service target of no more than 3 percent of annual operating revenues. For analysis purposes, the base year operating revenue is derived from the most recently completed financial statements and represents unrestricted funding sources that may be eligible to pay debt service. Operating revenues include tuition, fees, appropriations, scholarship and grant revenues. The revenue calculation excludes restricted revenues, such as fees from the operations of revenue fund facilities.

Based on FY2016 financial statements tuition, net, appropriation and schedule of all tuition, of \$1.46 billion means the 3 percent annual debt service threshold would be reached if total annual debt service reached \$43.9 million. Current annual debt service is \$30.9 million. In FY2016, the system's total debt service represented 1.1 percent of total revenues. **Table 1** contains the by institution reporting of the ratio of debt service to total revenues, which includes an estimated impact of the FY2017 capital program as funded.

### One-Third Rule

Upon passage of a bonding bill, the state of Minnesota issues debt in the form of general obligation (GO) bonds for capital projects. Since the early 1990s, both public higher education systems in Minnesota have been obligated to pay the debt service on one-third (1/3) of the principal amount of GO bonds sold to finance capital projects authorized by a bonding bill. Based on the system's FY2016 financial statements, the total State of Minnesota GO principal outstanding attributable to system capital bonding projects was \$235.5 million and the total debt service paid in FY2017 by the system was \$30.9 million.

Past practice has been for the system and individual colleges and universities have split the cost of the one-third debt service, with the system paying half the cost of the overall bonding appropriation using state appropriated funds and the other half was allocated to the institution that received the benefit of the project. This approach will be honored for projects funded as part of the 2017 legislative session and reflected on **Table 2**. Starting with the FY2018 capital program, the entire share of the 1/3 debt service attributable to a new major capital project will be allocated to the individual college or university receiving the benefit of that project. Projects included in board-approved lists from prior years will continue to the split debt service relationship from the past. HEAPR projects are not subject to the one-third debt service rule.

### Impact of FY2017 Capital Program

Minnesota State's FY2017 bonding appropriation was \$92,324,800. Of that amount, one-third or approximately \$22.4 million, was added as principal to the system's total debt service obligation. The system's annual debt service will increase by approximately \$1.3 million (assuming the bond's true interest cost of 4%) and the system's debt service costs will stay roughly the same at 1.1 percent of revenue in FY2016. The total estimated debt service impact by campus is contained in **Table 2**.

### Impact of FY2018 Capital Program

Minnesota State's recommended FY2018 Capital Bonding request of \$232.2 million will add approximately \$34 million of principal to the system's total debt service obligation. The system's

debt service would increase by approximately \$2 million (assuming the bond's true interest cost of 4%). The total debt service impact by campus is contained in **Table 3**.

### **Student Cost**

The student cost of capital bonding debt is relatively low, mostly owing to two factors:

1. The state of Minnesota does not charge the system debt service for HEAPR, and
2. The state of Minnesota pays two-thirds (2/3) the cost of debt service, while the remaining one-third (1/3) of the debt service for capital projects is paid by the system, colleges and universities.

During the past few biennia, the legislature asked the system to estimate what share of tuition is attributable to pay debt service by each college and university. This calculation assumed that all debt service is being paid out of tuition. In reality, colleges and universities use a combination of tuition, state appropriation and other revenues to pay operating expenses, including debt service. Nevertheless, **Table 4** is provided to show the cost of debt service, assuming only tuition is used to pay the cost. These percentages can be reduced by approximately one-half to reflect the real impact on a per credit basis after consideration of total revenue.

### **Debt Capacity vs. Financial Sustainability**

The following analysis does not address the question of whether additional capital investment is the right financial decision for the colleges and universities. Rather, it answers the question, "Given the board's current 3 percent guideline, is there capacity for additional debt?" The analysis concludes that there is capacity under several sets of assumptions. The FY2018 capital program recommendation holds at the lower capital project request size and does not recommend an expanded capital request.

### **Forecasting Capacity**

The system used the FY2017 capital program request of \$141.9 million per biennium as a guide for future capital request modeling. The amount includes capital projects only and does not include HEAPR appropriations, where debt is not charged to the system. Three questions were analyzed:

1. *What is the impact on the system with a \$141.9 million capital project request (HEAPR excluded) every biennium?*
2. *How much more debt service could the system handle?*
3. *How much could revenue decline before reaching the 3% debt threshold?*

The modeling is driven by the assumptions made concerning revenue trends. The following illustrates that the system debt guidelines are not exceeded until 2035 in a declining revenue environment. With flat revenue assumptions, the system could support a \$141 million to \$181 million addition to capital debt every two years through 2039.

The following scenarios use a bond interest rate of 4%. This was based on a review of the average true interest cost for the State of Minnesota General Obligation bond issuances between 2006 – 2016, which was 3.32% with the rate for the August 2016 issuance of 2.29% (excluding trunk highway bonds). Future interest rate increase have already been signaled by the Federal Reserve. A 4% true interest cost was applied to account for reasonable interest rate increases in the foreseeable future.

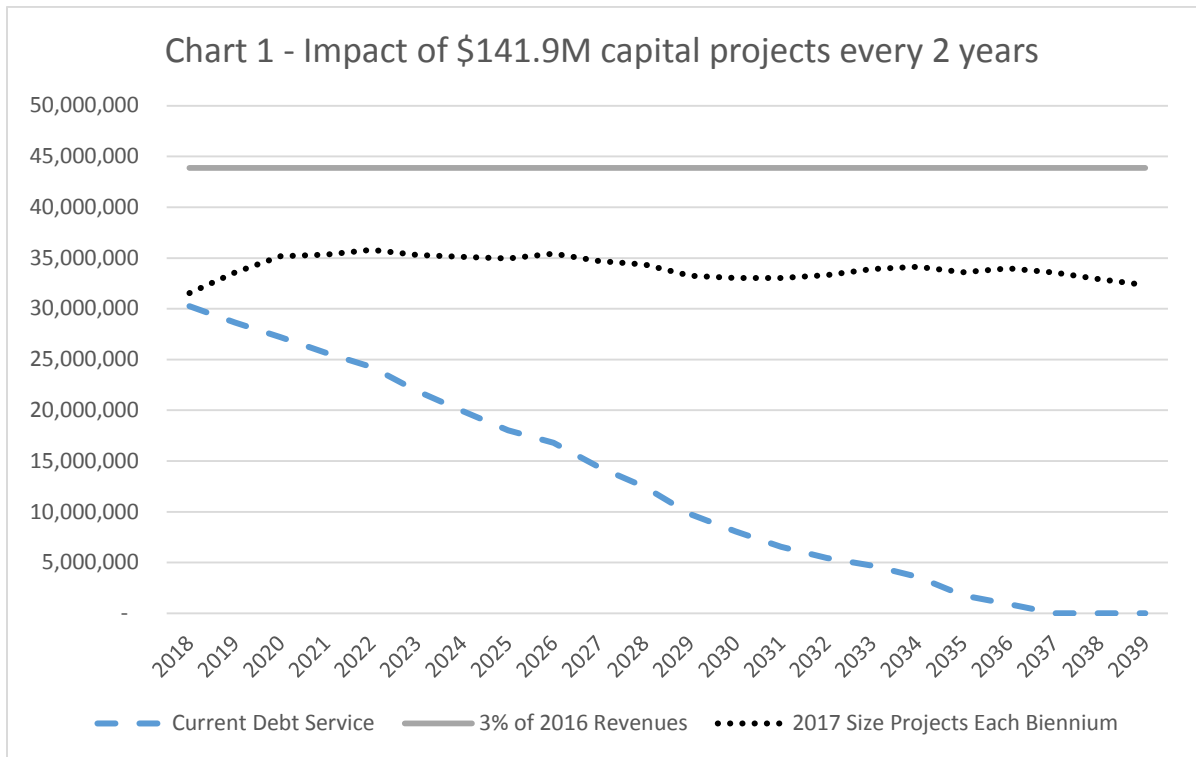


Analysis - What is the impact on the system with a consistent, \$141.9 million capital project request (HEAPR excluded) every biennium, similar to what was requested in FY2016/FY2017?

Assumptions

- Current debt service
- Model assumes capital program funding in FY2017 AND FY2018 of \$141.9 million each; then, regular funding per biennium
- Flat revenues into the future (FY2016 baseline, tuition and appropriations only)
- Calculation does not include HEAPR (state supported)
- Bond Interest rate = 4%

Result: The system can afford to add \$141.9 million per biennium and remain under the 3 percent threshold for the next 20 years. Chart 1 presents the results:

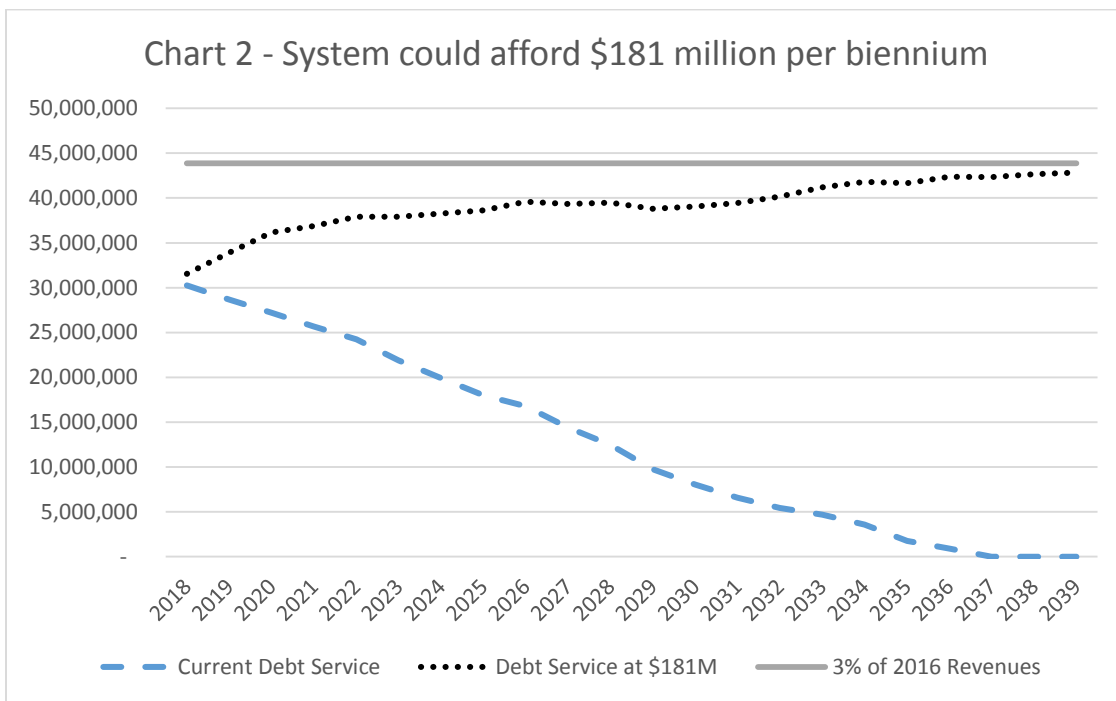


*Analysis: How much more debt service could the system handle?*

Assumptions

- Current debt service
- Model assumes funding in FY2017 of \$141.9 million
- New debt service assumes bonding of \$181 million per biennium
- Flat revenues into the future (FY2016 baseline, tuition and appropriations only)
- 20 year horizon
- Calculation does not include HEAPR (state supported)
- Bond Interest rate = 4%

Result: The system could absorb \$181 million per biennium and remain under the 3 percent threshold for the next 20 years. Chart 2 presents the results:

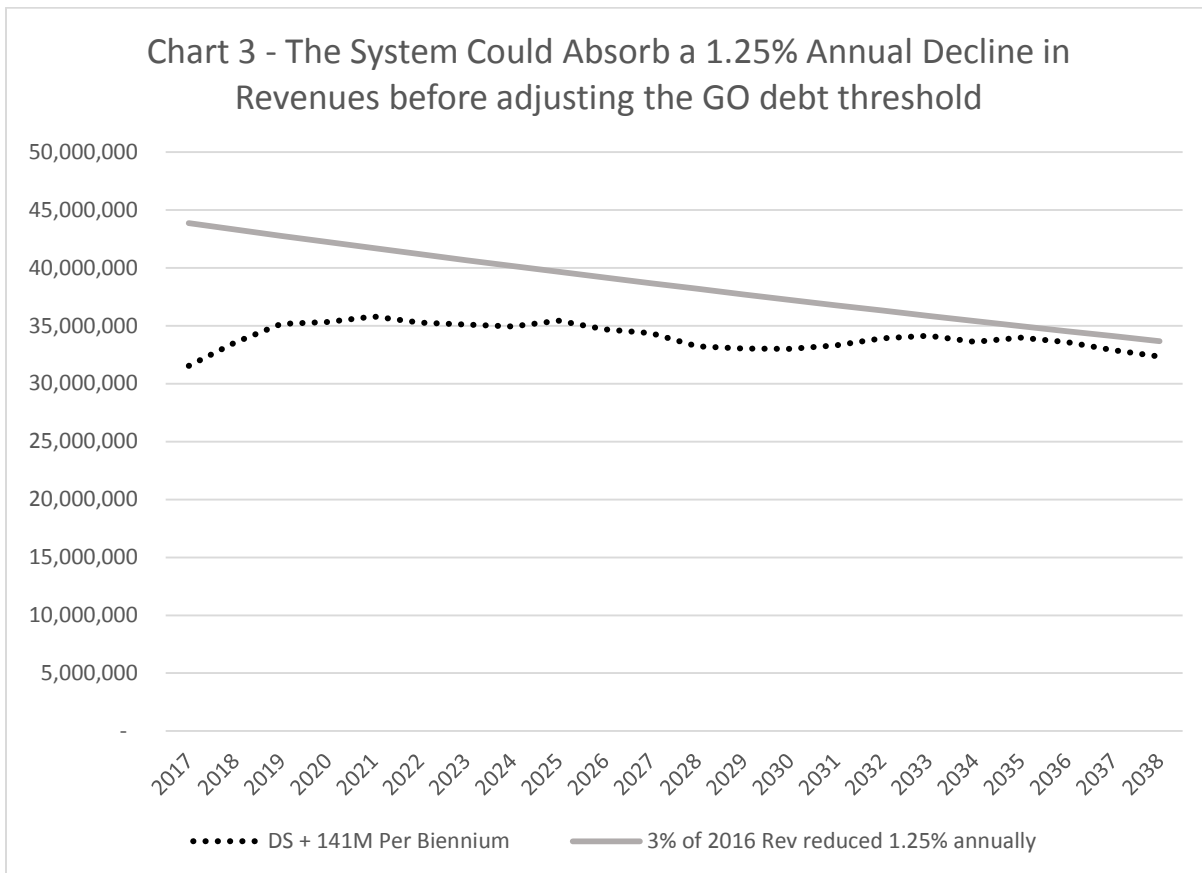


*Analysis: How much could revenue decline before reaching the 3 percent debt threshold?*

**Assumptions**

- Current debt service
- Model assumes funding in FY2017 AND FY2018 appropriation of \$141.9 million each; then, regular funding per biennium
- Revenue declines of 1.25% per year for 20 years (FY2016 baseline, tuition and appropriations only)
- New debt service assumes \$141.9 million (comparable to a fully funded FY2016/FY2017 capital program requests)
- Calculation does not include HEAPR (state supported)
- Bond Interest rate = 4%

Result: Assuming capital project funding of \$141.9 million per biennium and declining revenues of 1.25 percent per year, the system would reach the 3 percent threshold by 2039. Chart 3 presents the results:



**Table 1 – Debt Service as a Percentage of FY2016 Total Revenues**  
 Colleges or universities with FY2017 capital program projects are **bold**

Institution Name	Current Debt Service	Debt Service with 2017 Capital Budget
<b>Colleges</b>		
Alexandria Technical & Community College	1.3%	1.3%
Anoka Ramsey Community College	0.8%	0.8%
Anoka Technical College	1.0%	1.0%
Central Lakes College	0.8%	0.8%
Century College	1.0%	1.0%
Dakota County Technical College	0.8%	0.8%
Fond du Lac Tribal & Community College	2.1%	2.1%
Hennepin Technical College	0.9%	0.9%
Inver Hills Community College	1.2%	1.2%
Lake Superior College	1.2%	1.2%
Minneapolis Community & Technical College	1.5%	1.5%
<b>Minnesota State Community and Technical College</b>	<b>0.9%</b>	<b>1.0%</b>
Minnesota West Community & Technical College	0.8%	0.8%
MN State College, Southeast	1.0%	1.0%
Normandale Community College	1.2%	1.2%
Northeast Higher Education District		
<b>Hibbing Community and Technical College</b>	<b>1.4%</b>	<b>2.3%</b>
Itasca Community College	1.2%	1.2%
Mesabi Range Community & Technical College	2.0%	2.0%
Rainy River Community College	0.1%	0.1%
Vermilion Community College	0.6%	0.6%
North Hennepin Community College	2.3%	2.3%
<b>Northland Community &amp; Technical College</b>	<b>1.3%</b>	<b>1.3%</b>
Northwest Technical College (Bemidji)	0.8%	0.8%
Pine Technical College	0.7%	0.7%
Ridgewater Community & Technical College	1.2%	1.2%
Riverland Community & Technical College	0.6%	0.6%
Rochester Community & Technical College	0.9%	0.9%
Saint Paul College	1.4%	1.4%
<b>South Central College</b>	<b>1.0%</b>	<b>1.4%</b>
St. Cloud Technical and Community College	1.4%	1.4%
<b>College Totals</b>	<b>1.2%</b>	1.2%
<b>Universities</b>		
<b>Bemidji State University*</b>	<b>1.0%</b>	<b>1.4%</b>
Metropolitan State University	1.3%	1.3%
Minnesota State University Moorhead*	1.3%	1.3%
Minnesota State University, Mankato*	0.8%	0.8%

Southwest Minnesota State University*	0.7%	0.7%
<b>St. Cloud State University</b>	<b>1.0%</b>	<b>1.1%</b>
<b>Winona State University*</b>	<b>0.9%</b>	<b>1.2%</b>
<b>University Totals</b>	<b>1.0%</b>	1.1%
<hr/>		
<b>System Totals</b>	<b>1.1%</b>	<b>1.1%</b>

\* banded tuition rate/15 credits

**Table 2 - Impact of FY2017 Capital Program on Debt Service**  
 Estimated average annual additional debt service by institution project (1/3 share)

2017 Priority	Institution	Title	2017 Request	Ave Annual Debt (1/3)
1	Systemwide	Higher Education Asset Preservation and Replacement (HEAPR)	\$110,000,000	\$ -
2	South Central College	STEM and Healthcare Design and Renovation	\$9,600,000	\$ 189,300
3	Minnesota State Community and Technical College	Center for Student and Workforce Success Design and Renovation	\$978,000	\$ 19,300
4	Minnesota State Community and Technical College	Library and Student Development Design and Renovation	\$820,000	\$ 16,200
5	Northland Community and Technical College	Laboratory Design and Renovations	\$826,000	\$ 16,300
6	Bemidji State University	Academic Learning Center (Hagg-Sauer Replacement) Design and Renovation	\$18,897,000	
7	Rochester Community and Technical College	Memorial and Plaza Halls Removal, Design, Renovation, and Construction	\$21,713,000	
8	Hibbing Community College	Campus Reconfiguration	\$11,222,800	\$ 221,400
9	Winona State University	Education Village Phase II Renovation and Demolition	\$25,306,000	\$ 499,100
10	St. Cloud State University	Student Health & Academic Renovation	\$18,572,000	\$ 366,200
11	Minnesota State University, Mankato	Clinical Sciences Phase 2 Design and Renovation	\$6,525,000	
12	Anoka Ramsey Community College	Nursing & Active Learning Center Design and Humanities Renovation	\$4,965,000	
13	Century College	Applied Technology Center Design and Renovation	\$5,500,000	
14	Normandale Community College	Classroom & Student Services Renovation Design	\$1,100,000	
15	Minnesota State University Moorhead	Weld Hall Renovation Design	\$775,000	
16	Inver Hills Community College	Technology and Business Center Renovation Design	\$1,000,000	
17	Riverland Community College	Transportation, Trade and Industrial Education Center Design, Construction, and Renovation	\$9,348,000	
18	Minneapolis Community and Technical College	Hennepin Skyway Design and Renovation	\$4,469,000	
19	Charting the Future Initiative	Twin Cities Baccalaureate Access	\$300,000	
		Total including HEAPR	\$251,916,800	
		Projects only	\$141,916,800	\$ 1,327,800

**Table 3 - Impact of FY2018 Capital Program on Debt Service**

Estimated average annual additional debt service by institution project

(Projects carried over from prior board-approved lists pay 1/6 debt service; new projects will pay Minnesota State's full 1/3 debt service amount)

2018 Priority	Institution	Title	2018 Request	Share	Ave Annual Debt Service
1	Systemwide	Higher Education Asset Preservation and Replacement (HEAPR)	\$130,000,000		n/a
2	Bemidji State University	Academic Learning Center (Hagg-Sauer Replacement) Design and Renovation	\$24,297,000	1/6	\$ 239,600
3	Rochester Community and Technical College	Memorial and Plaza Halls Removal, Design, Renovation, and Construction	\$23,539,000	1/6	\$ 232,100
4	Minnesota State University, Mankato	Clinical Sciences Phase 2 Design and Renovation	\$6,914,000	1/6	\$ 68,150
5	Anoka Ramsey Community College	Nursing & Active Learning Center Design and Humanities Renovation	\$569,000	1/6	\$ 5,600
6	Century College	Applied Technology Center Design and Renovation	\$7,217,000	1/6	\$ 54,250
7	Normandale Community College	Classroom & Student Services Renovation Design	\$14,141,000	1/6	\$ 139,450
8	Minnesota State University Moorhead	Weld Hall Renovation Design	\$628,000	1/6	\$ 6,200
9	Inver Hills Community College	Technology and Business Center Renovation Design	\$698,000	1/6	\$ 6,900
10	Riverland Community College	Transportation, Trade and Industrial Education Center Design, Construction, and Renovation	\$11,430,000	1/6	\$ 112,750
11	MCTC, North Hennepin, Normandale	Increase Access to Baccalaureate Education	\$4,427,000	1/6	\$ 43,650
12	Fond du Lac Tribal and Community College	Maajiigi (Start to Grow)	\$1,283,000	1/3	\$ 25,300
13	Saint Paul College	Academic Excellence (Design)	\$996,000	1/3	\$ 19,600
14	Northland Community and Technical College	Effective Teaching and Learning Labs	\$2,671,000	1/3	\$ 52,700
15	Vermillion Community College	Classroom Building Renovation	\$2,587,000	1/3	\$ 51,000
16	Central Lakes College	Student Services and Academic Support Renovation (Design)	\$850,000	1/3	\$ 16,800

**Table 4 – Estimated Cost per Credit and Per Academic Year (Tuition only)**

<b>Institution Name</b>	<b>Cost per credit (tuition only)</b>		<b>Cost Per Year (tuition only)</b>
<b>Colleges</b>			
Alexandria Technical & Community College	\$	2.01	\$ 60.23
Anoka Ramsey Community College	\$	1.40	\$ 41.85
Anoka Technical College	\$	1.62	\$ 48.47
Central Lakes College	\$	1.28	\$ 38.54
Century College	\$	1.78	\$ 53.40
Dakota County Technical College	\$	1.33	\$ 39.92
Fond du Lac Tribal & Community College	\$	3.26	\$ 97.89
Hennepin Technical College	\$	1.38	\$ 41.27
Inver Hills Community College	\$	1.97	\$ 59.04
Lake Superior College	\$	1.81	\$ 54.37
Minneapolis Community & Technical College	\$	2.46	\$ 73.65
Minnesota State Community and Technical College	\$	1.56	\$ 46.90
Minnesota West Community & Technical College	\$	1.34	\$ 40.31
MN State College, Southeast	\$	1.68	\$ 50.38
Normandale Community College	\$	2.03	\$ 61.00
Northeast Higher Education District			
Hibbing Community and Technical College	\$	3.58	\$ 107.29
Itasca Community College	\$	1.95	\$ 58.35
Mesabi Range Community & Technical College	\$	3.09	\$ 92.59
Rainy River Community College	\$	0.22	\$ 6.73
Vermilion Community College	\$	0.95	\$ 28.63
North Hennepin Community College	\$	3.68	\$ 110.38
Northland Community & Technical College	\$	2.15	\$ 64.59
Northwest Technical College (Bemidji)	\$	1.39	\$ 41.69
Pine Technical College	\$	1.10	\$ 33.08
Ridgewater Community & Technical College	\$	1.98	\$ 59.30
Riverland Community & Technical College	\$	1.72	\$ 51.64
Rochester Community & Technical College	\$	2.59	\$ 77.70
Saint Paul College	\$	2.27	\$ 68.24
South Central College	\$	2.26	\$ 67.75
St. Cloud Technical and Community College	\$	2.26	\$ 67.75
<b>College Totals</b>	<b>\$</b>	<b>2.01</b>	<b>\$ 60.29</b>
<b>Universities</b>			
Bemidji State University*	\$	3.55	\$ 106.46



Metropolitan State University	\$	2.87	\$	86.00
Minnesota State University Moorhead*	\$	3.09	\$	92.71
Minnesota State University, Mankato*	\$	1.91	\$	57.40
Southwest Minnesota State University*	\$	1.59	\$	47.66
St. Cloud State University	\$	2.56	\$	76.89
Winona State University*	\$	2.81	\$	84.26
	<b>University Totals</b>	<b>\$</b>	<b>2.58</b>	<b>\$</b>
<b>Grand Total</b>	<b>\$</b>	<b>2.05</b>	<b>\$</b>	<b>61.57</b>

**ATTACHMENT D**

**FY2017 Capital Program Results**

<b>Board Priority</b>	<b>Institution</b>	<b>Title</b>	<b>Campus Location</b>	<b>Requested Amount</b>	<b>2017 Final Funding</b>
1	Systemwide	Higher Education Asset Preservation and Replacement (HEAPR)	Statewide	\$ 110,000,000	\$ 25,000,000
2	South Central College	Stem and Healthcare, renovation	North Mankato	\$ 9,600,000	\$ 9,600,000
3	Minnesota State Community and Technical College	Center for Student and Workforce Success	Fergus Falls	\$ 978,000	\$ 978,000
4	Minnesota State Community and Technical College	Library and Student Development Renovation	Wadena	\$ 820,000	\$ 820,000
5	Northland Community and Technical College	Laboratory Renovations	East Grand Forks	\$ 826,000	\$ 826,000
6	Bemidji State University	Academic Learning Center & campus renovation and Hagg-Sauer demolition	Bemidji	\$ 18,897,000	\$ 0
7	Rochester Community and Technical College	Memorial and Plaza Halls Demolition Design and Renovation	Rochester	\$ 21,713,000	\$ 0
8	Hibbing Community College	Campus Rightsizing	Hibbing	\$ 11,222,800	\$ 11,222,800
9	Winona State University	Education Village Phase II Renovation	Winona	\$ 25,306,000	\$ 25,306,000
10	St. Cloud State University	Student Health & Academic renovation	St. Cloud	\$ 18,572,000	\$ 18,572,000
11	Minnesota State University, Mankato	Clinical Sciences Phase 2	Mankato	\$ 6,525,000	\$ 0
12	Anoka Ramsey Community College	Nursing & Active Learning Center Design and Humanities Renovation	Coon Rapids	\$ 4,965,000	\$ 0
13	Century College	Applied Technology Center, East Campus	Mahtomedi	\$ 5,500,000	\$ 0
14	Normandale Community College	Classroom & Student Services Renovation Project	Bloomington	\$ 1,100,000	\$ 0
15	Minnesota State University Moorhead	Weld Hall Renovation (Design)	Moorhead	\$ 775,000	\$ 0
16	Inver Hills Community College	Technology and Business Center (Design)	Inver Grove Heights	\$ 1,000,000	\$ 0
17	Riverland Community College	Transportation, Trade and Industrial Education Center	Albert Lea	\$ 9,348,000	\$ 0
18	Minneapolis Community and Technical College	Hennepin Skyway Renovation	Minneapolis	\$ 4,469,000	\$ 0
19	Baccalaureate Expansion	Baccalaureate Expansion	Multiple	\$ 300,000	\$ 0
			<b>Total Program</b>	<b>\$ 251,916,800</b>	<b>\$ 92,324,800</b>
			<b>Capital Projects Only</b>	<b>\$ 141,916,800</b>	<b>\$ 67,324,800</b>
			<b>State Support (GO)</b>	<b>\$ 204,611,200</b>	<b>\$ 69,883,200</b>
			<b>User Financing (UF)</b>	<b>\$ 47,305,600</b>	<b>\$ 22,441,600</b>

**ATTACHMENT E**

**FY2017 Minnesota State Planned HEAPR Execution Strategy - \$25 million**

Institution	Project Title	Project Scope	Planned FY2017 HEAPR Funds
Alexandria Technical and Community College	HVAC Replacement	Design	\$441,275
Anoka-Ramsey Community College	Replace roof	Design and Construction	\$1,268,000
Bemidji State University	Install energy controls	Design and Construction (Ph1)	\$2,650,000
Century College	Restore exteriors (wall and windows)	Design and Construction (Ph1)	\$2,303,716
Dakota County Technical College	Replace air handler	Design and Construction	\$1,528,000
Fond du Lac Tribal and Community College	Flooring Repair and Replacement	Design and Construction	\$138,000
Hennepin Technical College	Replace roof	Design and Construction	\$1,360,167
Inver Hills Community College	Phase II, Electrical System Upgrade	Design and Construction	\$1,345,000
Lake Superior College	Replace roof	Design and Construction	\$97,603
Minneapolis Community and Technical College	Replace roof and HVAC	Design	\$181,826
Minneapolis Community and Technical College	Repair skyway	Design	\$549,000
Minnesota State College Southeast	Demolish Bergwall Arena	Design and Construction	\$350,000
Minnesota State Community and Technical College	Replace boiler	Design and Construction	\$888,890
NHED - Rainy River*	Roof replacement	Design and Construction	\$892,100
NHED - Vermilion*	Roof replacement	Design and Construction	\$545,000
Normandale Community College	Renew tunnels	Design	\$295,605
Northland Community and Technical College	Replace roof	Design and Construction (Ph1)	\$1,350,000
South Central College	Replace roof	Design and Construction	\$2,058,066
Southwest Minnesota State University	Replace link curtainwalls	Design	\$160,430
Winona State University	Replace roof	Design and Construction	\$1,456,350
Contingency and Design	System-wide	Design	\$5,140,972

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

**Name:** Finance and Facilities Committee

**Date:** June 21, 2017

**Title:** ISRS NextGen 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 ISRS NextGen update will include management's plan for launch of the ERP replacement project and FY2018 – FY2019 activities based on the \$8 million in support included in the 2017 Omnibus Higher Education bill for the ISRS NextGen project.

**Scheduled Presenter(s):**

Ramon Padilla - Vice Chancellor – Chief Information Officer  
Laura M. King – Vice Chancellor – Chief Financial Officer

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

<b>INFORMATION ITEM</b>
ISRS NEXTGEN UPDATE

ISRS NextGen FY2018 – FY2019 Proposed Recommendations and Activities

The 2017 legislative budget process resulted in \$8 million in support for the ISRS NextGen project. Funding at this level will enable the system to move forward with the first 24 months of activity in the project plan. Progress on the following activities will position us for execution of an RFP when more funds become available. The approved funding levels and proposed project plan will place the project 6-12 months behind the original schedule


FY2018-FY2019 activities:

- Establish Project Governance and Project Management Office
- Create RFP for Strategic Implementation Leader and awarding contract
- Business Process Review for Finance/HR and Student modules
- Establish Data Governance (Begin Data Cleanup and Archiving Activities)
- Create RFP for new ERP and receive and evaluate bids
- Legacy Technology Life Extension

The listed activities will require campus leadership and subject matter expertise participation in the human resources, finance and student services areas. Should the above projects come in under estimated costs or additional funds become available, the following activities would commence:

- Data Integration Hub construction
- Data Warehouse & Reporting design and implementation

All the above is designed to maintain the original project completion timeline. It is to be noted that not fully funding the project in this biennium adds risk to both our current ERP system (ISRS) and the success of our replacement system by putting the project a year behind anticipated schedule. It will be imperative that the full project funding is in place at the beginning of FY2020. If the project is not funded to begin system replacement, our risks of current system failure, future system costs and risk to future system implementation success increase dramatically.



June 21, 2017

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# ISRS NextGen Update

## DRAFT FY2018/FY2019 NextGen Project Planning


Board of Trustees Finance and Facilities Committee

1

## FY2018/FY2019 NextGen Project Planning

- A. Why replace ISRS and what did we ask for?
- B. What we received
- C. Moving forward – The Plan
- D. Acknowledging the risks
- E. FY18-FY19 Activities

2



MINNESOTA STATE

**The decision to move forward on an ISRS replacement was based on nearly 2 years of research which concluded that:**

- A. The current system lacks the functionality to serve our students, faculty and staff and impedes our ability to be competitive.
- B. The current system is 20 years old, homegrown and utilizes obsolete/end of life technologies.
- C. The staff with subject matter expertise that created the system are entering their retirement window over the next 7-10 years, i.e. there is a sense of urgency.
- D. It takes time to replace a system of this scale. We cannot implement in an emergency.

3



**The ISRS replacement is estimated to cost \$150 million dollars.**

- A. We put significant work into determining costs, including engaging an experienced vendor who held listening sessions, conducted research, and completed prep work. We spent a great deal of time preparing to bring a reliable estimate to our Board of Trustees and to the Legislature.
- B. Our funding approach was a 50/50 proposition between the Legislature and Minnesota State.
- C. Our request was for \$25 million for the biennium.
- D. We are not building another home grown solution; we are preparing for the purchase of a cloud-based solution. i.e., a subscription service.

4



**We received \$8 million instead of \$25 million.  
Now what?**

- A. The project is still a go and will begin in July 2017.
- B. We cannot wait until we receive additional funding.
- C. There is work that can be done that will roughly keep us on schedule.
- D. The work that is planned is not throw away. It is part of the original scope of work.
- E. No campus match will be required in FY18. The timing and method of the FY 19 contribution will be determined after LC conversation in Fall 2017.

5



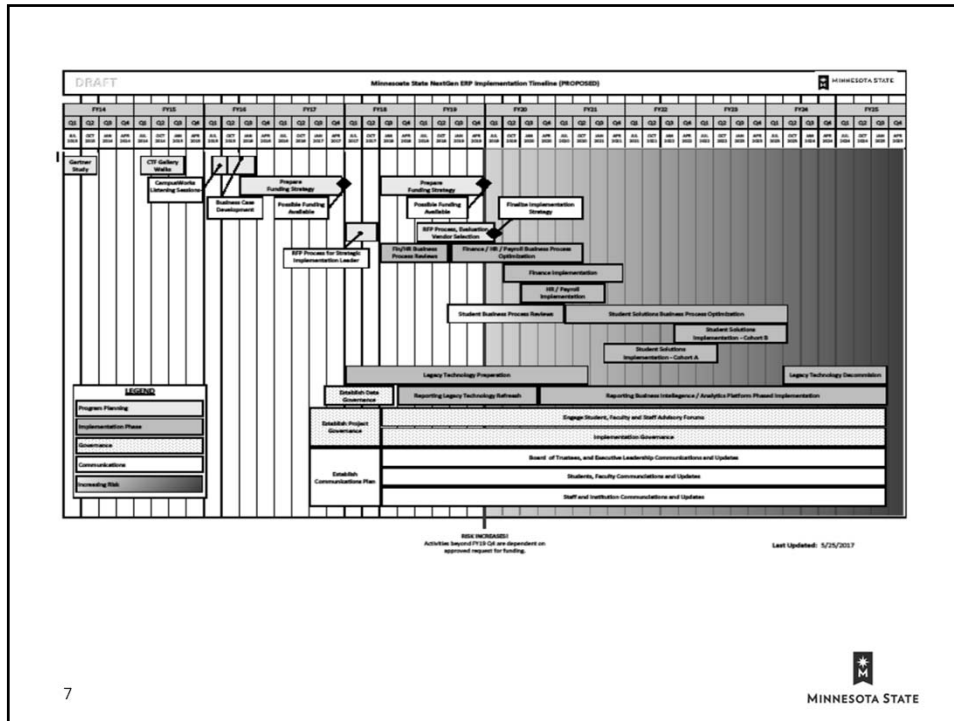
**Acknowledging Risk.**

- A. The current funding level puts us 6 – 12 months behind schedule.
- B. The current funding level creates a critical juncture in the project plan in quarter 1 of FY 2020. Failure to acquire sufficient funding to enter into long term contracts by then will add significant and critical delay to the project.
- C. Any delay, including the delay the project has already incurred, increases project risk and risk of current system failure. The more delay, the greater the risk.

6







7



## FY18-FY19 Activities

- A. Project Organization
  - Establish Governance
  - Create Project Management Office
- B. Business Process Review
  - Finance, HR and possibly Student
  - Begin Finance, HR process optimization
- C. Requirements gathering and RFP creation
- D. Legacy Technology Preparation
  - Begin work to extend platform life of ISRS
  - Begin work to clean up data and prepare for data archiving and extraction

8



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

**Name:** Finance and Facilities Committee

**Date:** June 21, 2017

**Title:** Students United Fee Increase Proposal

**Purpose (check one):**

Proposed  
New Policy or  
Amendment to  
Existing Policy

Approvals  
Required by  
Policy

Other  
Approvals

Monitoring /  
Compliance

Information

**Brief Description:**

Board policy 3.7 recognizes Students United (Minnesota State University Student Association) as the designated student association for the universities and establishes the conditions for the association's ability to collect fee revenue to fund association operations.

This per-credit fee is currently set at \$.43, meaning a full-time student at one of our universities pays \$12.90 on an annual basis. This year, after a lengthy discussion, the Students United Board of Directors adopted a budget for FY2018 that includes an increase in the per credit fee.

Board policy provides that student associations establish their fees and submit changes in the fee to the board.

**Scheduled Presenter(s):**

Joe Wolf, State Chair, Students United

**Handout**

None

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

<b>BOARD ACTION</b>
STUDENTS UNITED FEE INCREASE PROPOSAL

1 **BACKGROUND**

2 **Fee Change Amount and Minnesota State Policy**

3 In April 2017, students voted to increase the Students United, formerly Minnesota State  
4 University Student Association/MSUSA, fee by four cents, from .43 cents per credit to .47 cents  
5 per credit.

6  
7 Minnesota Statute 136F.22 STUDENT ASSOCIATIONS states that:

8       Subdivision 1. Statewide. The board shall recognize one statewide student association  
9       for the state universities and one for the community and technical colleges. Each  
10       campus student association shall be affiliated with its statewide student association and  
11       all students enrolled on those campuses shall be members of their respective statewide  
12       association.

13  
14       Subd. 2. Fees. Each statewide association shall set its fees to be collected by the board  
15       and shall submit any changes in its fees to the board for review. The board may revise or  
16       reject the fee change. Fees must be collected by each state college and university and  
17       shall be credited to each association's account to be spent as determined by that  
18       association.

19  
20 Minnesota State Board Policy 3.7, Statewide Student Association, provides that:

21       Each statewide student association shall set its fees and shall submit any changes in its  
22       fees to the board for review. The board may revise or reject the fee change during the  
23       two board meetings immediately following the fee change submission. Fees must be  
24       collected for each enrolled credit by each college and university and must be credited to  
25       each association's account to be spent as determined by that association.

26  
27 **About Students United**

28 Established in 1967, Students United is an independent, non-profit organization funded and  
29 operated by students. Students United serves over 65,000 students attending Minnesota's  
30 seven state universities: Bemidji, Mankato, Metropolitan (St. Paul/Minneapolis), Moorhead, St.  
31 Cloud, Southwest (Marshall) and Winona.

32  
33

1 The Students United mission is:  
2 Led by Minnesota State University students, we are the inclusive voice for all future,  
3 current, and former students. We actively work to represent and support Minnesota  
4 State University students and advocate at a campus, state, and federal level for higher  
5 education policies that make a positive impact for our students and communities  
6

7 Students United has been a strong voice for state university students on the campus, system,  
8 state and federal levels for almost 50 years. We are recognized by the Board of Trustees as the  
9 sole representative of state university students in Minnesota.

10 Students United supports the work of the Board of Trustees and System by providing students  
11 opportunities to enhance their educations by participating in leadership and advisory roles at  
12 the system level, working for accessibility, safety, inclusion and retention of state university  
13 students at the campus level, and supporting system legislative efforts including support for  
14 funding, bonding and HEAPR requests.  
15

16 **History of the Students United Fee**

17 Students United was initially funded by donations, however in 1981 a fee request was approved  
18 by the Minnesota State University Board and fee collection began in 1982. The fee has been  
19 raised periodically over the past 35 years, and the last fee increase was presented and  
20 approved by the Minnesota State Board of Trustees in 2006, from .39 cents per credit to .43  
21 cents per credit.  
22

23 **Student Support of the Fee Increase**

24 Board Members began formally discussing a potential fee increase during the February 2017  
25 Delegates Assembly Conference. At that time students discussed the financial status of the  
26 organization and various options regarding the Students United fee. In April, several fee  
27 increase proposals were discussed, and the position to raise the fee by .04 cents was approved  
28 by the Board of Directors.  
29

30 **Students United Financial Need and Plans for the Increased Revenue**

31 If approved, this fee change will impact all students taking classes for credit at the state  
32 universities. Currently a student taking 30 credits during a year at a state university pays  
33 \$12.90, this increase would raise that amount to \$14.10.  
34

35 In 2015-2016, Student United had total revenue of \$780,000 including \$664,000 of student fee  
36 income. The student fee based revenue fluctuates with university enrollment. Fee based  
37 revenues increased from 2006 to 2011 and are now forecast at 2006 levels in 2018 without the  
38 fee increase. (University enrollment in FY2006 was 54,215, in FY2011 it was 58,799, and in  
39 FY2018 it was 52,500.) If approved, the fee increase would add approximately \$60,000 to the  
40 organization's annual revenues.  
41

42 Between 2008 and 2012, Students United planned to build or buy an office building and began  
43 saving money for that large purchase. However, in 2012 the organization determined that it

1 would be better to use those funds to increase student participation and engagement on each  
2 campus. Those accumulated funds have been used in a variety of ways including:

- 3 • Creation of seven Students United internship positions at each state university
- 4 • Expanded student campus committees that offer stipends
- 5 • Increased student attendance and number of Delegate Assembly conferences
- 6 • Additional board meetings during year
- 7 • Increased state advocacy training and participants at Advocacy Day
- 8 • Additional student participation in annual federal advocacy trip
- 9 • Increased travel for students and staff to all state university campuses
- 10 • Rebranding and strategic planning
- 11 • Addition of issue campaign events at each state university
- 12 • New database utilized to communicate with students, increase scholarship fundraising  
13 and advocacy
- 14 • December 2015 Board motion to add a Director of Equity and Inclusion

15  
16 These programming additions have greatly increased the effectiveness and responsiveness of  
17 Students United for students, and there is a desire to continue them in the future.

18  
19 In addition, the Students United Delegates and Board Members are committed to becoming a  
20 more inclusive and equitable organization. To make real progress toward this goal, the 2015-  
21 2016 Board of Directors determined the need for a full-time, permanent staff member whose  
22 sole focus will be on inclusive excellence. The position will work to prioritize diversity-themed  
23 organizational change as a shared priority for Students United in order create a student  
24 association that is inclusive and excellent for all.

25  
26 The new staff member will identify and recommend equity and inclusion priorities to be  
27 incorporated with the organizing plan covering all seven Students United campuses for each  
28 new academic year designed to inform students on state university campuses of the purpose,  
29 mission, and goals of Students United. Also, the staff member will remain informed regarding  
30 all pertinent issues, including those related to Minnesota State and the state and federal  
31 legislature, and select developing issues to promote equity and inclusion work. The Director of  
32 Equity and Inclusion will partner with Minnesota State's Equity and Inclusion division, and will  
33 provide a student-focused approach to supporting this work.

34  
35 The surplus funds from the building are projected to be used by 2020, and this fee increase will  
36 be used primarily to support the new Director of Equity and Inclusion position. During the next  
37 three years, students are committed to continuing to spend funds thoughtfully and carefully,  
38 examining the priorities and funding needs of the organization.

#### 39 **ATTACHMENTS**

40  
41 For your information, attached to this report is the approved FY2018 Students United budget  
42 (Attachment A) which reflects the proposed .47 cents per credit, and the FY2018 Students  
43 United Scholarships budget (Attachment B).

1 **RECOMMENDED COMMITTEE MOTION**

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

4  
5 The Board of Trustees accepts the increase of the Students United fee from \$.43 to \$.47 per  
6 credit hour beginning fall semester 2017.

7  
8

9 **RECOMMENDED BOARD MOTION**

10 The Board of Trustees accepts the increase of the Students United fee from \$.43 to \$.47 per  
11 credit hour beginning fall semester 2017.

12  
13  
14

15 *Date Presented to the Board of Trustees:* 06/21/17

16 *Date of Implementation:* 06/21/17

## 2017-2018 Students United Budget


<b>Revenue</b>	<b>Budget</b>
Student Fees	\$740,250
Career Consortium Fee	\$750
50th Anniversary Revenue	\$13,000
<b>Total Revenue</b>	<b>\$754,000</b>
<b>Expenses</b>	
<i>Personnel</i>	\$466,040
<i>General &amp; Administrative</i>	\$173,775
<i>Student Program</i>	\$101,615
<i>Student Organizing</i>	\$192,300
<b>Total Expenses</b>	<b>\$933,730</b>
<b>Annual Budgeted Revenue</b>	<b>\$754,000</b>
<b>Annual Budgeted Expenses</b>	<b>\$933,730</b>
<b>Annual Budgeted Difference</b>	<b>-\$179,730</b>

2017-2018 Students United Scholarships Budget

May 2017

<b>REVENUE</b>	<b>Amount</b>	<b>Award and Program Information</b>
Penny Program Fellowship and Scholarship	\$31,100	
Jared P. Stene Student Leadership Scholarship	\$5,000	
Friends Scholarship	\$260	
Elizabeth Pegues Scholarship Matching Program for Students of Color	\$0	
Robert L. Carothers Distinguished Student Writers Award	\$0	
Hull Educational Foundation	\$0	
<b>Total</b>	<b>\$36,360</b>	
<b>EXPENSES</b>		
	\$57,315	Penny State Fellowship awards \$2,500/Federal Fellowship \$5,000 given to students in unpaid public service internships. Penny Scholarship \$1,500 awarded to students committed to community service.
Jared P. Stene Student Leadership Scholarship	\$2,000	\$2,000 scholarship for students with a passion for leadership and student advocacy.
Friends Scholarship	\$1,000	Need-based \$500 scholarship for students who have completed at least 30 credits
Elizabeth Pegues Scholarship Matching Program for Students of Color	\$3,550	Matching scholarships up to \$1,000 for students of color
Robert L. Carothers Distinguished Student Writers Award	\$3,500	Seven \$500 student writer awards recommended by each state university
Hull Educational Foundation	\$16,000	Need-based \$4000 awards for students who are graduates of St. Paul public senior high schools
<b>Total</b>	<b>\$83,365</b>	
<b>Annual Budgeted Revenue</b>	<b>\$36,360</b>	
<b>Annual Budgeted Expenses</b>	<b>\$83,365</b>	
<b>Annual Budgeted Difference</b>	<b>-\$47,005</b>	





**students united.**

2017 Fee Presentation

Presented by Joseph Wolf, State Chair

## Minnesota Statute 136F.22

**Subdivision 1. Statewide.**

The board shall recognize one statewide student association for the state universities and one for the community and technical colleges. Each campus student association shall be affiliated with its statewide student association and all students enrolled on those campuses shall be members of their respective statewide association.

**Subdivision 2. Fees.**

Each statewide association shall set its fees to be collected by the board and shall submit any changes in its fees to the board for review. The board may revise or reject the fee change. Fees must be collected by each state college and university and shall be credited to each association's account to be spent as determined by that association.

## Minnesota State Board Policy 3.7, Statewide Student Association, provides that:

### Subdivision 1. Statewide.

Each statewide student association shall set its fees and shall submit any changes in its fees to the board for review. The board may revise or reject the fee change during the two board meetings immediately following the fee change submission. Fees must be collected for each enrolled credit by each college and university and must be credited to each association's account to be spent as determined by that association.

about.

students  united.



## mission.

Led by Minnesota State University students, we are the inclusive voice for all future, current, and former students. We actively work to represent and support Minnesota State university students and advocate at a campus, state, and federal level for higher education policies that make a positive impact for our students and communities.



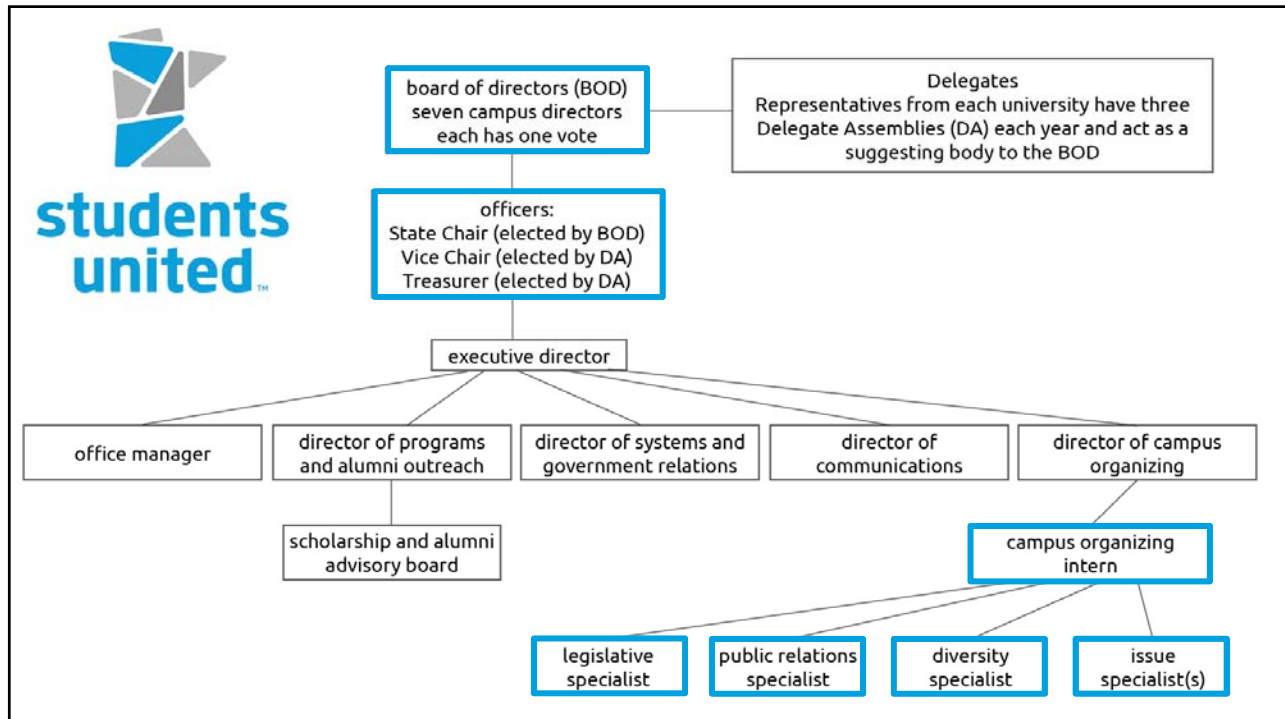
## vision.

Students United will be the inclusive voice for all future, current and former Minnesota state university students and will advocate for affordability and student success. We believe that students should lead the conversation on higher education because it affects our future.



## history of fee.

1980s	1990s	2000s	2010s
Fee started at 3 cents in 1982	Decade started with a 9 cents fee	Decade started with a 33 cents fee	Decade started with a 43 cents fee
3 fee increases during the decade	4 fee increases during the decade	2 fee increases during the decade	0 fee increases in 11 years



## financial needs & plans.

### impact on students.

This is a **\$1.20** increase for a student taking 30 credit a year.

Current Fee:	\$0.43 per credit fee: student taking 30 credits a year pays <b>\$12.90</b>
Proposed Increase:	\$0.47 per credit fee: student taking 30 credits a year would pay <b>\$14.10</b>

### enrollment numbers.

FY2006	54,215 university enrollment
FY2018	52,500 university enrollment

## saved funds timeline.

### 2008-2012

Through this period of time Students United planned to buy an office building and began saving money for that large purchase.

### 2012

The organization determined that it would be better to use those funds to increase student participation and engagement on each campus.

## accumulated funds spent on

- ▶ Creation of seven Students United internship positions at each state university
- ▶ Expanded student campus committees that offer stipends
- ▶ Increased student attendance and number of Delegate Assembly Conferences
- ▶ Additional board meetings during year
- ▶ Increased state advocacy training and participants at Advocacy Day
- ▶ Additional student participation in annual federal advocacy trip
- ▶ New database utilized to communicate with students, increase scholarship fundraising and advocacy

## work to support Minnesota State.

- ▶ Legislative advocacy supporting funding for the universities
- ▶ Legislative advocacy supporting bonding and HEAPR
- ▶ Work for retention and sexual violence prevention on each campus
- ▶ Provide education leadership opportunities for university students
- ▶ Civic engagement through non-partisan voter engagement efforts
- ▶ Seven scholarship programs for college & university students
- ▶ Select students to serve on system councils and committees



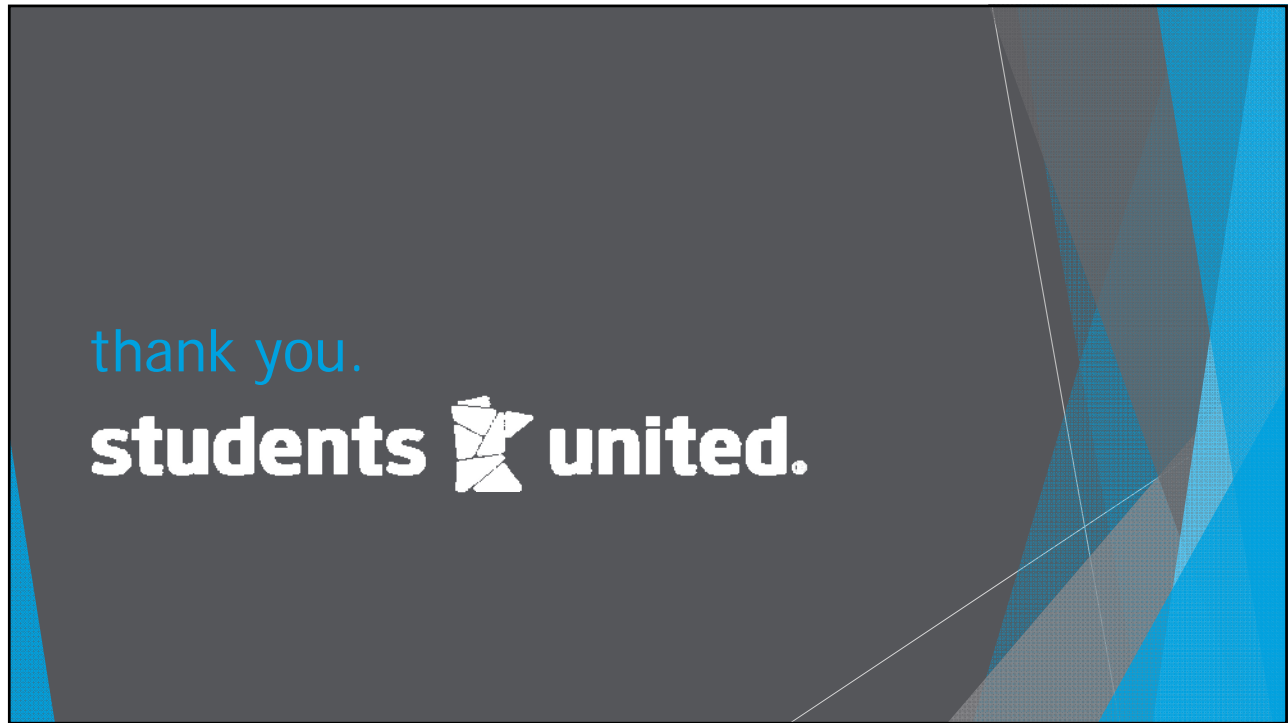
## what will fee increase contribute to?

- ▶ The fee increase will help in the continuation of the expanded organizing work we were able to accomplish due to the extra funds saved from 2008-2012
- ▶ The fee increase will be used primarily to support this new position
  - ▶ *December 2015 Board motion to add a Director of Equity and Inclusion*

## director of equity & inclusion .

2015-2016 Board of Directors determined the need for a full-time, permanent staff member whose sole focus will be on inclusive excellence.

- ▶ Will work to prioritize diversity-themed organizational change as a shared priority for Students United
- ▶ Will identify and recommend equity and inclusion priorities to be incorporated with the organizing plan covering all seven Students United campuses for each new academic year
- ▶ Partner with the Minnesota Equity and Inclusion Division to further the system's goals and provide a student-position contact for the system office
- ▶ Will remain informed regarding all pertinent issues, including those related to Minnesota State and the state and federal legislature, and select developing issues





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

**Name:** Finance and Facilities Committee

**Date:** June 21, 2017

**Title:** FY2018 Annual Operating Budget (Second 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:**

The board is being asked to approve the proposed fiscal year 2018 all funds operating budget, including tuition and fees, for the system. This agenda item occurs annually in May (first reading) and June (second reading) so that colleges and universities can begin the fiscal year with approved tuition and fee rates and operating budgets. The fiscal year begins on July 1, 2017 and ends on June 30, 2018. The operating budget incorporates decisions from the 2017 regular and special legislative sessions that concluded in May.

The material will be distributed in advance of the meeting.

**Scheduled Presenter(s):** Laura M. King – Vice Chancellor and CFO  
Deb Bednarz –System Director for Financial Planning & Analysis

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

**Name:** Finance and Facilities Committee

**Date:** June 21, 2017

**Title:** Approval of North Dakota Tuition Reciprocity Agreement

**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 checked="" type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input type="checkbox"/> Information                        |  |

**Brief Description:**

Pursuant to Minnesota Statutes 136A.08, Subd. 6, tuition reciprocity agreements must be approved by the governing boards of the University of Minnesota and Minnesota State Colleges and Universities. The Minnesota Officer of Higher Education and the North Dakota State Board of Higher Education are negotiating modifications to the reciprocity agreement which requires Board of Trustee approval. These modifications do not have a direct impact to Minnesota State or our students.

**Scheduled Presenter(s):**

Laura M. King – Vice Chancellor – Chief Financial Officer

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

<b>BOARD ACTION</b>
<b>APPROVAL OF NORTH DAKOTA TUITION RECIPROCITY AGREEMENT</b>

1 **BACKGROUND**

2  
3 Pursuant to Minnesota Statutes 136A.08, Subd. 6, tuition reciprocity agreements must be  
4 approved by the governing boards of the University of Minnesota and Minnesota State Colleges  
5 and Universities. The Minnesota Officer of Higher Education and the North Dakota State Board  
6 of Higher Education recently made some modifications to the reciprocity agreement which  
7 requires Board of Trustee approval. These modifications do not have a direct impact to our  
8 system or students.

9  
10 Minnesota’s reciprocity agreement with North Dakota requires a contractual payment from  
11 Minnesota to North Dakota. The North Dakota payment calculation is based on Minnesota  
12 consistently sending more students to North Dakota than vice versa. Minnesota reciprocity  
13 students and the state’s general fund are responsible for the marginal instructional costs  
14 associated with educating the gap number of full-time equivalent (FTE) Minnesota students  
15 studying in North Dakota. Minnesota students pay a portion of the marginal instructional cost  
16 of their education through tuition, with the Minnesota general fund picking up the residual. All  
17 else being equal, increasing the tuition paid per student decreases a state’s general fund  
18 obligation.

19  
20 Over the years, payments from Minnesota to North Dakota have ebbed and flowed based on  
21 the main drivers within the payment calculation: student flow, tuition rates and marginal  
22 instructional costs. During the past decade, Minnesota’s reciprocity payments to North Dakota  
23 have continued to increase. Current projections show that Minnesota’s required interstate  
24 payment will exceed the appropriated amount for the current biennium. As a result, the Office  
25 of Higher Education renegotiated the terms of the agreement to ensure the future reciprocity  
26 payments did not exceed available funds.

27  
28 **CHANGES TO THE AGREEMENT**

29  
30 Under the terms of the proposed modified agreement, there are four key changes (presented in  
31 order of appearance in the proposed modified agreement).

- 1 1. The agreement now includes a termination clause that allows either party to cancel the  
2 agreement.
  - 3 a. There was no termination clause in the existing agreement.
  - 4 b. The party must provide written notice at least 90 days prior to the date of  
5 termination.
  - 6 c. Additionally, any students currently participating under the reciprocity  
7 agreement would be permitted to finish their currently enrolled program (up to  
8 a maximum of four additional years) under the tuition rates agreed upon in the  
9 last Memorandum of Understanding (MOU) prior to the termination of the  
10 agreement.
  - 11 d. The formula to determine any state obligation during this phase out period  
12 would be based on the remaining marginal expenditures per FTE outlined in the  
13 last MOU prior to the termination of the agreement. Any state payments would  
14 be waived once the GAP FTE levels reached 100 or less in the fall term.  
15
- 16 2. The modified agreement now allows either OHE or NDUS with the mutual agreement of  
17 the other party to increase the surcharges charged to Minnesota residents attending  
18 North Dakota institutions.
  - 19 a. Under the current agreement, only NDUS had the ability to request an increase  
20 in the surcharge.  
21
- 22 3. Both the undergraduate and graduate/professional surcharges will be outlined in the  
23 annual MOU between NDUS and OHE.
  - 24 a. This allows the surcharge paid by Minnesota residents to be modified on an  
25 annual basis in order to offset increased interstate obligations, if necessary.  
26
- 27 4. The interstate payment obligation shall be limited to the lesser of the marginal  
28 expenditure calculation for each fiscal year or the annual amount appropriated by the  
29 state legislature for the current biennium (as outlined in the annual MOU). If a state's  
30 annual fiscal year appropriation decreased in a current or future biennium, the state  
31 receiving the interstate payment, with mutual agreement with the state making the  
32 payment, could increase the student undergraduate and graduate surcharges sufficient  
33 enough to cover the reduction in appropriations.
  - 34 a. This provision caps Minnesota's annual and biennial obligation to North Dakota  
35 to the lesser of the actual program costs or the appropriated amount from the  
36 legislature.
  - 37 b. If the legislature reduces the annual or biennial appropriation, North Dakota  
38 could request to increase the surcharge paid by Minnesota residents attending  
39 North Dakota institutions to offset the lost revenue with the Mutual agreement  
40 of OHE.

41 There were no changes to the agreement affecting what North Dakota residents are charged at  
42 Minnesota public colleges and universities. They will continue to be charged the higher of the

1 Minnesota resident rate at the campus attended or the resident rate at a comparable North  
2 Dakota institution.

3

4 **RECOMMENDED COMMITTEE MOTION:**

5

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

8

9 The Board of Trustees has been consulted and supports the efforts of the Minnesota Office of  
10 Higher Education to renegotiate the North Dakota/Minnesota Reciprocity Agreement  
11 consistent with the terms outlined in the board report. The board authorizes the Office to  
12 execute an agreement in accordance with these terms.

13

14 **RECOMMENDED BOARD MOTION:**

15

16 The Board of Trustees has been consulted and supports the efforts of the Minnesota Office of  
17 Higher Education to renegotiate the North Dakota/Minnesota Reciprocity Agreement  
18 consistent with the terms outlined in the board report. The board authorizes the Office to  
19 execute an agreement in accordance with these terms.

20

21

22

23

24 *Date Presented to the Board of Trustees:* 06/21/17

25 *Date of Implementation:* 06/21/17

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

**Name:** Finance and Facilities Committee

**Date:** June 21, 2017

**Title:** Approval of Contract Exceeding \$1 Million –

- a. Interagency Agreement with State of Minnesota Office of Information Technology
- b. Oracle Contract Extension
- c. Minneapolis Community and Technical College Construction Project
- d. Minnesota State University, Mankato, 7700 France Avenue Lease
- e. Metropolitan State University Janitorial Services
- f. Winona State University Contract for Enrollment Management Services
- g. Lake Superior College Contract with Vendor in Support of Technical Certification Program with the Minnesota Department of Transportation

**Purpose (check one):**

Proposed  
New Policy or  
Amendment to  
Existing Policy

Approvals  
Required by  
Policy

Other  
Approvals

Monitoring /  
Compliance

Information

**Brief Description:**

Board Policy 5.14, Procurement and Contracts, requires that all contracts with values greater than \$1 million be approved by the Board of Trustees.

Seven contracts are proposed here with two having system wide benefit and five related to campus specific activities.

**Scheduled Presenter(s):**

Laura M. King – Vice Chancellor – Chief Financial Officer

**BOARD OF TRUSTEES  
MINNESOTA STATE**

**BOARD ACTION**

APPROVAL OF CONTRACTS EXCEEDING \$1 MILLION:

- A. INTERAGENCY AGREEMENT WITH STATE OF MINNESOTA OFFICE OF INFORMATION TECHNOLOGY
- B. ORACLE CONTRACT EXTENSION
- C. MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE CONSTRUCTION PROJECT
- D. MINNESOTA STATE UNIVERSITY, MANKATO, 7700 FRANCE AVENUE LEASE
- E. METROPOLITAN STATE UNIVERSITY JANITORIAL SERVICES
- F. WINONA STATE UNIVERSITY CONTRACT FOR ENROLLMENT MANAGEMENT SERVICES
- G. LAKE SUPERIOR COLLEGE CONTRACT WITH VENDOR IN SUPPORT OF TECHNICAL CERTIFICATION PROGRAM WITH THE MINNESOTA DEPARTMENT OF TRANSPORTATION

**BACKGROUND**

Board Policy 5.14, Procurement and Contracts, requires that all contracts with values greater than \$1 million be approved by the Board of Trustees. Seven contracts are proposed here with two having system wide benefit and five related to campus specific activities.

**System wide benefit:**

**A. Interagency Agreement with State of Minnesota Office of Information Technology**

The system office is seeking approval to enter into an Inter-Agency agreement between Minnesota State and State of Minnesota Office of Information Technology (MNIT) for the purpose of housing network equipment to support data network services for Minnesota State and State of Minnesota Wide Area Networks (WAN).

MNIT has established a WAN infrastructure on behalf of both parties, who mutually benefit from the colocation of state network lines and equipment on Minnesota State properties (the HUBs). The agreement formalizes the continued operation and/or establishment of twenty-two (22) hubs on Minnesota State campuses.

Each campus will execute an addendum to this Inter-Agency Agreement. This will be an initial ten (10) year contract with the option to extend another ten (10) years for a total of 20 (twenty) years. Either party can terminate the agreement upon three (3) years written notice to the other party. MNIT and Minnesota State will each bear their own costs to this agreement.

There will be no exchange of funds in this agreement but rather both parties assume their respective costs. Minnesota state costs will include its dedicated equipment, utilities and modest costs associated with the dedicated space. MnIT will own and maintain its dedicated equipment.

#### **B. Oracle Contact Extension**

The 17 colleges, universities, and partnerships (e.g.: Distance Minnesota) that contract with Oracle for RightNow CRM solutions, currently have an agreement which will end on February 28, 2018. In order to allow these colleges and universities to continue use of Oracle until a CRM vendor is approved and a CRM solution implemented, an extension until June 30, 2019 is requested.

Minnesota State institutions currently use various solutions (Hobsons, Oracle RightNow, other) for CRM solutions. There is an acknowledged need for a system-wide solution with a more integrated approach, which is currently underway.

Board of Trustee action in June 2015 approved an extension of this contract through June 2018 for a total amount up to \$1,743,420. With the extension, total compensation is increased to not to exceed \$2,500,000. To allow for due diligence, and to ensure successful implementation of a selected solution, an extension is requested for Oracle to provide the time needed for colleges and universities to transition to the new system.

#### **Campus Specific Contracts:**

#### **C. Minneapolis Community and Technical College Construction Project**

The board is asked to approve a construction contract exceeding \$1 million for the renovation of space to construct an Academic Success Center located on the third floor of the Technology (T) Building. The college will use a total of \$2.5 million of its operating funds from campus reserves to connect the Academic Success center with the Student Affairs space for tutoring, testing, computer and related breakout room spaces in support of this project. The work will include a construction contract for \$1.7 million (the remaining are soft costs to bring the total to \$2.5 million, none of which individually exceeds \$1 million). The college has adequate general fund balances to support this use without adversely impacting its financial outlook.

This project is contemplated as part of the college's comprehensive facilities plan and, if successful, should bolster student retention and success. If approved, construction bids would be solicited in August 2017 with a renovation start date in Fall 2017. The project is expected to be substantially complete before December 31, 2017.

#### **D. Minnesota State University, Mankato, 7700 France Avenue Lease**

The Board is asked to approve the extension of the lease at 7700 France Avenue, Edina, which serves graduate programs for Minnesota State University, Mankato. The building is owned and



operated by Frauenshuh Commercial Real Estate. The university has leased space in the building since 2009, and currently leases 27,037 sq. ft. on the third (3<sup>rd</sup>) floor. In an effort to reduce space, improve in-space efficiency, and reduce overall cost, MSU, Mankato would be moving to the 5<sup>th</sup> floor (recently vacated by DeVry) and reduce their square footage to approximately 18,000 sq. ft. total. The university proposes entering into a five (5) year lease extension with an option to extend for one (1) additional five (5) year term. The total rent value of the lease, including the option to renew, is \$5.51 million.

#### **E. Metropolitan State University Janitorial Services**

The board is asked to approve a 3 year contract for janitorial and event set up services exceeding \$1 million for Metropolitan State University. This is a product of an RFP that went out in mid-January 2017. Historically, the university operated in leased space and paid for these services through rent payments. The university also operates evening classes, which requires significant after hours cleaning. The contract term ends June 30, 2020 with a total value not to exceed \$2,000,000.

#### **F. Winona State University Contract for Enrollment Management Services**

Winona State University solicited proposals to assist in enhancing and expanding existing student recruitment efforts in order to grow the student body in size, quality, and diversity. The selected vendor will create high performing strategies to manage enrollment, increase engagement and enhance communication campaigns.

A request for proposal (RFP) was issued and publicly advertised in February of 2017. Four firms responded to the request. A University team evaluated and scored each proposal and have selected a vendor which the University believed would best meet its needs.

WSU is seeking approval on a three-year contract, with an option for two additional years. The maximum value over the entire five years will not exceed \$2.5 million. The contract will include an exit ramp after year two, if the desired return on investment is not reached. The costs of the contract will be paid by the University's annual budget.

#### **G. Lake Superior College Contract with Vendor in Support of Technical Certification Program with Minnesota Department of Transportation**

Since 2015 Lake Superior College has had a contract in place with the Minnesota Department of Transportation (MnDOT) to provide training required for individuals to become certified through the MnDOT Technical Certification program, which is required in order to work on Federal and State aid funded highway construction projects in Minnesota. The MnDOT contract covers five years, produces an annual average of \$1.4 million in revenues, and covers approximately 110 classes each training season. To assist in providing this level of training to MnDOT, Lake Superior

College has had a contract in place with a vendor to provide approximately 56 of the 110 classes. The contract expires June 30, 2017 and bids are solicited for a new contract beginning in July 2017. The proposals for this contract are anticipated to be no more than \$400,000 per year, for a total of \$1,200,000 for the three year term.

#### **RECOMMENDED COMMITTEE MOTION**

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

1. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute an interagency agreement with the State of Minnesota Office of Information Technology for the purpose of WAN hosting for a term of 10 years with one option to renew for 10 years. The Board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
2. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a one year contract extension between Minnesota State and Oracle to provide RightNow CRM services at an amendment value not to exceed \$2.5 million. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
3. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a construction project on behalf of Minneapolis Community and Technical College for a total amount not to exceed \$2,500,000. The Board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
4. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a five (5) year lease with option to extend for five (5) additional years between Minnesota State University, Mankato, and Frauenshuh or its successor at a value not to exceed \$5.51 million over the full 10 years. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
5. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a three year contract ending June 2020 on behalf of Metropolitan State University for janitorial service at a cost not to exceed \$2,000,000. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
6. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a three year contract with an option to extend for two additional years on behalf of Winona State University with the Education Advisory Board to provide enrollment management

services at a value not to exceed \$2.5 million over the full five years. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.

7. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a three year contract on behalf of Lake Superior College with a vendor to provide services in support of a technical certification program with the Minnesota Department of Transportation at a value not to exceed \$1.2 million over the full term. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.

#### **RECOMMENDED BOARD MOTION**

1. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute an interagency agreement with the State of Minnesota Office of Information Technology for the purpose of WAN hosting for a term of 10 years with one option to renew for 10 years. The Board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
2. The Board of Trustees authorizes the chancellor or his designee to execute a one year contract extension between Minnesota State and Oracle to provide RightNow CRM services at an amendment value not to exceed \$2.5 million. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
3. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a construction project on behalf of Minneapolis Community and Technical College for a total amount not to exceed \$2,500,000. The Board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
4. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a five (5) year lease with option to extend for five (5) additional years between Minnesota State University, Mankato, and Frauenshuh or its successor at a value not to exceed \$5.51 million over the full 10 years. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
5. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a three year contract ending June 2020 on behalf of Metropolitan State University for janitorial service at a cost not to exceed \$2,000,000. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.
6. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a three year contract with an option to extend for two additional years on behalf of Winona State University with the Education Advisory Board to provide enrollment management services at a value not to exceed \$2.5 million over the full five years. The board delegates

to the chancellor or the chancellor's designee authority to execute all necessary documents.

7. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a three year contract on behalf of Lake Superior College with a vendor to provide services in support of a technical certification program with the Minnesota Department of Transportation at a value not to exceed \$1.2 million over the full term. The board delegates to the chancellor or the chancellor's designee authority to execute all necessary documents.

*Date of Adoption:* 06/21/17

*Date of Implementation:* 06/21/17



MINNESOTA STATE

Human Resources Committee  
June 21, 2017  
10:30 AM  
McCormick Room, Fourth Floor

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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. Appointment of Interim President of St. Cloud Technical and Community College**

Committee Members:

Dawn Erlandson, Chair  
Elise Bourdeau, Vice Chair  
Alexander Cirillo  
Robert Hoffman  
Rudy Rodriguez  
George Soule

**Bolded** items indicate action is required.



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

**Name:** Human Resources Committee

**Date:** June 21, 2017

**Title:** Appointment of Interim President of St. Cloud Technical and Community 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 St. Cloud Technical and Community College.

**Scheduled Presenter(s):**

Steven Rosenstone, Chancellor

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

**BOARD ACTION**

| APPOINTMENT OF INTERIM PRESIDENT  
OF ST.CLOUD TECHNICAL AND COMMUNITY COLLEGE

1 **BACKGROUND**

2 It is anticipated that Chancellor Rosenstone will recommend an individual for the interim  
3 presidency at St. Cloud Technical and Community 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, appoints  
11 \_\_\_\_\_ as interim president of St. Cloud Technical and Community College  
12 effective \_\_\_\_\_, 2017, subject to the completion of an employment agreement. The board  
13 authorizes the chancellor, in consultation with the chair of the board and chair of the Human  
14 Resources Committee, to negotiate and execute an employment agreement in accordance with the  
15 terms and conditions of the Minnesota State Colleges and Universities Personnel Plan for  
16 Administrators.

17

18 *Date of Adoption:* June XX, 2017

19 *Date of Implementation:*



## **Board of Trustees Meeting**

Wednesday, June 21, 2017

11:00 AM

Minnesota State  
30 7th Street East  
St. Paul, Minnesota

---

Note: Committee and board meeting times are tentative. Meetings may begin up to 45 minutes earlier than the times listed if a 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.

Call to Order

Chair's Report, Michael Vekich

- **Report of Closed Session Meeting of the Board of Trustees on the Chancellor's Annual Performance Evaluation on June 20, 2017**

Chancellor's Report, Steven Rosenstone

Consent Agenda

1. **Board of Trustees Meeting Minutes of April 19, 2017**
2. **Board of Trustees Meeting Minutes of May 17, 2017**
3. **Proposed FY2019 Meeting Calendar (Second Reading)**
4. **FY2018 Capital Program Recommendation**
5. **Students United Fee Increase**
6. **North Dakota Reciprocity Agreement**
7. **FY2018 Annual Operating Budget**
8. **Approval of Contracts Exceeding \$1 Million or Five-Year Length**
  - a. **Interagency Agreement with State of Minnesota Office of Information Technology**
  - b. **Oracle Contract Extension**
  - c. **Minneapolis Community and Technical College Construction Project**
  - d. **Minnesota State University, Mankato, 7700 France Avenue Lease**
  - e. **Metropolitan State University Janitorial Services**
  - f. **Winona State University Contract for Enrollment Management Services**
  - g. **Lake Superior College Contract with Vendor in Support of Technical Certification Program with the Minnesota Department of Transportation**



## Board Standing Committee Reports

- a. Human Resources Committee, Chair Dawn Erlandson
  - **Appointment of Interim President of St. Cloud Technical and Community College**

## Student Associations

1. LeadMN
2. Students United

## Minnesota State Colleges and Universities' Bargaining Units

1. American Federation of State, County, and Municipal Employees
2. Inter Faculty Organization
3. Middle Management Association
4. Minnesota Association of Professional Employees
5. Minnesota State College Faculty
6. Minnesota State University Association of Administrative and Service Faculty

## Board Standing Committee Reports (continued)

- b. Joint Meeting: Academic and Student Affairs and Diversity, Equity, and Inclusion Committees, Diversity, Equity, and Inclusion and Human Resources Committees, Co-chairs Alex Cirillo and Ann Anaya
  - Closing the Opportunity Gap
- c. Audit Committee, Chair Bob Hoffman
  1. Fiscal Year 2017 Audit Plan Update
  2. Fiscal Year 2018 Annual Audit Planning
- d. Finance and Facilities Committee, Chair Jay Cowles
  1. 2017 Legislative Summary
  2. ISRS NextGen Update

## Trustee Reports

## Other Business

- Election of Chair and Vice Chair

## Adjournment



## **Board of Trustees Meeting**

Wednesday, June 21, 2017

11:00 AM

Minnesota State  
30 7th Street East  
St. Paul, Minnesota

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Note: Committee and board meeting times are tentative. Meetings may begin up to 45 minutes earlier than the times listed if a 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

1. **Board of Trustees Meeting Minutes of April 19, 2017 (pp. 1-3)**
2. **Board of Trustees Meeting Minutes of May 17, 2017 (pp. 4-6)**
3. **Proposed FY2019 Meeting Calendar (Second Reading) (pp.7-8)**
4. **FY2018 Capital Program Recommendation  
(pp. 24-60 of the Finance and Facilities Committee meeting materials)**
5. **Students United Fee Increase  
(pp. 67-81 of the Finance and Facilities Committee meeting materials)**
6. **North Dakota Reciprocity Agreement  
(pp. 83-86 of the Finance and Facilities Committee meeting materials)**
7. **FY2018 Annual Operating Budget  
(p. 82 of the Finance and Facilities Committee meeting materials)**
8. **Approval of Contracts Exceeding \$1 Million or Five-Year Length  
(pp. 87-93 of the Finance and Facilities Committee meeting materials)**
  - a. **Interagency Agreement with State of Minnesota Office of Information Technology**
  - b. **Oracle Contract Extension**
  - c. **Minneapolis Community and Technical College Construction Project**
  - d. **Minnesota State University, Mankato, 7700 France Avenue Lease**
  - e. **Metropolitan State University Janitorial Services**
  - f. **Winona State University Contract for Enrollment Management Services**
  - g. **Lake Superior College Contract with Vendor in Support of Technical Certification Program with the Minnesota Department of Transportation**

**Minnesota State Colleges and Universities**  
**Board of Trustees Meeting Minutes**  
**April 19, 2017**

Present: Chair Michael Vekich, Trustees Basil Ajuo, Ann Anaya, Elise Bourdeau, Alex Cirillo, Jay Cowles, Dawn Erlandson, Amanda Fredlund, Bob Hoffman, Jerry Janezich, Roger Moe, Rudy Rodriguez, George Soule, Louise Sundin, Cheryl Tefer, and Chancellor Steven Rosenstone

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**Call to Order**

Chair Michael Vekich called the meeting to order at 10:20 AM. Trustees Ann Anaya, Alex Cirillo, and Amanda Fredlund participated by phone.

**Chair's Report**

• **Chancellor Transition Update**

Chair Vekich shared that Chancellor-designate Malhotra spent the week of April 3, 2017, in St. Paul meeting with student leaders, bargaining unit leaders, cabinet members, Chancellor Rosenstone, and others. He also attending the inauguration of President Ginny Arthur of Metropolitan State University.

Chancellor-designate Malhotra will return to Minnesota in late April and early May to begin campus visits with presidents. He expects to return to Minnesota again for one week in June and July to complete the campus visits. The visits will be conducted by region, beginning with Greater Minnesota and concluding in the metropolitan area.

• **Chancellor Performance Review Committee**

Chair Vekich will announce the appointment of the members of the Chancellor Performance Review Committee in the next week or so, and the first meeting will be in May. The review will be completed in June as Chancellor Rosenstone is retiring in July.

**Chancellor's Report**

Legislative Session

Chancellor Rosenstone commented that he and Chair Vekich will be communicating with each member of the conference committee to advocate for the board's legislative request. Students, faculty, staff, and trustees have shared stories with the legislators over the past few months the importance of the legislative request to students, campuses, and communities across Minnesota.

Scholarship Campaign Update

Chancellor Rosenstone provided an update on the progress towards the \$50 million goal for the Access to Scholarship Campaign. As of December 31, we have raised over \$42 million, nearly \$18 million which was raised in the last six months of the calendar year. These funds are large and small donations from donors across the state of Minnesota who contributed to the campaign, and have enabled us to award more than 21,000 scholarships to students who need

our help. With 18 months remaining in the campaign, we are only \$8 million dollars away from our goal. The student associations' scholarships, the Nellie Stone Johnson Scholarship, and the Beverly and Richard Fink Scholarship funds are not included in the campaign. Chancellor Rosenstone thanked the presidents, development officers, and the hundreds of donors from across the state.

### **Consent Agenda**

Chair Vekich announced that the proposed action on the Surplus and Sale of Real Estate and Improvements at Minneapolis Community and Technical College was removed from the Consent Agenda as it was tabled by the Finance and Facilities Committee.

*Chair Vekich called for a motion to approve the Consent Agenda. A motion was made by Trustee Janezich and seconded by Trustee Bourdeau to approve the revised Consent Agenda. The motion carried unanimously.*

- a) **Board of Trustees Meeting Minutes of April 19, 2017**
- b) **Approval of Contracts Exceeding \$1 Million**
  - a. **Facilities Use Agreement, Anoka Technical College**
  - b. **Construction Contract, St. Cloud Technical and Community College**
  - c. **St. Cloud State University, Athletics Multi-Media Rights Program**

### **Board Policy Decisions**

The proposed amendments to Policy 6.7 Real Estate Transactions were approved by the Finance and Facilities Committee. Chair Vekich called the question.

*The Board of Trustees approved the proposed amendments to Policy 6.7 Real Estate Transactions.*

### **Student Associations**

Minda Nelson, president, Minnesota State College Student Association, addressed the Board of Trustees.

Joe Wolf, chair, Students United, addressed the Board of Trustees.

### **Minnesota State Bargaining Units**

There were no comments from the leaders of the bargaining units.

### **Board Standing Committee Reports**

- a. **Audit Committee, Chair Bob Hoffman**

Committee Chair Hoffman reported that the Audit Committee received an update on the FY2017 Audit Plan and reviewed the results of the Federal Single Audit.

- b. Human Resources Committee, Chair Dawn Erlandson  
Committee Chair Erlandson reported that the Human Resources Committee met in closed session for an update on labor negotiations.
  
- c. Finance and Facilities Committee, Chair Jay Cowles  
Committee Chair Cowles reported that the committee decided to table the proposed action on the surplus and sale of real estate and improvements at Minneapolis Community and Technical College. He added that for the future it would be helpful if committee members would let him or staff know in advance of any questions, comments, or concerns regarding agenda items.

**Trustee Reports**

Trustee Tefer shared that she attended the annual meeting of the Higher Learning Commission in Chicago. Trustee Ajuo shared that he and other trustees attended President Arthur’s inauguration at Metropolitan State University.

**Adjournment**

The next meeting of the Board of Trustees is the Executive Committee on May 3 and the committee and board meetings on May 16 and 17, 2017.

The meeting was adjourned at 11:45 am.

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Ingeborg K. Chapin, Secretary to the Board

**Minnesota State Colleges and Universities  
Board of Trustees Meeting Minutes  
May 17, 2017**

Present: Chair Michael Vekich, Trustees Basil Ajuo, Ann Anaya, Elise Bourdeau, Alex Cirillo, Jay Cowles, Dawn Erlandson, Amanda Fredlund, Bob Hoffman, Jerry Janezich, Roger Moe, Rudy Rodriguez, George Soule, Louise Sundin, Cheryl Tefer, and Chancellor Steven Rosenstone

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**Call to Order**

Chair Vekich called the meeting to order at 11:12 AM. Trustees Cowles and Rodriguez participated by phone.

**Chair's Report**

Proposed FY2019 Meeting Calendar (First Reading)

The proposed FY2019 meeting calendar was first reviewed by the Executive Committee on May 3. Any comments or suggestions should be sent to Chair Vekich or Board Secretary Chapin. The FY2019 meeting calendar will be presented for adoption at the June meeting.

**Chancellor's Report**

As a video projecting several campus commencement ceremonies, opinion pieces written by Minnesota State college and university presidents, and newspaper articles highlighting the programs on our colleges and universities, Chancellor Rosenstone thanked everyone for their advocacy and support during the legislative session. The support of Minnesota State's many constituents resulted in a favorable outcome. Chancellor Rosenstone particularly thanked Governor Dayton and the chairs of the House and Senate Higher Education Committees.

**Consent Agenda**

The proposed action on the Surplus and Sale of Real Estate and Improvements at Minneapolis Community and Technical College was removed from the Consent Agenda and will be taken up separately.

**Approval of Contracts Exceeding \$1 Million for Minnesota State University, Mankato, Aviation Training Contract**

*Chair Vekich called for a motion to approve the Consent Agenda. A motion was made and seconded to approve the revised Consent Agenda. The motion carried unanimously.*

**Surplus and Sale of Real Estate and Improvements at Minneapolis Community and Technical College**

Chair Vekich read the following motion that had been amended and approved by the Finance and Facilities Committee.

*The Board of Trustees designates the three project parcels as shown on **Attachment C** (Wells Parcel, Parcel 1 and Parcel 2), as surplus and authorizes the chancellor or the chancellor's*

*designee to execute a pass-through sale of the property to the City of Minneapolis for \$1.00, along with completing any necessary site preparation work. The final terms and conditions of the sale are subject to the approval of the chancellor or chancellor's designee in consultation with the chair of the board and chair of the Finance and Facilities Committee, after assurance that the developer has obtained all necessary approvals to commence work on the site.*

**The motion was seconded and carried with two nays.**

**Board Standing Committee Reports**

Human Resources Committee, Chair Dawn Erlandson

**1. Appointment of Interim President of Ridgewater College**

The following motion was made, seconded and approved unanimously:

*The Board of Trustees, upon the recommendation of Chancellor Rosenstone, appoints Joe Opatz as interim president of Ridgewater College effective July 1, 2017, subject to the completion of an employment agreement. The board authorizes the chancellor, in consultation with the chair of the board and chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the Minnesota State Colleges and Universities Personnel Plan for Administrators.*

2. Human Resources Transactional Services Model (HR-TSM) Project Update  
Committee Chair Erlandson reported that Vice Chancellor Carlson provided an update on the Human Resources Transactional Services Model.

**Student Associations**

Minda Nelson, president, LeadMN, addressed the Board of Trustees.

Joe Wolf, chair, Students United, addressed the Board of Trustees.

**Minnesota State Bargaining Units**

Tracy Rahim, president, Minnesota State University Association of Administrative and Service Faculty addressed the Board of Trustees.

**Board Standing Committee Reports (continued)**

Finance and Facilities Committee, Vice Chair Elise Bourdeau

1. FY2018 Capital Program Recommendation (First Reading)  
Committee Vice Chair Bourdeau reported on the FY2018 Capital Program Recommendation. This item will be presented for action at the June meeting.
2. FY2018 Annual Operating Budget (First Reading)  
Committee Vice Chair Bourdeau reported on the FY2018 annual operating budget. This item will be presented for action at the June meeting.

Academic and Student Affairs Committee, Chair Alex Cirillo

- Career Technical Education and Workforce Development Update

Committee Chair Cirillo provided a summary of the update on the career technical education and workforce development.

Joint Meeting: Diversity, Equity, and Inclusion and Human Resources Committees,  
Co-chairs Ann Anaya and Dawn Erlandson

- Minnesota State Faculty and Staff Diversity: Current Demographics and Strategies

Committee Co Chair Anaya reported that the committee saw a presentation on the current demographics of faculty and staff that included strategies for improvement.

### **Trustee Reports**

Trustee Sundin announced that the Nellie Stone Johnson Scholarship Program is celebrating its thirtieth year. The program raised \$30,000 this year. The funds will be used to award 30 scholarships.

Trustee Erlandson attended the American Association of Community Colleges annual convention this past April in New Orleans. At the meeting, Dr. Judith Eaton, former Minnesota State chancellor, received a lifetime achievement award and Dr. Merrill Irving, president, Hennepin Technical College was the keynote speaker.

### **Adjournment**

The next meeting of the Board of Trustees is the Executive Committee on June 7 and the committee and board meetings on June 20 and 21, 2017.

The meeting was adjourned at 12:15 pm.

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Ingeborg K. Chapin, Secretary to the Board



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

**ACTION**

**APPROVED FY2018 AND PROPOSED FY2019 MEETING CALENDAR**

**BACKGROUND**

The FY2018 meeting calendar was approved in June 2016. The FY2019 meeting dates were reviewed by the Executive Committee on May 3, and will be presented to the Board of Trustees as a first reading on May 17, followed by a second reading and approval on June 21, 2017. The calendar is subject to change with the approval of the board chair. Changes to the meeting calendar will be publicly noticed.

**APPROVED FY2018 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 19-20, 2017	
Executive Committee	October 4, 2017	
Committee / Board Meetings	October 17-18, 2017	October 17, 2017
Executive Committee	November 1, 2017	
Committee / Board Meetings	November 14-15, 2017	November 14, 2017
Executive Committee	January 10, 2018	
Committee / Board Meetings	January 23-24, 2018	January 23, 2018
Executive Committee	March 7, 2018	
Committee / Board Meetings	March 20-21, 2018	March 20, 2018
Executive Committee	April 4, 2018	
Committee / Board Meetings Awards for Excellence in Teaching	April 17-18, 2018	
Executive Committee	May 2, 2018	
Committee / Board Meetings	May 15-16, 2018	May 15, 2018
Executive Committee	June 6, 2018	
Committee / Annual Board Meetings	June 19-20, 2018	June 19, 2018

**PROPOSED FY2019 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 18-19, 2018	
Executive Committee	October 3, 2018	
Committee / Board Meetings	October 16-17, 2018	October 16, 2018
Executive Committee	November 7, 2018	
Committee / Board Meetings	November 13-14, 2018	November 13, 2018
Executive Committee	January 2, 2019	
Committee / Board Meetings	January 15-16, 2019	January 15, 2019
Executive Committee	March 6, 2019	
Committee / Board Meetings	March 19-20, 2019	March 19, 2019
Executive Committee	April 3, 2019	
Committee / Board Meetings Awards for Excellence in Teaching	April 16-17, 2019	
Executive Committee	May 1, 2019	

Committee / Board Meetings	May 21-22, 2019	May 21, 2019
Executive Committee	June 5, 2019	
Committee / Annual Board Meetings	June 18-19, 2019	June 18, 2019

### **National Higher Education Conferences for Trustees**

#### Association of Community College Trustees

##### Leadership Congress:

Sept. 25-28, 2017, Las Vegas, NV

Oct. 24-27, 2018, Leadership Congress, New York, NY

Oct. 16-19, 2019, Leadership Congress, San Francisco, CA

##### National Legislative Summit:

Feb. 11-14, 2018, Washington, D.C.

Feb. 10-13, 2019, Washington, D.C.

#### Association of Governing Boards of Universities and Colleges

##### National Conference on Trusteeship:

April 22–24, 2018, San Francisco, CA

April 14-16, 2019, Orlando, FL

#### Higher Learning Commission

April 6-10, 2018, Chicago

April 5-9, 2019, Chicago

### **RECOMMENDED MOTION:**

The Board of Trustees approves the FY2019 meeting calendar as presented. Changes to the meeting calendar will be publicly noticed.

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

<b>BOARD ACTION</b>
<b>ELECTION OF OFFICERS</b>

**BACKGROUND**

The election of a chair and a vice chair shall be conducted at the annual meeting of the Board of Trustees on June 21, 2017.

**Board Policy 1A. 2, Part 4, Officers of the Board**

**Subpart B. Terms of Office.**

Subpart B. Terms of Office. The chair and vice chair of the board shall be elected for a one-year term. An officer's term shall commence on July 1, or upon the office becoming vacant, whichever is earlier. No trustee shall hold the same office for more than three consecutive terms.

**Subpart D. Election of Officers**

The election of officers shall be conducted at the annual meeting of the board. Any board member who wishes to run for a position as an officer shall submit his/her name in writing to the board office at least 30 days prior to the date of the election. The board office shall, at least 25 days prior to the date of election, mail to each board member a list of candidates. Nominations from the floor shall be received at the annual meeting.

The following trustees submitted in writing their intent to run for office:

Chair: Michael Vekich

Vice Chair: Dawn Erlandson

*Date of Board Action: June 21, 2017*

*Effective Date: July 1, 2017*

## Minnesota State Acronyms

AACC	American Association of Community Colleges
AASCU	American Association of State Colleges and Universities
ACCT	Association of Community College Trustees
ACE	American Council on Education
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
BPAC	Business Practices Alignment Committee
CAG	Cross-functional Advisory Group
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
COE	Centers of Excellence <ul style="list-style-type: none"><li>• Advance IT Minnesota</li><li>• 360° Manufacturing and Applied Engineering Center of Excellence</li><li>• HealthForce Minnesota</li><li>• Minnesota Center for Engineering and Manufacturing Excellence (MNCEME)</li><li>• Center for Agriculture - Southern Minnesota</li><li>• Minnesota Agriculture Center for Excellence – North – AgCentric</li><li>• Minnesota Energy Center</li><li>• Minnesota Transportation Center</li></ul>

CSC	Campus Service Cooperative
CST	Collaborative Sourcing Team
CTF	Charting the Future
CTL	Center for Teaching and Learning
CUPA	College and University Personnel Association
DARS	Degree Audit Reporting System
DEED	Department of Employment and Economic Development
DOA	Department of Administration
DOER	Department of Employee Relations (merged with MN Management and Budget)
EEOC	Equal Employment Opportunity Commission
EIC	Enterprise Investment Committee
ERP	Enterprise Resource Planning
FERPA	Family and Educational Rights and Privacy Act
FIN	Finance
FTE	Full Time Equivalent
FUG	Financial User Group
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
HR-TSM	Human Resources Transactional Service Model
IAM	Identity and Access Management
IDM	Identity Management (Old term)

IFO	Inter Faculty Organization
IPEDS	Integrated Postsecondary Education Data System
ISEEK	CareerWise Education
ISRS	Integrated Statewide Records System
IT	Information Technology
ITS	Information Technology Services
LTFS	Long-term Financial Sustainability
MAPE	Minnesota Association of Professional Employees
MDOE	Minnesota Department of Education
MDVA	Minnesota Department of Veterans Affairs
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	Students United (previously known as MSUSA or 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
SAG	Services Advisory Group
SCUPPS	State College and University Personnel/Payroll System
SEMA4	Statewide Employee Management System
SER	Subcommittee on Employee Relations
SHEEO	State Higher Education Executive Officers
USDOE	United States Department of Education
USDOL	United State Department of Labor