



MINNESOTA STATE

Board of Trustees

30 East 7th Street
St. Paul, MN 55101

651-201-1705

Board of Trustees Meetings May 16-17, 2017



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



Board of Trustees Meeting Schedule
Tuesday and Wednesday, May 16-17, 2017

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, May 16, 2017

- 3:00 PM Finance and Facilities Committee, Jay Cowles, Chair
1. **Minutes of April 19, 2017**
 2. FY2018 Capital Program Recommendation (First Reading)
 3. FY2018 Annual Operating Budget (First Reading)
 4. **Surplus and Sale of Real Estate and Improvements, Minneapolis Community and Technical College**
 5. **Approval of Contract Exceeding \$1 Million**
 - **Minnesota State University, Mankato, Aviation Training Contract**
- 5:00 PM Dinner (social event, not a meeting)

Wednesday, May 17, 2017

- 8:00 AM Academic and Student Affairs, Alex Cirillo, Chair
1. **Minutes of March 22, 2017**
 2. Career Technical Education and Workforce Development Update
- 9:00 AM Joint Meeting: Diversity, Equity, and Inclusion and Human Resources Committees, Ann Anaya and Dawn Erlandson, Co-chairs
1. **Minutes of January 17, 2017**
 2. Minnesota State Faculty and Staff Diversity: Current Demographics and Strategies
- 10:00 AM Human Resources Committee, Dawn Erlandson, Chair
1. **Minutes of March 22, 2017**
 2. Human Resources Transactional Services Model (HR-TSM) Project Update
 3. **Appointment of Interim President of Ridgewater 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

Meeting	Date	If agendas require less time, these dates will be cancelled.
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
Executive Committee	June 7, 2017	
Committee / Annual Board Meetings	June 20-21, 2017	June 20, 2017

Approved FY2018 Meeting Dates

Meeting	Date	If agendas require less time, these dates will be cancelled.
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



MINNESOTA STATE

Finance and Facilities

May 16, 2017

3:00 PM

McCormick Room

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 19, 2017 (pp. 1-6)**
2. FY2018 Capital Program Recommendation (First Reading) (pp. 7-26)
3. FY2018 Annual Operating Budget (First Reading) (pp. 27)
4. **Surplus and Sale of Real Estate and Improvements, Minneapolis Community and Technical College (pp. 28-39)**
5. **Approval of Contract Exceeding \$1 Million**
 - **Minnesota State University, Mankato Aviation Training Contract (pp. 40-42)**

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**

APRIL 19, 2017
McCORMICK ROOM
30 7TH STREET EAST
ST. PAUL, MN

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

Committee Members Absent: Ann Anaya

Other Board Members Present: Trustees Cheryl Tefer, Alexander Cirillo, Dawn Erlandson, Amanda Fredlund, George Soule, Roger Moe 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 April 20, 2017 in the 4th Floor McCormick Room, 30 East 7th Street in St. Paul, MN.

Chair Cowles called the meeting to order at 9:01 a.m.

1. Minutes of March 23, 2017

Chair Cowles called for a motion to approve the minutes from March 23, 2017. Trustee Bourdeau made the motion, Trustee Ajuo seconded. The motion was accepted.

Chair Cowles welcomed updates from Vice Chancellor King.

Key Updates

The legislative break ended yesterday and members have returned to St Paul for the final five weeks of the legislative session. Conferees for the Higher Education and Workforce Readiness conference committee have been appointed:

House members - Chair Nornes; Omar; Daniels; Christensen; Whelan. Senate members – Chair Fischbach; Clausen; Draheim; Jensen; Anderson, P.

The overall goals that staff will focus on in the remaining weeks of the legislative session are: protecting programs on campuses to meet the workforce needs in communities across Minnesota, reducing economic and racial disparities by protecting affordability and access and providing the faculty, staff and IT infrastructure needed to deliver these programs.

Staff continue communicating the concerns about the overall financial outlook, financial stability of the colleges and universities and the preservation of the Board’s authority to consider tuition decisions. Government Relations staff have prepared a document comparing

the House and Senate bills and committee work will be done with members in order to advance the board's preferred positions.

The Financial Planning and Analysis group, led by Deb Bednarz, with assistance across the system office and colleges and universities, responded to legislative requests for 26 complex fiscal notes. The purpose of this effort is to put a price on proposed legislation through a program administered by Minnesota Management and Budget. Special thanks was extended to staff in Academic and Student Affairs, Human Resources, and across the colleges and universities for providing support on complicated fiscal information.

FY2018 College and University Operating Budget will be presented for a first reading to the board in May. Detailed college and university budgets will be presented at the June meeting, hopefully with strong positive results from the session. This will be the first operating budget that includes the redesigned allocation framework.

FY2018 Capital Program Planning will be presented to the board in May. This will be Phase 1 which is a review of what is known from the legislative activity. The report will include a discussion on the sizing of the FY2018 program and any debt management implications, and outline implications for FY2018 capital planning. Staff expects to provide FY2018 program recommendations in June at the conclusion of the 2017 legislative session.

Mr. Yolitz and facilities staff hosted the Annual Facilities Conference in April. There were 75 campus facilities and safety staff present. Areas of focus were: facilities maintenance and operations, solicitation and procurement of design and construction. Topic discussions were on safety, security, facilities and operational management, succession planning and labor force planning.

Chair Cowles commented that the June meeting will be lengthy based on the agenda items and those described by Vice Chancellor King. Enough time will have to be allocated for an additional meeting if the board needs to take a second look at the material.

2. Proposed Amendment to Policy 6.7 Real Estate Transactions (Second Reading)

Vice Chancellor King provided a brief overview of proposed amendments to board policy 6.7. This is an existing policy and is part of the restructuring being led by Mr. Yolitz. The changes are non-material. The policy has been expanded to express the board's expectations around surplus property and its eminent domain authority. It has gone through the consultation process and was presented to the board in March as a first reading. Chair Cowles commented that the policy was given thoughtful and methodical review by Mr. Yolitz and the facilities staff. There were no questions.

Chair Cowles asked for a motion to accept the recommendation on the proposed amendment. Trustee Bourdeau made a motion to accept, Trustee Ajuo seconded. The motion was approved.

3. Surplus and Sale of Real Estate and Improvements, Minneapolis Community and Technical College Surplus

Presenters:

Vice Chancellor King, Associate Vice Chancellor Brian Yolitz, Facilities, President Sharon Pierce of Minneapolis Community and Technical College, and Facilities Director, Roger Broz. Greg Ewig, Capital Facilities, System Office was also present to provide information.

Mr. Yolitz presented the surplus action recommendation at the historic Wells College Center building located at Minneapolis Community and Technical College campus. The building was donated to the college in 1996. There has been fundraising efforts and research on options for rehabilitating and stabilizing the facility since that time. The proposed transaction would declare the historic Wells College Center building and adjoining properties as surplus to the college and enable a sale to the City of Minneapolis. Authorities and responsibilities for this transaction are outlined in Minnesota Statute governing the sale of properties. Board action would enable the pass-through sale and provide for the preservation and rehabilitation of the Wells College Center building and meet City of Minneapolis community development needs.

The current negative value of the two properties is between \$1.8-2.4 million depending on the analysis of the renovations required at the Wells building. The positive value of the adjacent two vacant properties is out-weighted by the negative value of the Wells building. There are estimates between \$7-12 million to stabilize and upgrade the Well's facility to current accessibility standards and to meet the historic preservation expectations of the designation of the facility.

The building has a rich history and is on the national registry of historic properties in the city of Minneapolis. The Wells building and adjacent property totals approximately 3/4 of an acre bordering on the east side of the campus. The black box theater would be demolished to enable full development of the site. The college's comprehensive facilities plan contemplates the surplus/sale of these properties.

In terms of the transaction, Minneapolis Community and Technical College will finalize appraisal documents and clear title to ensure that the purchase agreement can be entered with the city of Minneapolis. They would execute the demolition of the black box theater and participate in the negotiations with the Minnesota Historical Society to make sure that the work being done on the Wells building will be conforming to state and federal standards. The City of Minneapolis has already solicited developers for the project and has a recommended developer in place. The college is participating in negotiations and the review of submittals. Once approved, Minnesota State would sign an agreement and convey the property to the City of Minneapolis.

The City of Minneapolis would sign an agreement with the development team and sell it to the developer immediately after the property is purchased from Minnesota State.

The key elements for the Wells building is to retain the historical property. The recommended action is that the board declare Minneapolis Community and Technical College Wells College Center building property and two adjoining properties surplus and authorize the sale to the City of Minneapolis.

Chair Cowles invited questions. Trustee Janezich expressed concerns about the recommendation and the proposed sale price for the property to the City of Minneapolis. Trustee Janezich asked to meet with Mr. Yolitz and Ewig to discuss further. Chair Cowles suggested that President Pierce come forward to answer questions.

Vice Chancellor King responded to Trustee Janezich's concerns. In regard to the site plan, the college science center was owned by the Billy Graham organization. When that organization left, the college entered into an agreement to purchase the site and had legislative support. A capital project was done for the property to transform it into space for instruction and faculty offices.

Chair Cowles invited President Pierce to address the concerns and give an overview on the needs and future capacity for the college. President Pierce stated Minneapolis Community and Technical College is in a unique position with square footage sufficient to meet the needs of the college in the future. The Wells building is not habitable. It presents a liability on the college books and the college is not able to invest in order to bring the property to standards for utilization.

In order for a developer to make use of that space the college would need to transfer the smaller parcels that are not usable. The equipment would be removed from the black box and relocated. This would allow the developer to use the space. In order to remove the deficit from the books, the college is asking to surplus the land. There is no plan for building on the vacant lots. There is enough space at the current physical plant to meet the needs of the college and to build on the partnership with Metropolitan State University. This action would stabilize the finances, remove the liability from the college's books and position the college to move forward from a position of strength. It is a solution that has been developed in collaboration with the neighbors, partners in the community and the City of Minneapolis. It is critical in terms of the college being financially stable moving forward.

Chancellor Rosenstone asked based upon the projections of the campus master plan footprint and the existing facilities of the college, is it sufficient for students of Minneapolis Community and Technical College without the Wells building being part of the footprint and will the college be able to deliver the baccalaureate programs on campus. President Pierce responded yes.

Chair Cowles asked whether it was considered that the developer work with us and the property remains property of college. President Pierce responded yes.

Trustee Janezich asked for a recess. Chair Cowles recommended that there be conversations between the committee meeting and the full board. Chair Cowles acknowledged Trustee Janezich's concerns about leasing the property for student housing and asked whether the possibility of a lease was explored during conversations about the property. Vice Chancellor King responded that there were a lot of angles reviewed including a development partnership but the site is too small to produce the economics that would work without the city's involvement.

Chair Vekich asked about the cost associated with demolition and fees and whether the developer inspected the property. Mr. Yolitz responded demolition would cost \$350,000 and there is a city fee of \$20,000. Chair Vekich asked whether the City of Minneapolis and/or the developer has done an inspection of all the facilities. Mr. Broz responded that as part of the process, there was an onsite walkthrough by the developer as well as a financial feasibility study for the Wells building and the adjacent parcels. There was comprehensive work in the feasibility study including an environmental assessment.

Chair Vekich asked whether there was communication regarding the environmental aspect of the sale being "as is" with no recourse. The board will need assurance that this is communicated as part of the transaction. Mr. Broz responded that is the understanding based on the communications and the developers are aware.

Chair Cowles asked Chancellor Rosenstone to provide comments and clarifying questions to the resolution. Chancellor Rosenstone stated that the questions of concern appear to be; 1) when assessing the needs of the college, whether the land is an essential component to meet the needs of the college today? 2) If no, should the college divest itself of the property? 3) If the college will divest itself of the property, should there be a different strategy to develop the property? 4) If no, are there favorable financial terms that are not yet in place?

Chair Cowles added to Chancellor Rosenstone's last point stating the need for clarification regarding the future liability on the environmental status of the property. There also needs to be re-examination of the cost of demolition of the black box. This should be at the city or developer's expense as opposed to being a Minnesota State expense.

Vice Chancellor King recapped the board and committee's concerns: assurance that the transaction would be "as is" with no recourse, assurance that the sale is the right decision from the property planning standpoint and assurance that the transaction goes forward at no cost to the college. Chancellor Rosenstone suggested that the alternatives be sketched out and presented to the board.

Chair Vekich suggested that the committee rethink the proposal, perhaps renegotiate to ensure that the institution is not paying out of pocket for demolition or other costs associated with the transaction.

A motion was made and seconded to table the item until a future meeting. The motion carried.

4. Approval of Contract 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**

Vice Chancellor King presented three contracts for approval. The first two are a result of the board policy concerning approval of contracts over \$1 million. There is an Anoka Hennepin school district building on land adjacent to and leased from the technical college. The high school is operated in the building and there is a lease with the college for instruction of high school students in the college space. The lease would provide for use by the high school of 35,000 feet of college space. The term of the lease is five years with the district paying the college a total of \$2.5 million dollars over the term.

The second contract concerns a construction project at St. Cloud Technical and Community College. The project concerns a remodeling and refreshment program through internal resources. The resources have been accumulated to provide improvement to the entryway, campus bookstore area and the service area located on the "main street" of building. This would be a \$1.8 million construction contract.

The third request from St. Cloud State University would authorize a multimedia rights program. The University would execute a contract with a vendor who would market and advertise on behalf of the university's athletic program. The University seeks a five year contract with one option to renew for an additional five years. The business terms are still in negotiation but could result in approximately \$800,000 - \$1 million in revenue to the University yearly.

Chair Cowles invited questions. Trustee Hoffman asked whether there is precedence in the system for the St. Cloud State University contract. Vice Chancellor King responded Mankato has a similar program and at one time Morehead had one. There were no other questions.

Trustee Hoffman moved to accept. Trustee Bordeaux seconded. The motion passed. The meeting adjourned

The meeting adjourned at 8:39 a.m.

Respectfully submitted
Maureen Braswell, Recorder

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

Name: Finance and Facilities Committee

Date: May 16, 2017

Title: FY2018 Capital Program Recommendation (First Reading)

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
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 committee will receive an update on the status of the 2017 capital program request and information concerning 2018 program planning. At its June meeting, 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 (FIRST READING)

1 BACKGROUND

2 This is the first 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 report
4 provides an overview of the system’s capital planning program, an update on debt capacity and
5 a preliminary discussion of the potential size of the 2018 program.

6 At the conclusion of the 2017 legislative session, the June committee report will provide
7 recommendations for funding capital asset preservation of campus academic space through
8 Higher Education Asset Preservation and Replacement (HEAPR) as well as major capital projects
9 for renovation, improvement and replacement of academic space at specific colleges and
10 universities.

11 The board will be provided the results of capital projects approved and funded as part of the
12 2017 legislative session as soon as possible after the governor’s signature. The preliminary
13 FY2018 capital program recommendations will then be developed and circulated as soon as
14 possible. Board action on the FY2018 capital program is needed in June in order to comply with
15 MMB deadlines.

16 Board Policy 6.9, Capital Planning, calls on the chancellor to make a recommendation to the
17 board for approval of capital investments for academic facility projects and asset preservation
18 by the State of Minnesota.

19 CAPITAL PLANNING

20 Over 80% of Minnesota State’s 28.0 million square feet of owned facility space is academic in
21 nature and eligible for general obligation bonding for preservation and improvement through
22 the State of Minnesota’s capital bonding process. Minnesota State has established a highly
23 regarded capital process for soliciting, vetting, presenting and executing capital projects for
24 state funding.

25 The process is rooted in ongoing campus planning where all colleges and universities develop
26 and maintain comprehensive facility plans taking into account academic plans and
27 programming; demographic and enrollment trends; facility conditions and configuration; and
28 space utilization and energy consumption data. These plans identify and prioritize college and
29 university facility investment needs and any real estate strategies or transactions.

1 To begin the capital program recommendation process, board policy calls for the chancellor to
2 recommend to the board for approval guidelines outlining priorities and expectations around
3 future capital investments. The board approved guidelines for the FY2018 capital program in
4 March 2016 (<http://www.mnscu.edu/board/materials/2016/march-packet.pdf>, page 60). Key
5 elements of the FY2018 guidelines are:

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

18 In addition, the guidelines called for a total capital bonding program request on the order of
19 \$250 million with approximately \$125 million prioritized to address asset preservation needs
20 and \$125 million for major projects to meet programmatic updates.

21 Utilizing this guidance, colleges and universities reviewed their comprehensive facility plans and
22 prioritized their capital investment requirements. These projects included over \$350 million in
23 asset preservation proposed projects to be included in Minnesota State's request for HEAPR
24 funding and over 30 proposed capital projects at 24 campus locations totaling \$300 million.
25 The proposed capital projects included all of the projects currently being considered for funding
26 in the 2017 legislative session and remaining from the board's approved 2016 program,
27 unfunded by the legislature. An alphabetical listing of these proposed capital projects is at
28 **Attachment A.**

29 In early January 2017, nearly 100 academic, finance, facilities and technology faculty and staff
30 from our colleges and universities and the system office reviewed and scored proposed capital
31 projects against the board guidelines. The scoring results will guide development of the
32 recommendation to the board for the FY2018 capital program.

33 While 2017 is considered an "off" bonding year, there remains some expectation that a bonding
34 bill will emerge yet this session because there was no bonding bill in 2016. At the time of the
35 writing of this report, the 2017 legislative session is still underway and it is unknown what, if
36 any, funding will be provided for the board's FY2017 priorities. Minnesota State's FY2017
37 capital program currently being considered by the legislature and governor is at **Attachment B.**

38 The 2018 capital program recommendation is highly dependent on the outcome of the 2017
39 session. Speculation on that outcome and development of draft or mock recommendations

1 could compromise the ongoing deliberations within the legislature, therefore will not be
2 presented at this time.

3 **CAPITAL DEBT AND DEBT SERVICE PLANNING**

4 Minnesota State is responsible for one-third of the debt service for its major capital bonding
5 projects and this debt responsibility will be assigned to the institution receiving the capital
6 project funding beginning with the FY2018 capital program. The state pays two-thirds of the
7 debt on capital bonding projects and covers the entire debt service for HEAPR funded projects.

8 As of the FY2016 financial statements, the total general obligation principal outstanding for
9 system capital bonding projects was \$235.5 million and the total debt service paid in FY2017
10 was \$30.9 million. In the unlikely event Minnesota State's entire 2017 capital program request
11 was funded, the system's principal outstanding debt would increase by \$47.3 million.

12 If the recommended FY2018 capital program (yet to be defined) was fully funded, the system's
13 total general obligation bond obligation would increase by \$XX.X million and annual debt
14 service payments would increase by \$X.X million.

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

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

17 No bonding bill in 2016 has had a major negative impact on Minnesota State's physical plant.
18 Since 2014, the board has requested \$440.0 million in HEAPR funding for asset preservation of
19 college and university academic space. Over the same period, the system has received only
20 \$144.5 million or 33% of the request. The academic facility maintenance backlog in 2016 was
21 \$783 million, up \$158 million from \$625 million reported in 2010, an increase of 25%. In
22 addition, the estimated 10-year renewal (investments needed as building systems, roofs,
23 boilers, HVAC systems and infrastructure) reach the end of their useful lives, was \$1.0 billion
24 for the forecast period 2016-2026.

25 In addition, there are a number of major capital projects that have yet to be funded. All
26 eighteen of the major projects requested in FY2016 have yet to be funded.

- 27 • Of those, eleven (11) were presented for funding in FY2014 and four had sought funding
28 as early as FY2012. There are eleven (11) new proposed projects totaling \$75 million
29 seeking funding in FY2018 for the first time.
- 30 • There are seven FY2018 candidate projects that would seek Phase II construction
31 funding in FY2020 totaling \$138 million.

32 The total for known major capital projects seeking funding for FY2018 and FY2020 is \$416
33 million, assuming there is no approved funding for the FY2017 capital program.

34 The board approved guidelines for FY2018 that reflect the need for addition asset preservation
35 investment and call for "...approximately \$125 million prioritized to address asset preservation
36 needs." The program size recommended in the board approved FY2018 guidelines was based in

1 part on assumptions about regular state investment rates. Recent review of the system’s debt
2 forecast finds capacity for a “catch up” program of approximately \$300 million without
3 impacting the system’s general obligation debt threshold of 3% of annual revenues. If the board
4 were to consider a program request that included \$180 million for major capital projects and
5 \$125 million for HEAPR requirements, the total program target for FY2018 could be as high as
6 \$305 million. A program at this size would be possible within the board’s current general
7 obligation debt guidelines.

8 Investment in the stewardship of capital assets is part of the overall financial plan for colleges
9 and universities. Consideration of debt capacity also includes recognition of the financial
10 condition and competing pressures on the financial sustainability of our colleges and
11 universities. The FY2018 program recommendation will be prepared in accordance with the
12 board approved guidelines at \$125 million for HEAPR and \$125 million for major capital
13 projects.

14 **NEXT STEPS**

15 After board consideration and action in June, staff will submit details of Minnesota State’s
16 FY2018 capital program to Minnesota Management and Budget (MMB) via the state’s
17 electronic capital budget system. Submissions are due to MMB no later than June 30, 2017.

18 In preparation for the 2018 legislative session, staff will develop a Minnesota State Bonding
19 Book to highlight details of the approved capital program and impacts projects will have on
20 system colleges and universities. The Bonding Books will be distributed to system colleges and
21 universities and key stakeholders.

22 The legislature will use the information submitted to MMB and the bonding books during site
23 visits to candidate capital project locations around the state this summer and fall to become
24 familiar with capital requests from all state entities.

25 Given the volatility in the construction market, specific project cost estimates on **Attachments**
26 **A and D** may change over the coming months as MMB publishes additional guidance on project
27 inflation rates. Final adjustments to the requested projects must occur no later than October
28 2017 for preparation of the Governor’s capital program recommendation for the 2018
29 legislative session.

30 The board will be asked to adopt the motion below at its June meeting, after consideration and
31 recommendation of the FY2018 capital program.

32 **RECOMMENDED COMMITTEE MOTION**

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

35 The Board of Trustees approves the FY2018 capital program request as presented in
36 **Attachment D**, specifically the projects and priorities for the 2018 legislative session. The
37 chancellor is authorized to make cost and related adjustments to the request as required, and
38 to forward the request through Minnesota Management and Budget to the governor and

1 legislature for consideration in the state’s FY2018 capital budget. The Chancellor is authorized
2 to make adjustments to **Attachment D** if warranted as a result of a special session of the
3 Legislature after consultation with the Chair of the Board and the Chair of the Finance
4 committee. The chancellor shall advise the Board of any subsequent changes in the approved
5 capital program prior to the 2018 legislative session. In addition, as funding is authorized and
6 appropriated by the legislature and approved by the governor, the chancellor or the
7 chancellor’s designee is authorized to execute contracting actions necessary to deliver on the
8 project scope and intent.

9

10 **RECOMMENDED COMMITTEE MOTION**

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

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29 *Date Presented to the Board of Trustees:* 05/16/2017

30 *Date of Implementation:* xx/xx/xx

2018 Campus priority	College / University	Campus Location	Title	2018 Project Amount	New SF	Renovated SF	Renewal SF	Demo SF	Net SF
1	Anoka Technical College	Anoka	Campus Modernization and Rightsizing Design, Demolition, and Addition	\$ 13,375,000	32,900	-	-	38,700	(5,800)
2	Anoka-Ramsey Community College	Coon Rapids	Nursing Modernization--Business & Nursing Classroom Renovation Design	\$ 569,000	-	34,505	-	-	-
3	Anoka-Ramsey Community College	Coon Rapids	Humanities Building Design and Renovation	\$ 7,086,000	-	22,570	-	-	-
1	Bemidji State University	Bemidji	Academic Learning Center & Campus Renovation (Hagg-Sauer Hall Demolition)	\$ 24,297,000	27,738	22,797	32,086	82,500	(54,762)
1	Central Lakes College	Brainerd	Brainerd Campus Student Services and Academic Support Design and Renovation	\$ 11,378,000	-	41,800	29,235	-	-
1	Century College	Mahtomedi	Engineering & Applied Technology Center Design and Renovation	\$ 7,217,000	-	16,580	4,000	-	-
2	Century College	Mahtomedi	Medical Assisting Design and Renovation	\$ 738,000	-	3,125	-	-	-
3	Century College	White Bear Lake	Classroom Design and Renovation	\$ 1,853,000	-	6,460	-	-	-
4	Century College	Mahtomedi	Workforce Labs Design and Renovation	\$ 7,941,000	-	25,154	5,000	-	-
1	Fond du Lac Tribal and Community College	Cloquet	Maajiigi (Start to Grow) Design and Renovation	\$ 1,283,000	-	2,960	600	1,680	(1,680)
1	Hibbing Community College	Hibbing	Renovation and Rightsizing	\$ 11,870,000	5,140	31,200	1,090	18,140	(13,000)
1	Inver Hills Community College	Inver Grove Heights	Technology and Business Center Renovation Design	\$ 698,000	2,000	31,800	-	-	2,000
1	Lake Superior College	Duluth	Lab Renovation and Building Demolition Supporting Program Alignment Design, Renovation, Demolition, and Addition	\$ 3,929,000	6,450	38,002	2,392	13,000	(6,550)
1	Minneapolis Community and Technical College	Minneapolis	Hennepin Avenue Skyway Design and Renovation	\$ 5,480,000	-	3,550	-	-	-
1	Minnesota State Community and Technical College	Wadena	Center for Student and Workforce Success Design and Renovation	\$ 1,198,000	-	14,362	-	-	-
2	Minnesota State Community and Technical College	Fergus Falls	Library and Student Development Design and Renovation	\$ 921,000	-	7,256	-	-	-
1	Minnesota State University Moorhead	Moorhead	Weld Hall Renovation and Addition Design	\$ 628,000	2,821	33,484	-	-	2,821
1	Minnesota State University, Mankato	Mankato	Clinical Sciences Phase 2 Renovation	\$ 6,914,000	-	15,821	4,800	-	-
2	Minnesota State University, Mankato	Mankato	Armstrong Hall Deferred Maintenance Design	\$ 2,890,000	-	9,888	144,000	-	-
1	Normandale Community College	Bloomington	Classroom and Student Services Design and Renovation	\$ 14,141,000	1,200	51,000	-	-	1,200
1	Northland Community and Technical College	East Grand Forks	Science Lab Design and Renovation	\$ 1,294,000	-	754	4,450	-	-
2	Northland Community and Technical College	East Grand Forks	Effective Teaching and Learning Labs Design and Renovation	\$ 2,671,000	-	8,225	-	-	-
1	Riverland Community College	Albert Lea	Transportation, Trade and Industrial Education Center Design and Renovation	\$ 11,430,000	7,482	29,764	9,409	7,488	(6)
2	Riverland Community College	Austin	Student Services Center Design and Renovation	\$ 5,121,000	-	38,169	-	-	-
3	Riverland Community College	Austin	Food, Agricultural and Biological Systems (FAB) Center Design and Renovation	\$ 5,813,000	2,500	15,164	-	-	2,500

1	Rochester Community and Technical College	Rochester	Memorial and Plaza Halls Demolition, Design, Renovation, and Addition	\$ 23,539,000	24,030	20,120	-	42,920	(18,890)
1	Saint Paul College	Saint Paul	Academic Excellence Renovation and Renewal Design	\$ 996,000	-	19,270	90,775	-	-
1	South Central College	North Mankato	STEM, Healthcare, and Workforce Development Design and Renovation	\$ 15,816,000	3,500	45,442	26,373	-	3,500
1	St. Cloud State University	St. Cloud	Student Health and Academic Renovation (Eastman Hall)	\$ 22,018,000	15,562	43,219	-	-	15,562
1	Vermilion Community College	Ely	Classroom Building Design and Renovation	\$ 2,587,000	-	6,925	-	-	-
1	Winona State University	Winona	Education Village Phase II Renovation	\$ 39,375,000	18,156	72,776	-	14,460	3,696
2	Winona State University	Winona	Gildemeister Hall Design and Renovation	\$ 23,814,000	12,700	29,999	-	7,700	5,000
2	Winona State University	Twin Cities Campuses	Twin Cities Baccaluareate Initiative	\$ 4,427,000	-	-	17,600	-	-
Total - Capital Projects Only				\$ 283,307,000	162,179	742,141	371,810	226,588	(64,409)
State Support (GO)				\$ 188,871,333					
User Financing				\$ 94,435,667					
2018 Candidate projects from 2016/2017				\$ 198,918,000	107,629	497,000	99,808	165,508	(57,879)
New Candidate Capital Projects for 2018				\$ 84,389,000	54,550	245,141	272,002	61,080	(6,530)

**Minnesota State
2017 Capital Budget Request**



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

November 29, 2016

DEBT CAPACITY ANALYSIS

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 ratio of debt service to total revenues, and includes an estimated impact if the FY2017 capital program is funded in its entirety.

One-Third Rule

Upon passage of a bonding bill, the state of Minnesota issues debt in the form of general obligation 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 general obligation bonds sold to finance capital projects authorized by a bonding bill. Based on the system's FY2016 financial statements, the total State of Minnesota general obligation 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.

Upon establishment of the one-third rule, the system and campuses 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 college or university that received the benefit of the project. This approach will be honored for projects funded as part of the 2017 legislative session. Starting with the FY2018 capital program, the entire share of the 1/3 debt service attributable to a project will be allocated to the individual college or university receiving the benefit of that project. HEAPR projects are not subject to the one-third debt service rule.

Impact of FY2017 Capital Program

In the event Minnesota State's entire FY2017 capital program request is funded, the system's annual debt service would increase by approximately \$3.4 million and the system's debt service costs would increase from 1.1 percent of revenue in FY2016 to 1.2 percent of revenue in FY2017. The total impact by campus is contained in **Table 2**.

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 3** 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 every biennium?*
2. *How much more debt service could the system handle?*
3. *How much could revenue decline before reaching the 3% debt threshold?*

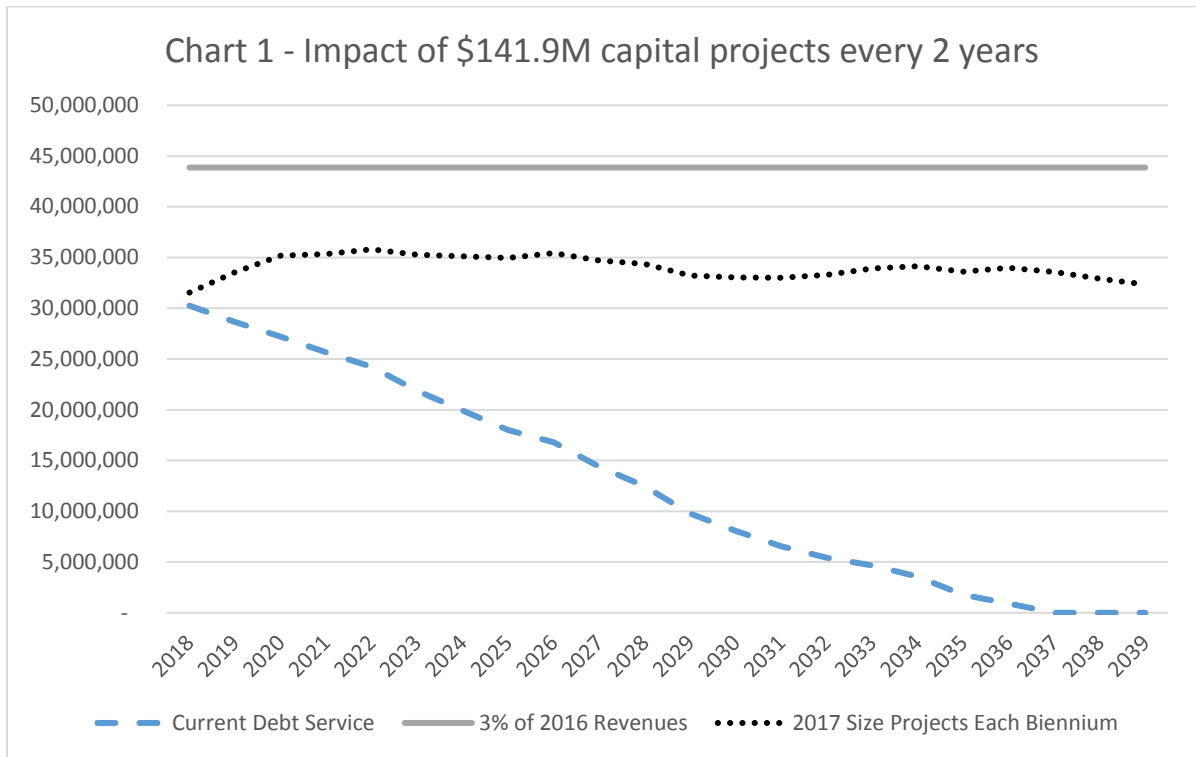
The modeling is driven by the assumptions made concerning revenue trends. The following illustrates that the system debt guidelines are not exceeded until 2035 in a declining revenue environment. With flat revenue assumptions, the system could support a \$141 million to \$181 million addition to capital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

Analysis - What is the impact on the system with a consistent, \$141.9 million capital project request 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:

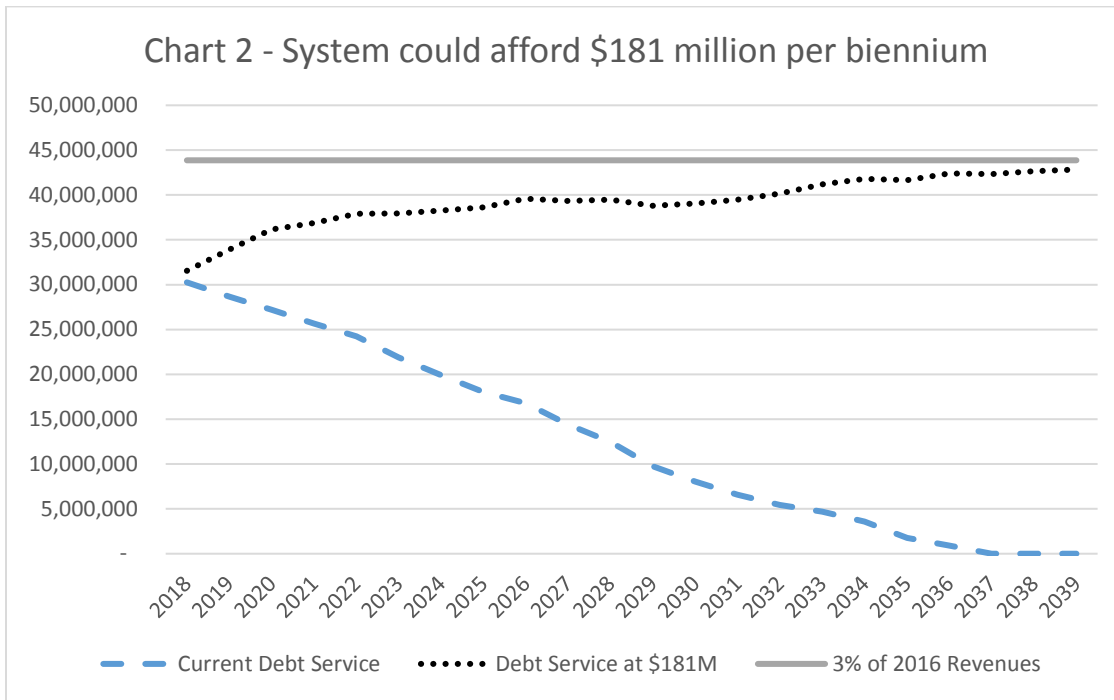


Analysis: How much more debt service could the system handle?

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:

Chart 3 - The System Could Absorb a 1.25% Annual Decline in Revenues before adjusting the GO debt threshold

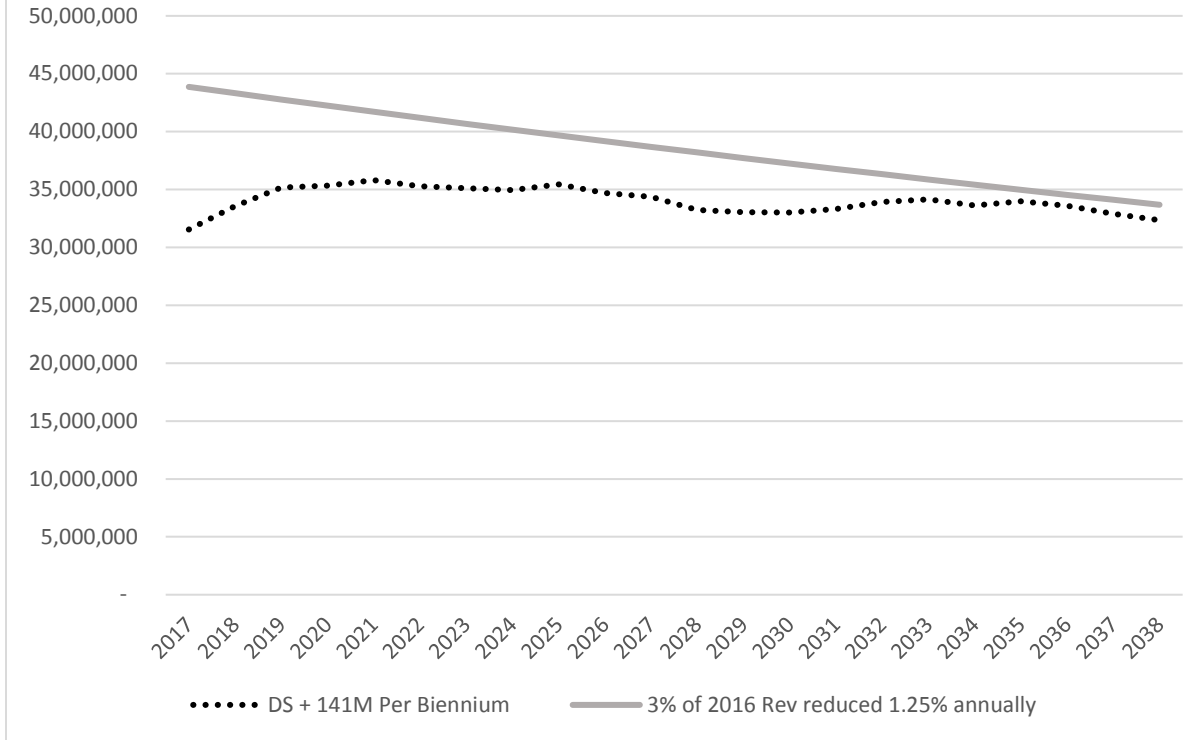


Table 1 – Debt Service as a Percentage of FY2016 Total Revenues
 Colleges or universities with FY2017 capital program projects are **bold**

Institution Name	Current Debt Service	Estimated Debt Service with 2017 Capital Budget
Colleges		
Alexandria Technical & Community College	1.3%	1.3%
Anoka Ramsey Community College	0.8%	1.0%
Anoka Technical College	1.0%	1.0%
Central Lakes College	0.8%	0.8%
Century College	1.0%	1.1%
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%	1.3%
Lake Superior College	1.2%	1.2%
Minneapolis Community & Technical College	1.5%	1.6%
Minnesota State Community and Technical College	0.9%	1.0%
Minnesota West Community & Technical College	0.8%	0.8%
MN State College, Southeast	1.0%	1.0%
Normandale Community College	1.2%	1.3%
Northeast Higher Education District		
Hibbing Community and Technical College	1.4%	2.3%
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%
Northland Community & Technical College	1.3%	1.3%
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%	1.1%
Rochester Community & Technical College	0.9%	1.6%
Saint Paul College	1.4%	1.4%
South Central College	1.0%	1.4%
St. Cloud Technical and Community College	1.4%	1.4%
College Totals	1.2%	1.3%
Universities		
Bemidji State University*	1.0%	1.4%
Metropolitan State University	1.3%	1.3%
Minnesota State University Moorhead*	1.3%	1.3%
Minnesota State University, Mankato*	0.8%	0.8%

Date Presented to the Board: June 20-21, 2017

Southwest Minnesota State University*	0.7%	0.7%
St. Cloud State University	1.0%	1.1%
Winona State University*	0.9%	1.2%
University Totals	1.0%	1.1%
<hr/>		
System Totals	1.1%	1.2%
* banded tuition rate/15 credits		

Table 2 - Impact of FY2017 Capital Program on Debt Service

Estimated average annual additional debt service by campus project (1/3 share)

2017 Priority	Institution	Title	2017 Request	Average Estimated Annual Debt
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	\$ 227,200
3	Minnesota State Community and Technical College	Center for Student and Workforce Success Design and Renovation	\$978,000	\$ 23,146
4	Minnesota State Community and Technical College	Library and Student Development Design and Renovation	\$820,000	\$ 19,407
5	Northland Community and Technical College	Laboratory Design and Renovations	\$826,000	\$ 19,549
6	Bemidji State University	Academic Learning Center (Hagg-Sauer Replacement) Design and Renovation	\$18,897,000	\$ 447,229
7	Rochester Community and Technical College	Memorial and Plaza Halls Removal, Design, Renovation, and Construction	\$21,713,000	\$ 513,874
8	Hibbing Community College	Campus Reconfiguration	\$11,222,800	\$ 265,606
9	Winona State University	Education Village Phase II Renovation and Demolition	\$25,306,000	\$ 598,909
10	St. Cloud State University	Student Health & Academic Renovation	\$18,572,000	\$ 439,537
11	Minnesota State University, Mankato	Clinical Sciences Phase 2 Design and Renovation	\$6,525,000	\$ 154,425
12	Anoka Ramsey Community College	Nursing & Active Learning Center Design and Humanities Renovation	\$4,965,000	\$ 117,505
13	Century College	Applied Technology Center Design and Renovation	\$5,500,000	\$ 130,167
14	Normandale Community College	Classroom & Student Services Renovation Design	\$1,100,000	\$ 26,033
15	Minnesota State University Moorhead	Weld Hall Renovation Design	\$775,000	\$ 18,342
16	Inver Hills Community College	Technology and Business Center Renovation Design	\$1,000,000	\$ 23,667
17	Riverland Community College	Transportation, Trade and Industrial Education Center Design, Construction, and Renovation	\$9,348,000	\$ 221,236
18	Minneapolis Community and Technical College	Hennepin Skyway Design and Renovation	\$4,469,000	\$ 105,766
19	Charting the Future Initiative	Twin Cities Baccalaureate Access	\$300,000	\$ 7,100
		Total including HEAPR	\$251,916,800	
		Projects only	\$141,916,800	\$ 3,358,698

Date Presented to the Board: June 20-21, 2017

Table 3 – Estimated Cost per Credit and Per Academic Year (Tuition only)

Institution Name	Cost per credit (tuition only)		Cost Per Year (tuition only)
Colleges			
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
College Totals	\$	2.01	\$ 60.29
Universities			
Bemidji State University*	\$	3.55	\$ 106.46
Metropolitan State University	\$	2.87	\$ 86.00

Date Presented to the Board: June 20-21, 2017

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	
	University Totals	\$	2.58	\$	77.28
Grand Total	\$	2.05	\$	61.57	

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RECOMMENDED 2018 CAPITAL PROGRAM

TO BE INSERTED

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

Name: Finance and Facilities Committee

Date: May 16, 2017

Title: FY2018 Annual Operating Budget (First Reading)

Purpose (check one):

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

Brief Description:

Board Policy 5.9, Biennial and Annual Operating Budget Planning and Approval, requires the Board of Trustees to approve the systemwide annual all funds operating budget plans for colleges, universities and the system office. Board Policy 5.11, Tuition and Fees, requires the Board of Trustees to approve the tuition and fee structure for all colleges and universities.

The FY2018 operating budget will largely be determined by legislative budget and policy decisions that have not yet been finalized. An update on the legislative session, including higher education funding decisions, will be distributed at the Finance and Facilities Committee meeting.

Scheduled Presenter(s):

Laura M. King, Vice Chancellor - CFO

Deborah Bednarz, Director – Financial Planning and Analysis

MINNESOTA STATE BOARD OF TRUSTEES
Agenda Item Summary Sheet

Name: Finance and Facilities Committee

Date: May 16, 2017

Title: Surplus and Sale of Real Estate and Improvements, Minneapolis Community and Technical College

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

Minneapolis Community and Technical College requests the Board of Trustees declare certain property as surplus to meet the requirements of Board Policy 6.7, Real Estate Transactions. Minnesota State is exploring an arrangement with the City of Minneapolis to facilitate the sale of the surplus parcel, along with two additional, contiguous parcels, to enable the redevelopment of a historically significant property.

The report has been amended to address questions that emerged at the April committee meeting.

Scheduled Presenter(s):

Laura M. King – Vice Chancellor – Chief Financial Officer

Brian Yolitz, Associate Vice Chancellor for Facilities

Sharon Pierce – President, Minneapolis Community and Technical College

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

BOARD ACTION

SURPLUS AND SALE OF REAL ESTATE AND IMPROVEMENTS, MINNEAPOLIS COMMUNITY AND
TECHNICAL COLLEGE

1 FOLLOW UP FROM APRIL BOARD MEETING

2 During the April meeting of the Finance and Facilities committee, members had questions
3 regarding the recommendation to surplus and sell the historic Wells Family College Center and
4 two adjacent parcels at Minneapolis Community and Technical College. Board member questions
5 centered on the financial terms of the transaction and assurance that the long-term needs of the
6 college and the opportunity for a growing partnership in the delivery of baccalaureate education
7 in downtown Minneapolis is preserved.

8 The board asked staff to address several questions.

9

**10 What happens if the college grows? Where can it expand? Is there capacity for support of
11 baccalaureate program growth?**

12 The college could approximately double its enrollment using its current space, without
13 development of the Wells building or the south properties. Capacity for baccalaureate growth is
14 available in the current space as part of the colleges overall capacity to double enrollment.

15 How is this transaction in the interest of the college?

16 The value in this deal is what the college gets to stop doing. The college forecasts \$1 million in
17 operating and façade stabilization costs over the next five years. The transaction costs of
18 approximately \$380,000 would be recovered in two years.

19

20 The potential for the subject property to contribute either academic or student life programming
21 is very limited and prohibitively expensive. As a community partner, the college works closely
22 with the city on numerous efforts, and as a good community partner, wishes to see the city
23 succeed in meeting their plans and priorities. Appropriate stewardship and reutilization of the
24 Wells Center is one of those priorities.

25

26 Why is the college paying for the demolition costs and city fees?

27 The college felt strongly about controlling the demolition process and believes that covering
28 demolition costs for the Black Box Theater was a necessary enticement to generate interest
29 among developers to make a proposal on the project. The city's administrative fee, by contrast,
30 was discussed extensively during negotiations. Ultimately, the college's agreement to pay the
31 city fee acknowledges that the city's role is different than a simple purchase and sale transaction
32 and beyond the role of an ordinary purchaser. Specifically, the city was the prime organizer and

1 facilitated a developer solicitation and walk through to gauge interest in this transaction in
2 February 2017. The event included a facilitated on-site question and answer session with city and
3 college staff and a follow-up questionnaire to developers that the city organized and collected.

4 Representatives from at least five (5) different developers toured the building and site during the
5 walk through. During the question and answer period, the college did inform developers that
6 they planned on removing the Black Box Theater. Despite the interest expressed during the
7 walkthrough, only one (1) developer made a proposal or expressed any continued interest in this
8 arrangement.

9 The college plans to fund the demolition costs, which are estimated to cost \$359,200. After the
10 April Board meeting, staff reached out to the city about the potential of the city or the developer
11 reimbursing the college for the full demolition cost and waiving the city administrative fee.
12 Neither party is interested in altering the terms of the agreement.

13 During the same interaction, staff conveyed the expectation of title transfer “as is” to the city.
14 Staff intends to approach the city and the developer again to propose recapture of the college’s
15 investment at some future date in the life of the project when there may be the financial capacity
16 of the developer to consider repayment.

17 In the end, the college eliminates the need for major capital investment in the building, and
18 recoups its entire up-front costs in less than 2 years by avoiding the building’s operating and
19 stabilization expenses.

20 **BACKGROUND**

21 **Why does Minneapolis Community and Technical College have this property?**

22 Originally built for the H. Alden Smith family in 1887, the Wells Family College Center is a
23 mansion-style building located on the Minneapolis Community and Technical College (MCTC)
24 campus. See **Attachment A** for its location on campus. The property was originally purchased by
25 the Minneapolis Community College Foundation in 1993. After completing a two-year capital
26 campaign, the foundation donated the building to Minnesota State on December 20, 1996 to
27 become part of the college campus. The property was named in recognition of the Frederick B.
28 Wells family, whose contributions allowed the foundation to complete the capital campaign that
29 made the gift possible. The mansion was listed in the National Register of Historic Places in 1976.
30 After receiving the building as a gift, the college commenced an ongoing effort to find a viable
31 use for the building with very limited success. The building’s construction and historic status,
32 while historically appealing, limited flexibility in how it could be used. The college experimented
33 with using the building mostly for office and conference space for the past twenty (20) years. See
34 **Attachment B** for the history of development and finalizing efforts for Wells Center.

35 **The value in this deal is what the college gets to stop doing.**

36 The college has spent twenty (20) years soliciting funds, spending thousands of hours (and
37 dollars) managing the building, and working with numerous architects, engineers and real estate
38 brokers to study what can be done to make this gift property work for the college. To date, no
39 viable strategy has emerged.

1
 2 This proposal is the first viable option where a developer is willing to take on the risk of
 3 redeveloping and maintaining the historically registered building. The college rids itself of a
 4 building and property that it does not need. This effort leverages the private sector to marshal
 5 the long-term resources necessary to repurpose and maintain the building, and fulfill the
 6 building's highest and best use.

7
 8 Should the college retain this property, it will continue to pay operating costs, and the building
 9 will immediately require short-term expenditures to minimally stabilize the building facade. The
 10 table below illustrates the options:

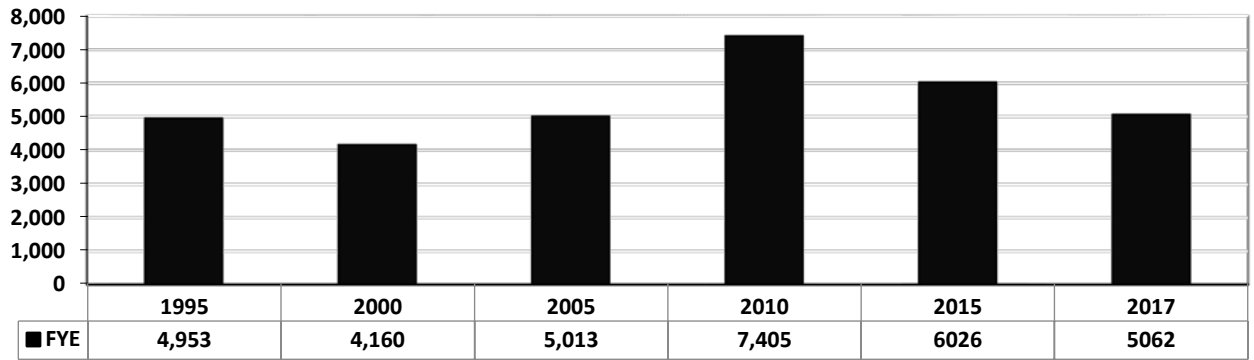
	Cost Comparison	
	No Surplus Action (College costs)	Surplus, Convey to City/Developer
16 Year 1	\$100,000 (operating)	\$379,000 (city fee, demolition)
17 Year 2	\$500,000 (operating + stabilization)	\$0
18 Year 3	\$250,000 (operating + stabilization)	\$0
19 Year 4	\$100,000 (operating)	\$0
20 Year 5	\$100,000 (operating)	\$0
21 Total	\$1,050,000	\$379,000
23 10-Year Total	\$1,550,000	\$379,000

22
 25 As a community partner, the college works closely with the city on numerous efforts. As a good
 26 community partner, the college is committed to seeing the city succeed in meeting their mutual
 27 plans and priorities. Appropriate stewardship and reutilization of the Wells Center is one of those
 28 priorities. If retained by the college, this priority would continue to be an item of contention
 29 between the college, the city and community groups.

30 **The college has adequate space on campus to meet the foreseeable enrollment demands**
 31 **without the Wells building and adjacent parcels.**

32 MCTC's enrollment, as measured by FYE, has averaged 5,511 since 1995. During the recession,
 33 enrollment was over 6,000 FYE, peaking at 7,405 in 2010 before settling back to 5,658 in 2016.
 34 The forecasted enrollment for 2017 is 5,062 FYE, which is 10% less than the 20+ year average.

35 Enrollment is expected to drop below 5,000 FYE in 2018 and 2019 before it is expected to slowly
 36 recover starting in 2020. Metropolitan State University enrollment makes up less than ten (10)
 37 percent current enrollment (463 FYE), although the university and college expect increases to
 38 800 FYE in the next few years as a result of system efforts to bolster the Twin Cities baccalaureate
 39 initiative.



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Chart 1. Minneapolis Community and Technical College Enrollment History (FYE)

3

College facility space has grown by 280,000 square feet (23%) since 2006 due principally to the acquisition and remodeling of the former Billy Graham association property.

4

5

MCTC reported a blended room utilization rate of 55% in spring of 2016, meaning classrooms and lab spaces were used for 17.6 hours during the week based on a 32 hour utilization standard, where 32 hours is considered 100% utilization. For some context, MCTC’s utilization rate is equivalent to 3.5 hours per day where 6.4-hours is considered 100% utilization. In addition, MCTC reported a blended seat utilization rate of 52% in spring of 2016, meaning that when rooms were in use, a little over half of the seats were filled.

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MCTC campus hours are Monday-Friday (6:30AM-10:30 PM) and Saturday (7:00AM-5:00PM), meaning the college is open 90 hours per week, Monday-Friday for 16 hours a day and open Saturday for 10 hours. If classroom and lab utilization was measured based on building hours, the college’s utilization rate would be around 20%.

12

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15

For 2016, MCTC reported operating 165 classrooms and labs with a total of 5,575 seats and stations available. When a classroom or lab was in use, there were 1,594 students in class at peak times. Theoretically, the college would have capacity for additional 1,472 students by filling the empty seats in the scheduled classrooms and labs, and seat an additional 2,509 students in the remaining open classrooms and labs.

16

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20

At any given time during the 70 hours the college is open, (80% of the time) college classrooms and labs are unused. By scheduling the full time the buildings are open, the college has the potential to serve an additional 5,575 students with existing facilities, meaning the college could approximately double its current enrollment without any additional square footage.

21

22

23

1 In the event the college was to experience a doubling or tripling of enrollment, college leadership
2 could meet that demand in current campus space by:

- 3 1) improving classroom and lab scheduling practices and section seat fill protocols,
- 4 2) remodeling and/or reconfiguring existing low or unused space to more effectively meet
5 academic enrollment needs, and
- 6 3) replacing outdated space with more efficient space.

7 Effective scheduling practices and efficient space management principles would allow the college
8 to accommodate a substantial increase in enrollment within the existing facilities.

9 **The college has more academic space serving their students than both system and sector**
10 **averages for space and students.**

11 With nearly 1.5 million square feet of space (including the parking ramp), MCTC is the largest
12 college in the Minnesota State system, 72% larger than next largest college, Rochester
13 Community and Technical College at 859,203 GSF. In fact, MCTC has a larger footprint than
14 Southwest Minnesota State University (SMSU = 1,233,169 GSF) and is comparable in size to
15 Bemidji State University (BSU = 1,495,133 GSF).

16 MCTC represents 4.4% of Minnesota State’s academic space and 7.1% of the college sector’s
17 academic space. For 2017, the college serves 3.9% of Minnesota State’s total FYE and 6.4% of
18 the college sector FYE.

19 **Maintenance backlog associated with the Wells Center is one-third of the total college backlog.**
20 **Getting rid of the Wells Center will improve the college’s Facility Condition Index from 0.08 to**
21 **0.06.**

22 As of 2016, the MCTC campus included 20 Buildings, totaling 1.5 million square feet of space:

23	Estimated replacement value:	\$433 million
24	Backlog of maintenance:	\$35.8 million (Note: One-third of backlog or
25		\$11.8 million is associated with the Wells Center)
26	10-year renewal:	\$69.0 million (Note: None of the \$69.0 million is
27		associated with the Wells Center)

28 The college’s recent Comprehensive Facilities Plan calls for investments in the short- to mid-term
29 timeline including:

30	Skyway Renovation	\$4.4 million
31	Twin Cities Baccalaureate Initiative:	\$4.0 million (with Metropolitan State)
32	Student Services:	\$2.0-\$4.0 million
33	Department ‘Home Basing”:	\$TBD million

34
35

1 **Given the costs to stabilize the Wells Center, the net value of the combined properties is**
2 **negative and represents a long-term drain on college operating budgets and drag on capital**
3 **investment plans.**

4 After several efforts to preserve, update, and utilize the Wells Center to meet its program mission
5 or community needs, the college mothballed the 18,632 square foot facility.

6 **Wells Center**

7 Annual operating costs: \$90,000 - \$100,000 / year (July 2013 PVN report)
8 Appraised Value: (\$3,295,000) (April 2017 report, as of March 2017)
9 Stabilize and preserve: \$7.6 million, required within three (3) - five (5) years
10 Exterior \$3 million + Interior \$3.7 million + \$1 million
11 contingency (PVN Report, December 18, 2015)
12 Upgrade for program use: \$20.1 million (2010 capital bonding request – continuing
13 education, advancement and communications and student
14 affairs offices and 2-3 classrooms) Request not funded.

15
16 **South Parcels**

17 Black Box Theater and community garden parcels to be
18 bundled with the Wells Center providing a development
19 opportunity)
20 Appraised Value: \$1,435,000 (April 2017 report, as of March 2017)

21 **Total (Wells + Parcels)**

22 Appraised value: Negative \$1.8 million - \$2.4 million depending on
23 renovation costs of Wells Center

24 **While developable land in downtown Minneapolis is highly prized, developing the parcels**
25 **south of the Wells Center would be extremely expensive for the college and the system.**

26 Assuming the college has a need for adding space on campus, development of the land parcels
27 plus refurbishing the Wells Center would approach at least \$50 million capital bonding requests:

28
29 **Wells Center:** \$18 million - \$20 million
30 Assumes full exterior and interior stabilization and updates and
31 program conversion to offices and one or two small classrooms
32

33 **South Parcels:** \$30 million - \$35 million
34 Assumes a 20,000 sq. ft. developable area; 60,000 sq. ft. college
35 building, 4 levels, no connection to Fine Arts
36

37 **Total Estimated Cost:** \$48 million to \$55 million
38

39 Absent a capital or HEAPR project funded from a bonding bill, the college would need to generate
40 between \$7 million to \$20 million to legitimately stabilize and repurpose the Wells Building. If
41 the sole source of funds came from the college's operating budget, the college's financial health
42 would suffer immediate harm. The college estimates that if it was required to use its own

1 operating dollars, its Composite Financial Index (CFI) drop would likely trigger a financial workout
2 plan.

3 **The acquisition of the former Billy Graham headquarters buildings expanded the capacity of**
4 **the college and its university partner, Metropolitan State University, which has yet to be fully**
5 **leveraged.**

6 The college acquired the former Billy Graham headquarters site in 2004 with \$10 million from
7 the capital bonding bill to support the college’s increasing programs with its university partner,
8 Metropolitan State University. The acquisition was driven in part by the university’s desire to
9 vacate leased space on 7th and Hennepin and better serve the downtown student community by
10 co-locating with the college. The 2.5 acre, 214,000 sq. ft. acquisition contains four buildings on
11 the site, joined together so as to appear as one. Shortly after acquisition, the college successfully
12 obtained \$18.9 million from the 2006 bonding bill for the substantial renovation of the building
13 fronting Hennepin Avenue for science and allied health programs. The other buildings
14 (Management Education Center and the Old Harmon/Standard Oil building) in that block have
15 not been fully renovated and are potential candidates of the upcoming Twin Cities Baccalaureate
16 Initiative.

17 With the original acquisition occurring nearly 13 years ago, the college and its partner university
18 have retained substantial capacity to accommodate any future growth in college or university
19 enrollment on the site.

20 **The college could not operate in the same manner as a developer to construct housing and use**
21 **the cash flow to both finance the housing development and restore the Wells building.**

22 In evaluating student housing on the site, the college would have to use revenue bonds to finance
23 the development. Assuming an apartment style development of a comparable size and cost
24 structure on the south parcels (31 units total), the rents necessary to cover the development’s
25 debt service and operating costs would be a minimum of \$10,000 per academic year per student,
26 well above what our state universities charge for room and board. This estimate does not include
27 the costs to renovate the Wells building.

28 **ANALYSIS AND RECOMMENDATION**

29 This surplus action:

- 30 1. Does not adversely impact the long term capability of the college to meet college and
31 university enrollment increases.
- 32 2. Pursues financial sustainability for the college
- 33 3. Rids the college of the substantial costs and long-term financial and reputational liability
34 associated with the Wells Center.
- 35 4. Provides for the preservation, restoration, and reutilization of the historic Wells Center
36 independent of college or university resources.

37 The recommendation to surplus properties and Minneapolis Community and Technical comes
38 after long and thorough consideration and enables the college to focus directly on their core

1 mission of providing access and delivering extraordinary training and education to the diverse
2 and dynamic downtown community of Minneapolis.

3 **RECOMMENDED COMMITTEE ACTION:**

4 The Finance and Facilities Committee recommends that the Board of Trustees adopts the
5 following motion:

6 The Board of Trustees designates the three project parcels as shown on **Attachment C** (Wells
7 Parcel, Parcel 1 and Parcel 2), as surplus and authorizes the chancellor or the chancellor's
8 designee to execute a pass-through sale of the property to the City of Minneapolis for \$1.00,
9 along with completing any necessary site preparation work. The final terms and conditions of the
10 sale are subject to the approval of the chancellor or chancellor's designee and will include
11 assurance that the developer has obtained all necessary approvals to commence work on the
12 site.

13 **RECOMMENDED COMMITTEE MOTION:**

14 The Board of Trustees designates the three project parcels as shown on **Attachment C** (Wells
15 Parcel, Parcel 1 and Parcel 2), as surplus and authorizes the chancellor or the chancellor's
16 designee to execute a pass-through sale of the property to the City of Minneapolis for \$1.00,
17 along with completing any necessary site preparation work. The final terms and conditions of the
18 sale are subject to the approval of the chancellor or the chancellor's designee and will include
19 assurance that the developer has obtained all necessary approvals to commence work on the
20 site.

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23 *Date Presented to the Board of Trustees:* 05/17/2017

24 *Date of Implementation:* xx/xx/xx

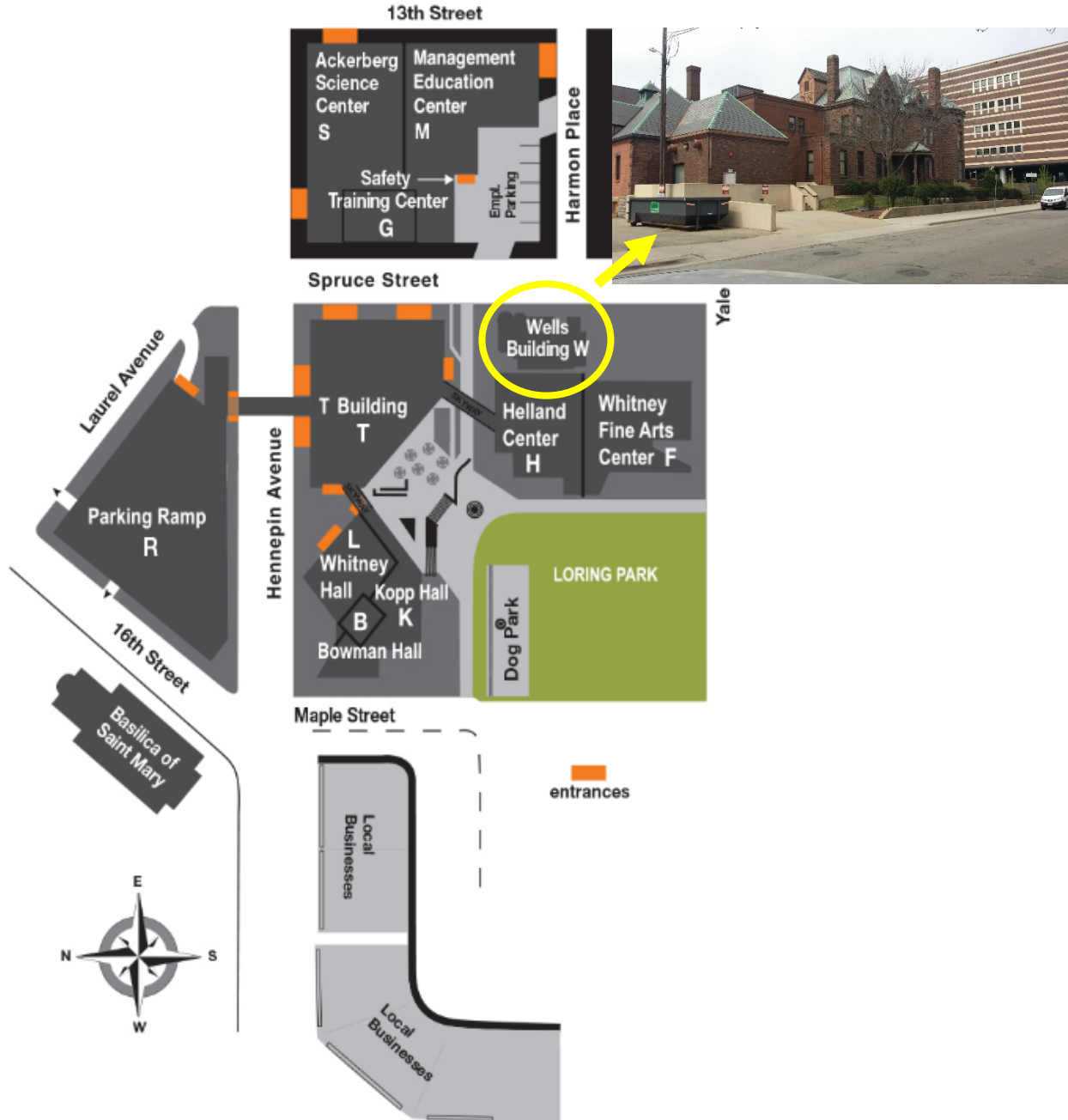
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2 LOCATION OF WELLS FAMILY COLLEGE CENTER ON CAMPUS

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HISTORY OF DEVELOPMENT AND FUNDING EFFORTS FOR WELLS CENTER

Beginning in 2002, MCTC made yearly Higher Education Asset Preservation and Replacement (HEAPR) funding requests for exterior repairs. While the Wells building clearly had an identified need, other HEAPR priorities with more direct student impact often were more pressing and were prioritized above this project. Given the magnitude of the needs and limited HEAPR dollars, the college was unsuccessful in obtaining HEAPR dollars for needed repairs and relied on their own operating dollars to make modest repairs and improvements. (System HEAPR requests have been funded at 42% during the period 2000-2016, only 18% since 2012)

In 2004, MCTC was awarded a Save America's Treasures grant, but later returned it, in part due to the ongoing requirements of the grant that made compliance cost prohibitive, and a need to better scope repairs and the reuse options better-suited to the campus. Between 2006 and 2008, Minnesota State and MCTC commissioned two studies to document the building's history and physical condition to pinpoint an optimal building use and revisit cost estimates to achieve such use. A 2006 Historic Structure Report (HSR) estimated exterior restoration repair construction costs at just under \$2 million.

A restoration and remodeling predesign study, prepared in 2008, estimated an optimal interior remodel at approximately \$12.5 million, which included exterior repairs from the Historic Structure Report. Based on the predesign findings, MCTC submitted the project for scoring during preparations for the 2010 Capital Budget cycle. The \$20.5 million project included a proposal for extensive restoration of the Wells Center for optimum usage. The project did not make the Board's 2010 capital bonding priority list after the request scored poorly. (The college's workforce program renovation project, however, was on the Board's list in 2010.)

After the setback in capital scoring, the college undertook a Reuse Study for the Wells building in November 2010. The reuse study explored five different options: 1) continue with minimal maintenance, 2) mothball the building, 3) conduct a phased renovation, 4) sell and/or move the structure, or 5) demolish the building.

The reuse study recommended the phased restoration and rehabilitation option, which was to have resulted (again) in multiple-year capital bonding requests. Ultimately, the experience during the 2010 capital scoring and the lack of identified academic or student programming needs outweighed the reuse study recommendation, and the decision was made not to pursue additional capital requests. By default, the college continued funding maintenance for the building.

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PROPOSED PARCELS TO BE DECLARED AS SURPLUS



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

Name: Finance and Facilities Committee

Date: May 16, 2017

Title: Approval of Contract Exceeding \$1 Million –
Minnesota State University, Mankato Aviation Training Contract

Purpose (check one):

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

The Board of Trustees is asked to approve a new contract for Minnesota State University, Mankato with an estimated value of up to \$18 million over a five year period.

Scheduled Presenter(s):

Laura M. King – Vice Chancellor – Chief Financial Officer

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

BOARD ACTION

CONTRACT OVER \$1 MILLION, MSU MANKATO, FLIGHT TRAINING

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. The following contract presented to the Board this month has campus-specific impact.

Minnesota State University, Mankato Flight Training Contract exceeding \$1 million. The university selected North Star Aviation, Inc. to provide flight training to aviation students after a 2016-2017 RFP process. The university seeks approval to execute a contract for an initial term of three years (July 2017 – June 2019) with an option to renew for two additional years. North Star Aviation is the university’s current provider.

In order to better serve students, Minnesota State University, Mankato worked closely with North Star Aviation to redesign the aviation curriculum, directly matching flight training curriculum with course sections and began to charge a corresponding course fee in 2015. Minnesota State University, Mankato now collects the course fees and remits payment to North Star Aviation Inc., as a flow through for flight training services provided to the students. Approximately 166 students were enrolled in the professional flight program during the Fall 2016.

Course fees for 2017-2018 under the new agreement are expected to remain equal to course fees in 2016-2017. Course fees for flight training services are expected to remain significantly lower than at regional peer institutions offering similar flight training education. The Board of Trustees is asked to approve a contract with an estimated value of up to \$18 million over the five year period.

RECOMMENDED COMMITTEE MOTION

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

The Board of Trustees authorizes the chancellor or his designee to execute a three year contract with option to extend for two additional years between Minnesota State University, Mankato, and North Star Aviation Inc. to provide flight instruction to aviation students at a value not to exceed \$18 million over the full five years. The board delegates to the chancellor or the chancellor’s designee authority to execute all necessary documents.

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RECOMMENDED BOARD MOTION

The Board of Trustees authorizes the chancellor or his designee to execute a three year contract with option to extend for two additional years between Minnesota State University, Mankato, and North Star Aviation Inc. to provide flight instruction to aviation students at a value not to exceed \$18 million over the full five years. The board delegates to the chancellor or the chancellor’s designee authority to execute all necessary documents.

Date Presented to the Board of Trustees: xx/xx/xx
Date of Implementation: xx/xx/xx



MINNESOTA STATE

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

MAY 17, 2017

8:00 A.M.

McCORMICK ROOM

30 7TH STREET EAST

SAINT PAUL, MN

Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

1. **Minutes of March 22, 2017 (pp. 1-7)**
2. Career Technical Education and Workforce Development Update (pp. 8-50)

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

Alexander Cirillo, Chair

Louise Sundin, Vice Chair

Dawn Erlandson

Amanda Fredlund

Jerry Janezich

Roger Moe

Cheryl Tefer

Bolded items indicate action required.



**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
ACADEMIC AND STUDENT AFFAIRS COMMITTEE
MARCH 22, 2017**

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

Academic and Student Affairs Committee Members Absent: Roger Moe

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

The Minnesota State Colleges and Universities Academic and Student Affairs Committee held a meeting on March 22, 2017, at Wells Fargo Place, 4th Floor, McCormick Room, 30 East 7th Street in St. Paul. Chair Alex Cirillo called the meeting to order at 8:48 am.

1. Minutes of January 24, 2017 Academic and Student Affairs Committee meeting

Trustee Erlandson moved and Trustee Tefer seconded that the minutes from the January 24, 2017 meeting be approved as written. Motion carried.

2. Twin Cities Baccalaureate Update

Presenters:

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs
Ginny Arthur, President, Metropolitan State University
Barb McDonald, President, North Hennepin Community College
Sharon Pierce, President, Minneapolis Community and Technical College
Todd Harmening, System Director for Academic Programs and Collaboration

The trustees were given an update on the progress made with the Twin Cities baccalaureate strategy, including information on implementation, academic programs, student services, facilities, finance models and marketing.

Senior Vice Chancellor Anderson said this strategy aims to significantly increase access to and completion of baccalaureate programs in the Twin Cities metropolitan area through strategic collaborations between the seven state universities and metropolitan two-year colleges.

The largest concentration of new baccalaureate program offerings are on western and northwestern metro-area campuses. At this time, existing campus facilities are being used to offer additional programming so there has been no need to incur expenditures for new buildings.

The additional baccalaureate degree offerings are anchored by Metropolitan State University and are complemented by greater Minnesota State universities.

Students at metro-area colleges will have greater opportunities to seamlessly move into a Minnesota State baccalaureate program, Senior Vice Chancellor Anderson said. They will have access to a range of high-demand bachelor's degree programs and to coordinated student services at critical points in their educational progression, he added.

System Director Harmening offered an update on the implementation of the plan:

- The goal of offering 25 more program locations across metro-area college campuses by the end of the 2016-2017 academic year was not reached. Currently, Minnesota State is half way to that goal with new locations projected for fiscal year 2018.
- Dual admission is underway in selected programs with an intent to expand the practice.
- Core student services have been identified and evaluation of those services will be done this spring.
- A pilot is underway and evaluation criteria has been identified on models pertaining to finance and facilities.
- A capital budget predesign is under development which would address any needed alternations to existing facilities.
- A marketing strategy is under development in conjunction with other system initiatives.
- Collaborative opportunities are being advanced in student service areas, including advising and call-center services.

Enrollments at metropolitan institutions, as well as greater Minnesota universities, have increased since the baccalaureate strategy has been implemented, Harmening said. The full-time student enrollment at Metropolitan State University and metro colleges increased by 52 percent between fall session 2015 and fall session 2016. Enrollment at outstate Minnesota State universities increased 122 percent during the same time. The figures would be greater if part-time student enrollment were included in those figures, Harmening added.

The growth in enrollments is notable since it comes at a time when enrollments are declining for many higher education institutions, Harmening said. The goal is that 3,000 students in the Twin Cities will be graduating with baccalaureates degrees from Minnesota State by 2020 and 5,000 graduates by 2025.

A collaborative effort is emerging regarding development of baccalaureate programming offered, Harmening said. Provosts, college chief academic officers, deans and faculty are collectively reviewing program proposals. Student demand, along with industry input on labor market needs, are included in the academic planning discussions.

Sustainable and mutually beneficial financial models are being developed and evaluated for use of space and student services, Harmening said. These include a limited or no-charge model, which allows state universities to use space and campus services free of charge. This benefits state universities providing programs, but is a challenge for colleges, he said. The cost-recovery model is challenging since early

enrollment levels may not fully cover the costs of facilities and services. The revenue-sharing model creates a shared-incentive for growing enrollments, he said.

Three metropolitan-area college and university presidents offered examples of partnerships and collaborative efforts being used to grow baccalaureate opportunities for students.

- Metropolitan State University President Ginny Arthur said her university has baccalaureate-completion programs at six metro college campuses: Anoka-Ramsey Community College, Minneapolis Community and Technical College, North Hennepin Community College, Saint Paul College, Inver Hills Community College and Normandale Community College.

One successful collaboration is an exercise science baccalaureate degree offered through the collaborative efforts of Southwest Minnesota State University, Metropolitan State University and Normandale Community College.

Arthur offered information on the Minnesota Alliance for Nursing Education (MANE) program, which is an alliance of nursing programs using a common baccalaureate curriculum. The alliance is compiled of seven metro community colleges and Metropolitan State University.

Students in the program are dually enrolled, which means they are considered college and universities students at the same time. From day one these students are on track to seamlessly progress into and complete a four-year nursing degree from Metropolitan State University, Arthur said. At every college campus, MANE students have a common application and admission process, identical course sequences, common program outcomes and common evaluation tools.

Trustee Tefer said as a faculty member at Anoka-Ramsey Community College, she had considerable experience with the MANE program and called it an exemplary template to meet broad-based system goals. MANE is a “game changer” in the nursing profession, but it doesn’t seem to get the public recognition it deserves, she said.

Arthur said information on MANE has been published through the Robert Wood Johnson Foundation and Metropolitan State University faculty have published and offered presentations on it. It may be a case that information about MANE is not sufficiently published or promoted within the system, she said, adding she would provide Trustee Tefer with a listing of publications that featured MANE.

One unique aspect of MANE is that each campus contributes a fee to sustain the structure of the program, including a program director, Arthur said. The director has visited various states to promote the program.

- President Sharon Pierce of Minneapolis Community and Technical College said more than 2,000 students on her campus are Metropolitan State

University students. Currently, Metropolitan State University co-locates its Theatre program and College of Management on the MCTC campus and discussion is underway about moving another of the university's colleges to the campus, Pierce said. While this would provide additional opportunities for students, it also would offer some challenges in terms of how to build and maintain the growing partnership between the college and university, she said

All students who enroll at MCTC this fall and indicate an interest in transferring to Metropolitan State University for a baccalaureate will be offered dual admission to the college and university, Pierce said. There will be a shared advisor to assist students so they can seamlessly transfer from one institution to the other.

The college and university have a shared service agreement in place, Pierce said. They also share reports with key data, including academic program review and enrollment information. These reports are useful for planning purposes and for assessment of how the partnerships are progressing, she said.

- North Hennepin Community College President Barbara McDonald said in 2015 her college committed to becoming a "destination site" in the northwest suburbs for delivering baccalaureate programs on its campus.

In the spring of 2016, NHCC opened its university center, which is housed in the Center for Business and Technology building. The center offers dedicated space for university faculty and advisors and areas for university partner meetings and classes. The goal is to provide baccalaureate completion programming close to home for NHCC students.

Six universities are offering programming at NHCC, including Metropolitan State University, Bemidji State University, Minnesota State University Moorhead, Southwest Minnesota State University, St. Cloud State University and one program with Bethel University. There are 12 program areas offered, including psychology, economics, human resources, business administration, nursing and exercise science. This fall, through partnership with Metropolitan State University, students at NHCC will be offered upper-division courses in gender and ethnic studies.

The college has an aggressive plan to add six more baccalaureate-completion degree options by the fall of 2018, McDonald said. Looking beyond that, there are additional collaborative programs in the works and there is a hope that by partnering with Metropolitan State University, students at NHCC soon will be offered a rotation of masters-degree programs on campus.

A corporate wellness baccalaureate is a unique program offered in collaboration with SMSU, McDonald said. This ground-breaking program lines up with corporate goals and is built off NHCC's AS in exercise science. Students are dually-enrolled in the college and university and faculty from SMSU are located on campus, she said.

Another successful program collaboration is the biology bachelor's degree offered by Bemidji State University. This program offers students on the NHCC campus extensive undergraduate research opportunities.

The presidents said the Board of Trustees could enhance college and university partnerships by creating a consistent financial model and refining the processes related to dual enrollment to make student identification and registration easier.

Partnership development and maintenance also would be eased by having a standard partnership agreement, the presidents said. It would help clarify processes pertaining to various aspects of the partnerships, such as a financial model for use of space and clearer direction on student services, such as providing advising centers or library resources for upper-division students on college campuses.

The system office is available to facilitate and to assist partnerships, but it is necessary for the colleges and universities to lead the process, Chancellor Rosenstone said. While this strategy focuses on enhancing baccalaureate options in the Twin Cities, collaborations to grow baccalaureate opportunities for students at out-state college campuses also are being discussed, he said.

Chancellor Rosenstone noted that in the allocation framework approved by the Board last fall, one percent was set aside for the facilitation of collaborative work among colleges and universities. Discussions are now underway with the Leadership Council about use of this allocation, but these types of partnerships meet the criteria.

Another update on the Twin Cities baccalaureate strategy is expected to be presented to the Board this fall. Some of the pilot work now underway will not be complete until the academic semester ends and time will be needed for evaluations and development of recommendations, Senior Vice Chancellor Anderson said.

3. Non-Academic Student Support Services

Presenters:

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs

Brent Glass, Interim Associate Vice Chancellor for Student Affairs

Paul Shepherd, System Director for Student Development and Student Services

Maya Sullivan, Director of the Student Support Center at Minneapolis Community and Technical College

Karen Johnson, Dean of Students, Winona State University

The committee heard about efforts within Minnesota State to offer a range of non-academic student support services that are critical to student success. Colleges and universities are providing these services through a direct provision of services, partnership with local agencies or community resources or through referrals.

Research on how to improve student success, especially among populations traditionally under-represented and under-served in higher education, demonstrates the necessity of non-academic student support services, System Director Shepherd said. Many students experience situational barriers, such as inaccessible transportation, food and housing insecurity, financial hardship, lack of affordable

child care and inadequate medical and mental care, which impact their ability to successfully complete an educational program.

Providing non-academic support services independently is not always possible and traditionally has fallen outside the scope of campuses, Shepherd said. In order to lessen the barriers and adapt to changing student demographics, creative partnerships with social service agencies and community organizations is vital.

Campus leaders are working to meet the expressed needs of students, including expanding public transportation in rural areas, increased access to local food shelf programs and partnerships with providers for ongoing mental health issues, Shepherd said.

Two campus representatives offered information on the work done on their campuses to provide non-academic student support services.

Minneapolis Community and Technical College

Maya Sullivan, Director of the Student Support Center at Minneapolis Community and Technical College, said their center has been operating for three years. It's considered a "one-stop shop" since it offers a variety of student services, including:

- Information and referral services to provide basic necessities, such as food support, federal child care grant, transportation assistance and emergency assistance.
- Counselors that provide personal and crisis counseling.
- A student parent center which offers a parent support group, child friendly activities, snacks, food and computer usage.
- A student rights and responsibilities department which offers assistance with student complaints, student conduct issues and mediation services.
- The Title IX center, which investigates and provides enforcement of matters that fall under the non-discrimination policy.

Sullivan offered some data on usage of non-academic services. In the areas of information and referral, counseling and use of the student parent center, 829 students have been served to date in this academic year. This does not include student services related to student rights or Title IX. This year's usage is exceeding last year's when 793 students were served.

In the two previous academic years, 3,716 bag lunches were provided to students. There were 2,386 students who were served by the campus food pantry and 24,437 pounds of food was dispersed, Sullivan said.

Winona State University

Karen Johnson, Dean of Students at Winona State University, said the impact of non-academic student services on student success is enormous. Basic needs must be satisfied before they can focus on academic work, she said.

About 200 children are served at university-related child care locations throughout Winona, Johnson said. The centers provide students with flexible scheduling and affordable child care. The demand tends to be greater than the capacity, especially for

infants, she said. For this service, they partner with public schools, Head Start, Child Care Aware of Minnesota, as well as using several grants.

The advancement office, university donors, the Rotary Club, Watkins Corporation and an initiative grant from the Department of Health provide funding to help students meet financial emergencies, Johnson said. They are eligible to receive small, emergency loans to help pay for expenses such as rent, heat and transportation costs.

Food insecurity is a problem for many students, Johnson said. A food cupboard will open on the campus this summer or fall. Partnerships with the local food shelf and Channel 1 Regional Foodbank in Rochester will help provide food to students who are hungry.

The university's advancement office, as well as the Winona Housing Authority, provide financial assistance to students experiencing housing emergencies.

WSU is fortunate to have a campus counseling center staffed with six full-time, licensed counselors to assist students with mental health concerns, Johnson said. To help provide counseling services the university partners with the local hospital and other counseling services.

Interim Associate Vice Chancellor Glass said since the system has finite resources to devote to non-academic student support services, staff is working to identify best practices on partnering with community, county and other non-profit organizations to meet student needs. Information on these best practices could be disseminated during a possible student affairs summit in the future.

Additional next steps include developing consistent assessment practices to determine the effectiveness and impact of non-academic student support services and focusing resources on proven high-impact initiatives, Glass said. The use of predictive analytics could help maximize the use of existing resources by identifying students who would benefit the most from these services, he added.

Trustee Cowles asked if campuses or system office staff have researched national funding sources, philanthropic resources or considered using a shared research and grant-writing service to assist campuses with the funding of non-academic support services. Shepherd agreed this is an avenue that should be explored.

The meeting adjourned at 10:28 pm
Respectfully submitted,
Margie Takash, Recorder

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Academic and Student Affairs

Date: May 17, 2017

Title: Career Technical Education and Workforce Development Update

Purpose (check one):

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

Brief Description:

This presentation provides an overview of Minnesota State's career technical education and workforce development efforts to serve students, employers and communities and to meet the workforce challenges of the future. Presenters will provide examples of innovative partnerships with business and industry that offer high school and college students applied learning opportunities in state-of-the art facilities. Data and information on the federal Carl D. Perkins Career and Technical Education Act is included in the background materials.

Scheduled Presenter(s):

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
Mary Davenport, Interim President, Rochester Community and Technical College
William Maki, President, Northeast Higher Education District
Greg Mosier, Executive Vice President Academic Affairs, Rochester Community and Technical College
Emily Pilacinski, Alumna, Century College
Erin Broviak, CTECH and CTE Programs Administrator, Rochester Public Schools
Julie Brock, Vice President of Workforce Development, Rochester Area Chamber of Commerce
Roy Smith, Director of Education and Talent Development, Iron Range Resources and Rehabilitation Board

**BOARD OF TRUSTEES
MINNESOTA STATE**

INFORMATION ITEM

CAREER TECHNICAL EDUCATION AND WORKFORCE DEVELOPMENT UPDATE

BACKGROUND

Minnesota State has a unique mission to respond to Minnesota's workforce challenges and address the skills gap. We offer career and technical education opportunities in all 30 of our two-year colleges in 2,485 career and technical education programs and continuing education and employer-based training. These programs must be comprehensive, rigorous and prepare students and incumbent workers for opportunities in the high-skill and in-demand fields of the future.

Minnesota State receives funding for innovation and continuous improvement of our career and technical programs through the Carl D. Perkins Career and Technical Education Act of 2006 which is distributed through a consortia model of secondary and post-secondary schools in partnership with business and industry.

The presentation provides an overview of workforce development strategies at the system, regional and institutional-level. Information on the Perkins grant program is in the background materials, along with other career technical program and student demographic information.



May 17, 2017
Academic and Student Affairs

Career Technical Education and Workforce Development Update

Board of Trustees
Academic and Student Affairs Committee

Executive Summary

1. Career technical education and workforce development is core to the mission of Minnesota State, and we have a unique responsibility to meet the career technical and workforce development needs of students, incumbent workers, and employers across the state
2. We fulfill that unique responsibility through
 - a) Partnership with key public agencies, business, and industry
 - b) Credit-based career technical credential programs
 - c) Continuing education and customized training
 - d) Centers of Excellence

Executive Summary (continued)

3. Our key strengths in career technical education and workforce development lie in the capability of our faculty and colleges to innovate, be agile, and adapt quickly to changing technology and markets
4. We are actively addressing our key challenges through partnerships and collaboration across campuses and with industry, labor, employers, employer associations, and other state agencies

Campus Presentations

- Authentic learning:
Century College
- K-12 Partnerships and Career Pathways:
Rochester Community and Technical College
- Regional Partnerships:
Northeast Higher Education District

STRATEGIC QUESTIONS FOR DISCUSSION

- What additional considerations do you suggest to improve and expand career technical education and workforce development options for our students and employers?
- Are there additional strategies you suggest to promote and support career technical education and workforce development?
- Are there additional strategies you suggest to broaden access and equity for diverse communities?

BACKGROUND INFORMATION



Career technical education and workforce development is central to the mission of Minnesota State

Our Core Commitments

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



Minnesota State has a unique responsibility

Minnesota State is the only system of higher education in Minnesota responsible for meeting the career technical and workforce development needs of students, incumbent workers, and employers across the state

- We provide education and training that prepares students incumbent workers for the work of today and tomorrow
- We ensure a future where all Minnesotans have a path to meaningful employment in family-sustaining wage careers, and where all employers are able to fill job openings with well-qualified people



We fulfill our unique responsibility to meet the workforce needs of Minnesota through our nearly 2,500 career and technical education programs in every corner of the state. These programs benefit entry-level students as well as advanced career professionals with pathways to enhanced skills and higher paying jobs.

We offer the greatest variety of education paths...from industry-recognized credentials to applied doctorates; from credit for prior learning to comprehensive masters programs; and flexible learning options through open enrollment classes and employer-sponsored customized training.

We fulfill our unique responsibility by:

1. Offering 2,485 credit-based career technical credential programs on college campuses throughout the state
 - Credentials range from short term certificates (40%), to diplomas (24%), and two-year associate degrees (36%)
 - Career technical credentials accounted for 75% of the credentials conferred by Minnesota State colleges, **50% of all credentials** conferred by Minnesota State colleges and universities in FY15



As you can see from the data on this slide, over 50 percent of all college and university credentials are awarded in career technical fields.

Among two-year colleges, over 75 percent are in career technical fields. If Minnesota increased the number of people earning certificates or associate degrees by just 10 percent, the state would have nearly 16,000 fewer unemployed individuals and 43,000 fewer people living in poverty.

We fulfill our unique responsibility by:

2. Providing continuing education and customized training to individuals, business and industry in all key industry sectors
 - Minnesota State served nearly 118,000 students (over 107,000 served by colleges, and over 10,500 served by universities), and more than 1,800 business partners in FY16
 - Student outcomes include industry certification, skill attainment, and just-in-time learning
 - We award credit for prior learning for knowledge and skills obtained through outside the classroom



Our colleges and universities offer a wide variety of instruction to learners through open enrollment and non-credit instruction. For example, Normandale Community College offers classes largely focused on professional career development, such as “Six Sigma Green Belt Certificate” and “Healthcare Data Analytics Bootcamp,” to name a few.

In addition, we conduct 3,000 training sessions annually for employers through customized training. Many of these companies have come to rely on us for grant partnerships through the Minnesota Jobs Skills Partnership program – Minnesota State is typically awarded over 85 percent of these grants each year totaling millions of dollars.

We fulfill our unique responsibility by:

3. Connecting the colleges and universities of Minnesota State to business and industry, and focusing on workforce innovation through eight Centers of Excellence focused on critical industry sectors:

- Agriculture
- Energy
- Healthcare
- Information Technology
- Manufacturing and Engineering
- Transportation



One of our most successful approaches to workforce development is through our eight centers of excellence that focus on specific industry sectors. Through their specialized industry advisory boards, the centers support new program development, such as mental health professionals, energy technicians, and cyber security and defense programs; apprenticeship education in partnership with the Department of Labor and Industry; youth enrichment camps, and sponsorship of industry-leading studies using real-time labor market information.

In addition, Centers focus on the issue of 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.

We fulfill our unique responsibility by:

4. Partnering with key public agencies, business, and industry

- Together with DEED, the Minnesota Chamber of Commerce, and the Itasca Project, we launched **RealTime Talent** – a public-private collaborative that works with stakeholders across the labor market to provide real time job posting data for use in program alignment and development, career advising, and support to employers in meeting their talent needs
- Industry advisory committees ensure that campus programs are high quality and meet industry expectations and needs



At the state and regional level, we work together with other public and private stakeholders to meet Minnesota's workforce needs. For example, we partner with the state to advance two of its key workforce development goals:

- (1) implementation of career pathways for adults and
- (2) increasing access to experiential learning and career exposure for youth.

We fulfill our unique responsibility by:

- Providing leadership on the Itasca Project, the Governor's Workforce Development Board, the Real-Time Talent Board, and Greater MSP
- Collaborating with the Department of Employment and Economic Development, regional workforce investment boards, and regional economic development boards



Our key strengths in career technical education and workforce development lie in the capability of our faculty and colleges to adapt and stay current

To accomplish this, we rely on:

1. Partnerships with industry, labor, employers, employer associations, and other state agencies
2. Real-time data and employment information provided by RealTime Talent and State data sources make possible market-driven planning and decision making

We face six key challenges in career technical education and workforce development:

1. A public narrative focused on baccalaureate level education that devalues career technical and trade occupations
2. Providing graduates who have both technical *and* foundational skills
3. Closing the gaps between employee skills and evolving occupational needs



Our work is not without challenges, of course. While the state's economy enjoys a less than 4 percent unemployment rate, employers face tremendous difficulties finding skilled labor. Here is a quote from an article by Jeffrey Salingo in the NY Times that illustrates the challenge:

- *When the German engineering company Siemens Energy opened a gas turbine production plant in Charlotte, N.C., some 10,000 people showed up at a job fair for 800 positions. But fewer than 15 percent of the applicants were able to pass a reading, writing and math screening test geared toward a ninth-grade education.*
- *"In our factories, there's a computer about every 20 or 30 feet," said Eric Spiegel, who recently retired as president and chief executive of Siemens U.S.A. "People on the plant floor need to be much more skilled than they were in the past. There are no jobs for high school graduates at Siemens today."*

We face six key challenges in career technical education and workforce development:

4. Keeping pace with change and innovation
5. Overcoming internal and external competition over continuing education and customized training
6. Meeting the growing resource constraints – human, financial, and physical

Strategies for addressing the public narrative

1. Increasing outreach to K-12 partners and communities, including youth camps and other early engagement opportunities
2. Expanding K-12 relationships and exposure to non-traditional career pathways
3. Strengthening and growing college and career readiness through 26 Perkins consortia spanning the state
4. Partnering with business and trade associations to grow the student pipeline



While we employ many excellent strategies, we know that addressing the skills gap is a long-term prospect. The work we do with youth today may not reflect the jobs of the future; high school graduation rates among Minnesota students of color are increasing, yet opportunities for students to make meaningful connections to work (through apprenticeships and work-based learning) are woefully inadequate.

To address this problem, a growing number of community colleges and universities are adopting a guided pathways approach, which presents courses in the context of highly structured, educationally coherent program maps that align with students' goals for careers and further education. Incoming students are given support to explore careers, choose a program of study, and develop an academic plan based on program maps created by faculty and advisors.

Strategies for meeting the demand for both technical *and* foundational skills

1. Strengthening connections with business and industry to understand current and emerging needs – both technical and foundational
2. Developing pathways that support learner aspirations to achieve additional skills and secure higher-paying jobs
3. Aligning program outcomes to meet student learning needs for ‘just-in-time’ educational paths



We also need to keep innovating in our program delivery – the rise in the ‘gig’ economy, which can be defined as “contract work meets entrepreneur,” and the threat from automation means we have to teach skills that compliment future technology innovations rather than fighting them.

Recent research found the five most valued skills by employers are:

- Curiosity
- Creative thinking
- Humility
- Digital awareness
- Contextual thinking

This supports the “interdependence” between career and technical training and general education or liberal arts. These two educational paths are not in *conflict* with each other, but, in fact, are highly complementary in the minds of employers.

Strategies for addressing the skills gap

1. Aligning program offerings based on data provided by RealTime Talent
2. Strengthening Industry Advisory Committee involvement and realigning existing curricula to meet emerging needs
3. Creating guided pathways from secondary to post-secondary and from college to university education
4. Expanding and strengthening work-based learning, internships, practica, and apprenticeship opportunities



Recent research suggests that 75 percent of new hires for many firms come from their INTERNSHIP pool – supporting students by incorporating work-based learning or “dual education” options.

For example, the companies who participate in the dual education “PIPELINE” project include: Fairview Health, Jennie-O Turkey in Faribault, Viracon Glass in Owatonna, 3M in Alexandria and New Ulm, and many other employers.

Our college and universities will be partnering with these firms to provide students with the “related instruction” to their on-the-job training.

Strategies for keeping pace with change and innovation

1. Mining data from RealTime Talent and using that information to align program and curricula with changing Minnesota talent needs
2. Partnering with labor, business, and industry to keep abreast of emerging technologies and innovations
3. Strengthening Industry Advisory Committee involvement to assist with curricular alignment and strengthen
4. Offering students opportunities to learn on state-of-the-art equipment and through work-based learning experiences



As noted earlier, we helped develop and launch RealTime Talent. Through RealTime Talent, Minnesota State has access to a tool that aggregates online job postings to provide real time data on job openings, current skill requirements and certifications, among other data. This tool assists students seeking jobs and internships, as well as providing insightful information to faculty and staff who are developing new, or re-invigorated existing programs.

Strategies for addressing continuing education and customized training competition

1. Developing and implementing an enterprise approach to the delivery of continuing education and customized training across the state
 - Implementation of a common constituent relationship management (CRM) system
 - Adopting a single portal for open enrollment, non-credit continuing education courses
 - Piloting a new business model by focusing on training capabilities by sector



It is also time to update our delivery of continuing education and customized training, and we are doing so. Five presidents are leading the development of an enterprise approach to offering continuing education and customized training that will be more competitive in the marketplace; provide a more seamless way to find training, and increase revenue. While we currently serve 140,000 students, we believe there is huge market potential to provide flexible, hour-based instruction for skills needed today.

Strategies for addressing resource constraints

1. Increasing collaboration in program development and delivery
2. Leveraging Perkins consortia to support career pathways for students and integrate technical skill assessments into career technical curriculum
3. Right-sizing credential and degree program lengths and offering students alternatives to “seat time”
4. Leveraged equipment program and collaboration program funding

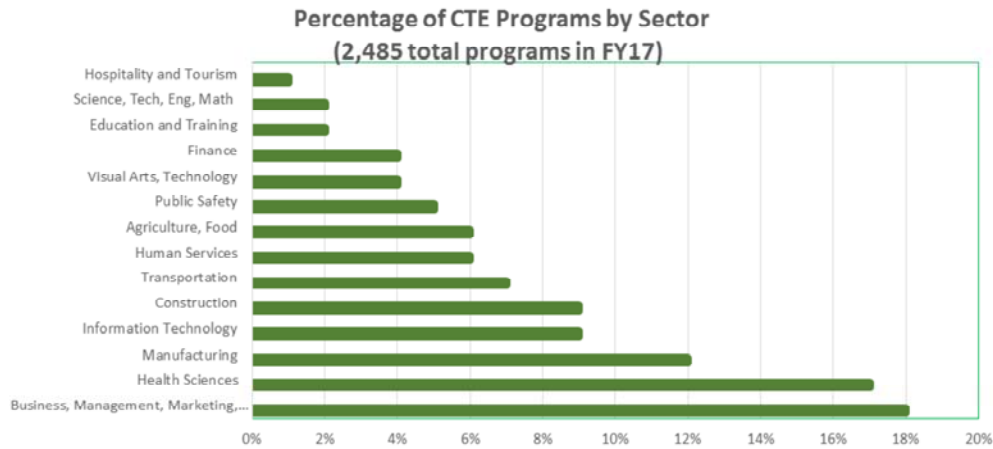


There are several important concepts in these strategies to address resource constraints: collaboration among our program offerings; enhancing high school to college career pathways through the Perkins grant; offering more credit for prior learning; and asking employers to invest with us to leverage state dollars to purchase new, up-to-date equipment.

PROGRAM PROFILE



Minnesota State provides nearly 2,500 career technical program options across our 30 two-year community and technical colleges



Across our 30 colleges, we offer nearly 2500 programs aimed at meeting local and regional needs. As illustrated above, programming is spread across an array of sectors and focuses heavily in the areas of business, management and marketing, health sciences, manufacturing, information technology, and construction.

Minnesota State educates a skilled Minnesota workforce

We educate:

- 9 out of 10 mechanics
- 9 out of 10 manufacturing employees
- 9 out of 10 law enforcement personnel
- 7 out of 10 trades employees
- 7 out of 10 agriculture employees
- 4 out of 10 business employees
- 3 out of 4 nurses
- 1 out of 2 teachers
- 1 out of 2 IT professionals

Our unique role in educating Minnesota's workforce is demonstrated by the outcomes of our work. As the data above illustrate, we educate the majority of employees entering a number of key sectors across the state.



Our career technical programming is organized around a series of career fields, clusters and pathways, as illustrated in the chart above.

The six large divisions in the central circle represent the career fields that are often used for broad career awareness and exploration at the secondary level. Career Fields differentiate into career clusters, which are further defined by specific career pathways.

The center of the wheel is a common set of core competencies needed in all career fields. These are the transferable skills and knowledge base that employers in all employees, regardless of specific occupation. Much of this knowledge and skill core is acquired through general education and reinforced within career technical program curricula.

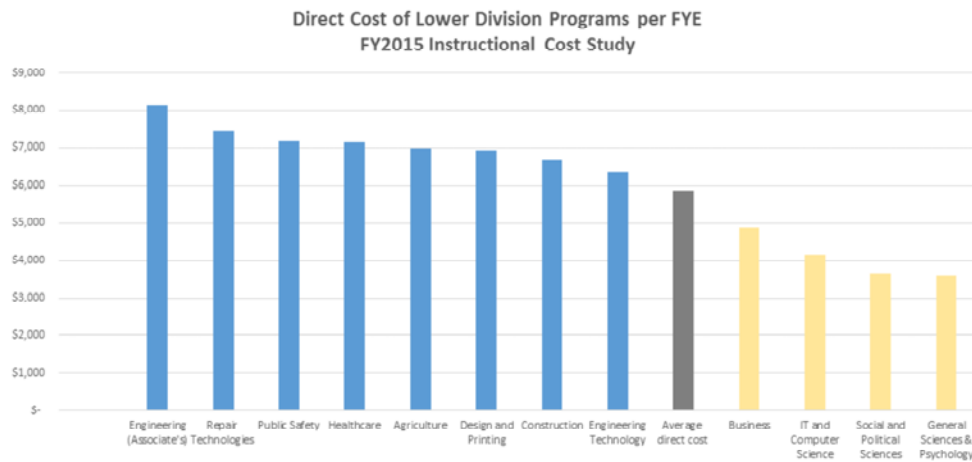
While career technical education is often viewed as leading to a single career end point, it is, in fact, often just the beginning of an entire career pathway.

Minnesota State continues to develop new career technical programs in response to workforce needs



Our colleges are continually updating curricula and developing new programs to meet the changing needs of business and industry. In FY16 alone, 105 new programs were developed.

The average cost of instruction for career technical programs is higher than that of liberal arts instruction



The chart above illustrates the relative cost of career and technical programs. The average direct cost per FYE among all lower division programs is \$5,866.

Most career and technical programs exceed the average cost. This is driven largely by equipment and supply costs, specific facility requirements, and often times lower faculty to student ratios.

While average cost is higher, providing high quality career technical education is critical in fulfilling Minnesota State's unique responsibility in workforce development for the state of Minnesota.

Career technical education programs require a significant and often designated physical footprint

- Colleges that have traditionally provided career and technical education make up about half of our system's total square footage (approximately 11 million square feet out of 22 million total square feet used for academic purposes)

The condition of these facilities is similar to general use academic space across the system, with a Facilities Condition Index averaging around .10.

- Campuses that are exclusively focused on career technical education comprise slightly less than 10% of our total academic square footage (approximately 2 million square feet)

As noted above, nearly half of Minnesota State's academic facility footprint is used to support career technical education programming. This broad footprint requires continued reinvestment to ensure that facilities are up-to-date and can appropriately support both existing and emerging programs.

At the same time that these facilities must support existing practice within each field, they must also provide the flexibility to adapt to emerging innovation and changing technologies.

Improvement of career technical program facilities continue to be a priority in Minnesota State's capital bonding program

Examples of recent projects funded by the 2015 capital bonding bill include:

- Transportation and Emerging Technologies, \$7.7M (Dakota County Technical College)
- Power Line Training space updates, \$2.4M (Minnesota West Community and Technical College, Jackson)
- Automotive and Manufacturing space updates, \$2.1M (Anoka Technical College)

The improvement of facilities supporting career technical education programs remains a priority for Minnesota State and is supported each bonding cycle through a variety of projects. The slide above provides examples of improvements funded during the 2015 legislative session.

Improvement of career technical program facilities continue to be a priority in Minnesota State's capital bonding program

Examples of projects included in the 2017 capital bonding request include:

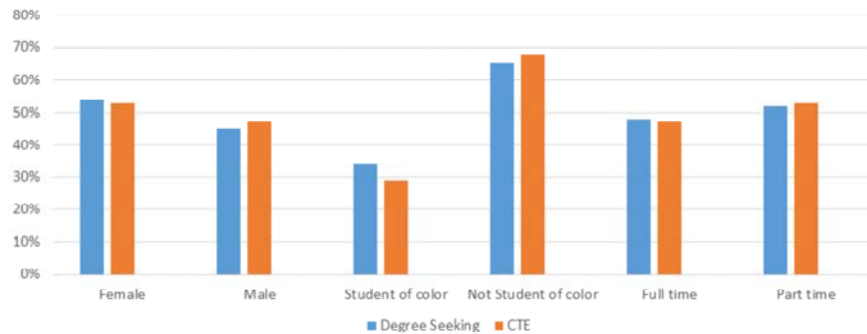
- STEM and Healthcare design and renovation, \$9.6M (South Central College)
- Transportation, Trade, and Industrial Education, \$9.3M (Riverland College)
- Applied Technology Center, \$5.5M (Century College)

CAREER TECHNICAL STUDENT PROFILE



The demographic characteristics of students pursuing career technical credentials are highly similar to those of the overall student body

Comparison of Student Characteristics



Career and technical education students have student characteristics similar to all degree seeking students.

Gender

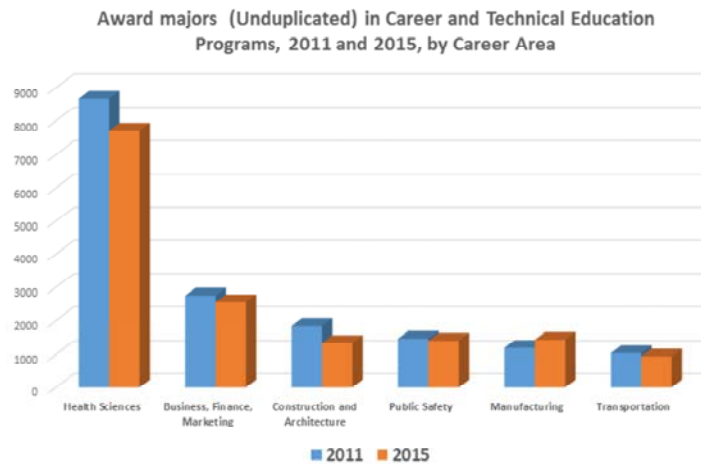
- 59% female
- 41% male

Race Ethnicity

- 78% white
- 7.4% Black or African American
- 5% Asian
- 5% Hispanic
- 3.2% Two or more races
- 1.3% unknown
- 0.9% American Indian or Alaska Native
- 0.6% Nonresident Alien

Student seeking a second degree or multiple degree awards in an academic year, on average, are older than first-time graduates (29 years old compared to 25 years old at the time of program completion).a

Completion of career technical credentials follows declining enrollment trends but remains strong relative to transfer degree completion



As can be seen above, the distribution of credentials awarded has remained relatively consistent over time, with the majority of credentials being awarded in the health sciences, followed by business, finance, and marketing. Overall, the number of graduates in career and technical programs declined by 7.7 percent from 2011 to 2015 while the number of non career and technical education graduates declined 9.3 percent.

PARTNERSHIPS

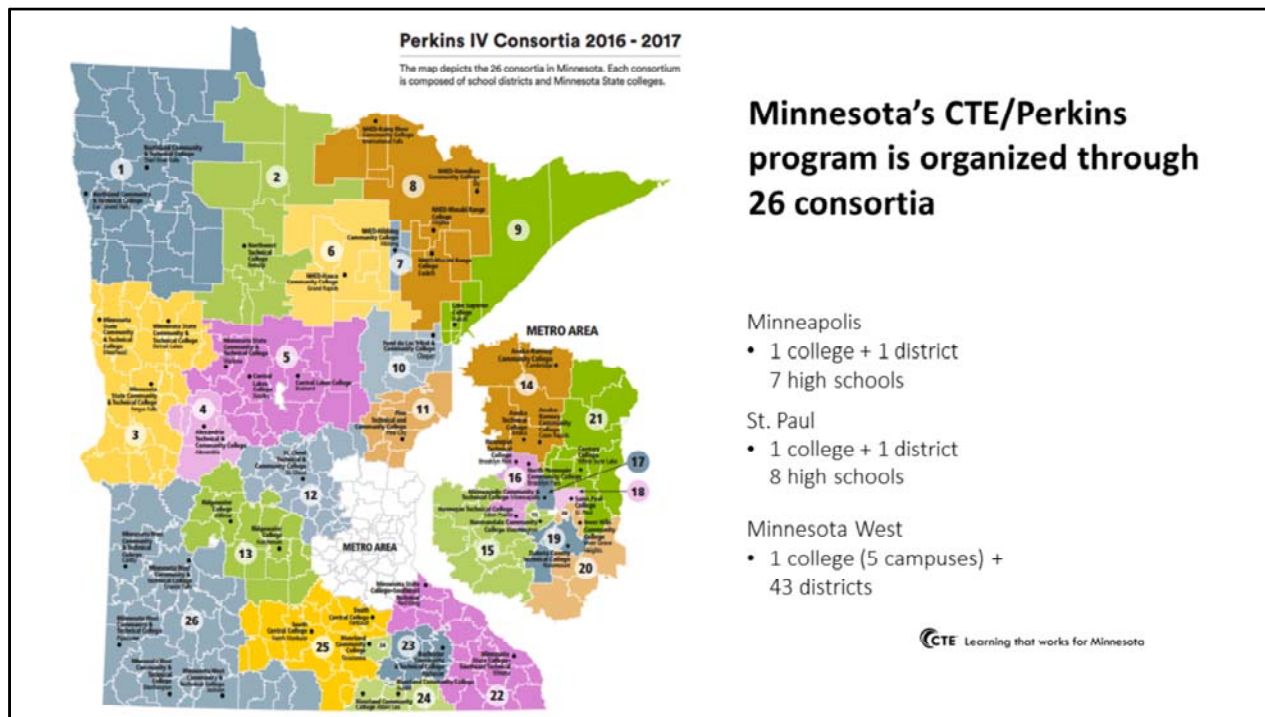


Partnerships with secondary schools play a key role in growing and strengthening career technical education

- Federal funding through the Carl D. Perkins Act supports career technical education at both the secondary and post-secondary levels
 - The Perkins allocation to the state of Minnesota has been constant since 2013, totaling nearly \$16,685,000
- Aligned with the Perkins Act, our colleges partner closely with local secondary schools through formal consortia
 - 26 consortia located throughout the state

The Carl D. Perkins Career and Technical Education Act of 2006 (Perkins) provides federal support for career technical education programs in all 50 states and the U.S. territories. The law focuses on the academic and technical achievement, strengthening the connections between secondary and postsecondary education, and improving accountability.

The Act provides for the Carl D. Perkins grant program, the largest federal investment in America's high schools and a significant source of support for postsecondary institutions offering career technical education programs. Programming supported by Perkins' funding is designed to seamlessly link academic and technical content across secondary and postsecondary education.



In Minnesota, Perkins grant funds are distributed to regionally based consortia, each of which includes at least one secondary district and at least one eligible postsecondary institution. Funds support each consortia's approved local plan, which are developed annually and designed to address local needs and benefit the consortium as a whole. The graphic above illustrates the distribution of the Minnesota's 26 Perkins consortia.

The majority (81%) of secondary schools in Minnesota offer career and technical education programs, serving students in grades 9 through 12. Program offerings are predominantly within the areas of:

- Family and Consumer Science
- Business Management and Administrative Support
- Architecture and Construction
- Agriculture, Food and Natural Resources
- Health and Human Services

Minnesota is pursuing five key goals through its Perkins consortia

1. Development of “rigorous programs of study” and career pathways for students
2. Partnerships with business, industry, and local communities to meet local workforce needs
3. Improvement in services to special populations
4. Provision of a continuum of service and transitional support to ensure college and career readiness
5. Sustained and strengthened consortia of school districts and public two-year colleges

In Minnesota, the work of the Perkins consortia is centered around the set of common goals enumerated above. Each local consortium plan addresses these goals in a manner appropriate for that specific consortium and region.

Partnerships with business and industry ensure relevance and applied learning experiences

- Industry Advisory Committees
- Experiential Learning
 - Full spectrum of opportunities that combine classroom learning with direct application



Each career technical program is required to have an industry advisory committee. These committees provide valuable connection to experiential learning opportunities for program students, assist in validating curriculum, provide input for future programs needs, and hold programs accountable for quality curricula and outcomes. These advisory committees also provide professional networking and often serve as a pipeline for identifying and recruiting future faculty members.

Partnership with business and industry also helps our colleges link academics with real-world success. We know that students whose learning experiences include integrated academic and technical education are better prepared for competition and success in today's labor market. Internships, job shadowing, community service, site visits, guest speakers, and cooperative education all provide students with invaluable experience and help them to hone both their technical and foundational skills. In addition, these applied experience often lead to job placement upon graduation.

Business and industry partnership also provide much needed private support to augment state support

2013 leveraged equipment program – supporting high demand career technical education programs

- Annual state appropriation of \$7.278M
- Requires 1 to 1 match with non-state funds, doubling the impact
- Promotes and strengthens partnerships and bridges funding gaps
- Provides increased access to the most current, state-of-the-industry equipment; equipment that graduates will encounter on the job

Through the leveraged equipment program originally funded by the Minnesota Legislature in 2013, our colleges have access to additional funds for purchasing much needed equipment for their career technical education programs.

The leveraged equipment program requires a dollar for dollar match with non-state funds, which not only doubles the impact of the program, but has also served as a means of strengthening and deepening connections between programs and industry partners. The connections provide benefits far beyond the acquisition of equipment.



MINNESOTA STATE

Joint Meeting: Diversity, Equity, and Inclusion and Human Resources Committee
May 17, 2017
9:00 AM
McCormick Room

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 Diversity, Equity and Inclusion Committee 1/24/17 (pp. 2-6)**
2. Faculty and Staff Diversity: Current Demographics and Strategies (pp. 7-8)

Diversity, Equity and Inclusion Committee

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

Human Resources Committee

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



**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
DIVERSITY, EQUITY AND INCLUSION COMMITTEE
MEETING MINUTES
JANUARY 24, 2017**

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

Diversity, Equity and Inclusion Committee Members Absent: None.

Other Board Members Present: Trustees Jerry Janezich, Alex Cirillo, Michael Vekich, Jay Cowles, Dawn Erlandson, Robert Hoffman, Roger Moe, Amanda Fredlund

Leadership Council Committee Members Present: Steven Rosenstone, Chancellor and Nickyia Cogshell, Interim Chief Diversity Officer.

The Minnesota State Colleges and Universities Diversity, Equity, and Inclusion Committee held its meeting on January 24, 2017, at Wells Fargo Place, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Vice Chair Rodriguez called the meeting to order at 2:10 p.m.

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

Chair Rodriguez stated the minutes for the November 16, 2016 Diversity, Equity, and Inclusion Committee Meeting will stand as submitted.

2. Supporting Safe and Inclusive Campus Climates

Presenters:

Nickyia Cogshell, Interim Chief Diversity Officer

Brent Glass, Interim Associate Vice Chancellor for Student Affairs

Committee Vice Chair Rudy Rodriguez introduced the topic of the presentation: Supporting Safe and Inclusive Campus. Vice Chair Rodriguez introduced Interim Chief Diversity Officer Nickyia Cogshell and Interim Associate Vice Chancellor for Student Affairs Brent Glass.

Interim Chief Diversity Officer Cogshell stated that equity and inclusion are embraced through the strategic framework, board policy, and as integral parts of the system equity and inclusion goals. She informed the board that the purpose of the presentation is to provide an update on the progress that is being made toward achieving system equity and diversity goals. The presentation focused on system equity and diversity goal # 3 Ensure a welcoming and supportive campus environment, she offered an update on the campus climate taskforce work that had been completed since the November 2016 board meeting

Interim Chief Diversity Officer Cogshell revisited the system equity and diversity goals, presented common language, and a working definition on campus climate, the impacts of unhealthy campus climates, and shared some advancements on the work of the campus climate taskforce.

Interim Associate Vice Chancellor of Student Affairs Glass shared the adverse effects and negative impacts unhealthy campus climates have on students. Interim Associate Vice Chancellor of Student Affairs Glass shared the following impacts:

- Lower degree of completion rates for students of color,
- Higher rates of suicide,
- Higher rates of harassment
- Students of color perceive climate to be more racist and less accepting than their white peers

To address the issues of campus climate a taskforce was convened in November 2016, it included representation from bargaining units, student associations, college and university presidents, General Counsel and system office staff. The purpose of the campus climate taskforce was to develop a way for colleges and universities to support their students and work collaborative to address issues related to campus climate. The Campus Climate Guide was the initial product of this taskforce. It is considered a working document. This document was designed as a tool to support existing campus climate efforts and serve as a reminder of existing resources to advance campus climate.

Next steps for the Campus Climate Taskforce include hosting discussions with key staff members at the Student Affairs and Equity and Inclusion Conference and the winter and spring Quarterly Chief Human Resource Officer meeting. Interim Associate Vice Chancellor of Student Affairs Glass described that continued conversations are being led by student, faculty, and staff to find out what the students need to feel safe in our campuses.

Interim Chief Diversity Officer Cogshell closed the presentation with two questions:

1. What additional strategies should we consider to advance this work and to create inclusive environments throughout our system?
2. How might we best move this work forward?

Chancellor Steven Rosenstone thanked Interim Chief Diversity Officer Cogshell and Interim Associate Vice Chancellor of Student Affairs Glass for their presentation. Chancellor Rosenstone thanked the board for their discussion at the executive committee in December 2016. This led us, in collaboration with each of the bargaining units and student associations, to create this guide. Chancellor Rosenstone reiterated that the guide is the first step, it is not the solution. The guide allows us to be really clear to our campuses about our responsibilities given state and federal laws, given board policy with respect to data privacy and what are obligations are to our students under the law. Jim

Grabowska, a member of the campus climate taskforce suggested that the student associations join us in the cobranding of this document.

In addition, Chancellor Rosenstone stated we must have a deeper understanding of what those who do not feel safe on campus need to feel to be safe, That sense of safety needs to be there regardless of one's color, race, national origin, or politics. It must be a climate that protects everyone. Part of the listening that is occurring now is to make sure that what we are trying to move forward is indeed in response to what people say they need, not our conception of what we feel they might need in order to feel safe on campus. Chancellor Rosenstone expressed his gratitude to both Interim Chief Diversity Officer Nickyia Cogshell and Interim Associate Vice Chancellor of Student Affairs Brent Glass for all of their hard work on these documents as it was a very quick turnaround during the holiday season.

Trustee Cowles thanked all for their rapid response during rapidly changing times. How are we going to measure success? And is the tool like an annual or every two-year student campus climate survey being contemplated? And when would those tools be in place? Interim Chief Diversity Officer Cogshell stated that many of the campus climate strategies have been articulated in the institutional equity and diversity plans. Each college and university is approaching campus climate differently. Some are engaging in full-scale studies some are using strategies that are a bit more affordable.

Trustee Cowles would like to know how we are getting regular data on the experiences of students. He suggested baseline data as a way to measure our change impact of this work. Interim Chief Diversity Officer Cogshell informed him that those approaches are varied based on individual campus approaches to climate. It was mentioned that the results of the data being compiled from our constituency groups will also be shared with the broader taskforce at the February meeting.

Trustee Cowles stated inclusive means welcoming. It appears that there are parts of this policy guide that are not yet complete, not fully addressing inclusion. Is there a set of policies that speaks to how campus climate considers freedom of speech or is this a guide for presidents to follow? Interim Associate Vice Chancellor Glass shared that Policy 3.1 Student's Rights and Responsibilities includes information on the rights of students to have programming of their choosing.

Chancellor Rosenstone added that the institutional performance metrics includes a measure of campus climate. Its effectiveness is being assessed at the moment. He added that we may need a deeper and a more robust set of measures. Chancellor stated that Trustee Cowles intent is pushing us to track, in a far more systematic way whether we are making the progress that we need and if not what are the perceptions we need to be overcome.

Trustee Rodriguez commented that he is also interested in how measurement is taking place with all the different approaches to measuring, every two years may not be

adequate. Perhaps working with marketing colleagues and evaluating the types of comments that are being made on social media may be another way to keep our pulse on the experiences of our students.

Chancellor Rosenstone added the only way to change a climate is all of us to make the change. This is not just work for Administrators, Chief Diversity Officers, or Chief Student Service Officers; the climate we create is work we all do with our faculty, staff, students, and community. This is a wonderful model and may need to be used more often on other problems we need to be tackling together.

Trustee Anaya added that she spoke to Interim Chief Diversity Officer Cogshell about having a hotline or an email address to send in concerns as a way to measure climate. These would be concerns that would not be at the level of a complaint. This would be measured at the end of a quarter or the year to see if the climate has changed.

Trustee Sundin shared that campus climate could be interpreted as how good does the campus feel about itself. She stated we need to go to where Trustee Anaya was going and see how the individual feels; we need to consider the social emotional learning and provide broader support on campuses. She continued to say that it is difficult to focus on learning when you are concerned about what is going on with your family at home. It happens with PTSD with veterans. We need to update and support staff on campus get better apprised to social emotional awareness to better assist those in a different emotional state. Trustee Sundin recommends this approach be added to this plan.

Trustee Hoffman mentioned that he liked the model. This model has worked and we need to not let it fall by the wayside. It should be replicated across the system.

Trust Ajuo thanked Trustee Sundin for her comments about students struggling with social emotional issues who worry about their family, and need to focus on learning.

Trustee Sundin asked if we are supporting campuses requests to be sanctuary campuses. Chancellor Rosenstone shared that there is currently not a “position” on sanctuary campuses. There was thoughtful conversation on the concept. The decision as a group was to address the concrete things we can do to actually protect students, faculty, and staff and help with issues of safety, data practices, and obligations under the law as well as broader issues with respect to climate.

Trustee Sundin is concerned we have taken that approach.

Trustee Anaya mentioned that it may be helpful to have a more robust and informed conversation about the difference between a request for information and compelling information requested by the government. Chancellor Rosenstone shared they would be pleased to have a conversation, but it would best be a conversation led by General Counsel. There are many laws that we must respect including FERPA which protects the

data privacy of our students and a request is not strong enough given that legal obligation all of Minnesota State employees must observe.

Trustee Rodriguez states that a follow up would be to have a conversation with Chair Vekich and General Counsel.

Trustee Erlandson asked if we actually keep residence status of students or employees. Trustee Erlandson clarified that this is solely about students and not about staff. Interim Chief Diversity Officer Cogshell agreed to follow up and bring back that answer.

Trustee Rodriguez asked: How do we demonstrate our leadership commitment? How are we ensuring this information is being disseminated and being made a priority? How do we have conversations and dialogues and assume positive intent? How do we get these into action? We need to have a better answer on our core metrics and measures of success. But at the end of the day, we should have a clear understanding of whether we are making progress on diversity or not and what are the top 3-5 metrics that can be just rattled off quickly. How do we continue to benchmark against other organizations, or leveraging best practices from other industries?

The meeting adjourned at 2:52 p.m.
Respectfully submitted,
Sonya Castillo, Recorder

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

Agenda Item Summary Sheet

Name: Diversity, Equity, and Inclusion and
Human Resources Committee

Date: May 17, 2017

Title: Faculty and Staff Diversity: Current Demographics and Strategies

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The Diversity, Equity and Inclusion and Human Resources Committees will engage in a study session on faculty and staff demographics and strategies being implemented to expand and maintain our diverse workforce.

Scheduled Presenter(s):

Mark Carlson, Vice Chancellor for Human Resources

Nickyia Cogshell, Interim Chief Diversity Officer

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

INFORMATION ITEM

FACULTY AND STAFF DIVERSITY: CURRENT DEMOGRAPHICS AND STRATEGIES

BACKGROUND

The Diversity and Equity and Human Resources committees will engage in a study session on faculty and staff demographics and strategies being implemented to expand and maintain our diverse workforce. Trend data regarding the progress toward creating a diverse workforce will be presented. Committee members will engage in a discussion on strategic actions regarding recruitment, retention and employee development designed to expand and maintain a diverse workforce for the system.



MINNESOTA STATE

Human Resources Committee
May 17, 2017
10:00 AM
McCormick Room, Fourth Floor

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 March 22, 2017**
2. Human Resources Transactional Services Model (HR-TSM) Project Update
- 3. Appointment of Interim President of Ridgewater 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
HUMAN RESOURCES COMMITTEE
MEETING MINUTES
March 22, 2017**

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

Human Resources Committee Members Absent: Rudy Rodriquez

Other Board Members Present: Ann Anaya, Jay Cowles, Amanda Fredlund, Louise Sundin, Cheryl Tefer, and Michael Vekich.

Leadership Council Members Present: Steven Rosenstone, Chancellor; Mark Carlson, Vice Chancellor for Human Resources.

The Minnesota State Colleges and Universities Human Resources Committee held its meeting on March 22, 2017, at Wells Fargo Place, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Chair Erlandson called the meeting to order at 10:30 a.m.

1. Minutes of March 22, 2017

Chair Erlandson called for the motion to approve the minutes of the Human Resources Committee on October 19, 2016. The minutes were moved, seconded and passed without dissent.

2. Appointment of President of Century College

Chancellor Rosenstone stated that Patrick Opatz has served as interim president of Century College since July 2015 after President Ron Anderson was appointed as the next vice chancellor for academic and student affairs. A national search was initiated for Century College in the fall of 2015. In the spring of 2016, it was decided that the search should continue for a new president. The executive search firm Greenwood/Asher & Associates was retained to assist with the recruitment for this position, and Dennis Bona, president of Northland Community and Technical College, served as search chair. After careful consideration of information received from each element of the interview process, Chancellor Rosenstone recommended Angelia Millender to serve as the next president of Century College.

The Board of Trustees, upon the recommendation of Chancellor Rosenstone, appoints Angelia Millender as president of Century 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 MnSCU Personnel Plan for Administrators.

The motion passed without dissent.

The meeting adjourned at 10:58 a.m.
Respectfully submitted,
Pa Yang, Recorder

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

Name: Human Resources Committee

Date: May 17, 2017

Title: Human Resources Transactional Services Model (HR-TSM) Project Update

Purpose (check one):

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

Brief Description:

This session will provide the Board a progress report on the Human Resources Transactional Service Model (HR-TSM) effort. The update will include:

- HR-TSM overview
- Project deliverables to-date
- Next steps

Scheduled Presenter(s):

Mark Carlson, Vice Chancellor for Human Resources
Connie Gores, President of Southwest Minnesota State University
Kent Hanson, President of Anoka-Ramsey Community College and Anoka Technical College

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

INFORMATION ITEM

HUMAN RESOURCES TRANSACTIONAL SERVICE MODEL UPDATE

BACKGROUND

The HR-TSM project is a Minnesota State systemwide effort to develop a shared services model with common business processes and regionalized execution for HR transactions, thereby enabling campus HR teams to focus on the needs of their institution. The HR-TSM project seeks to:

- Create consistent practices and deliver high-quality service to all employees
- Mitigate risks and reduce errors
- Provide opportunity for transformational HR work on our campuses

The HR-TSM project was influenced by the Charting the Future initiative. The System Incentives & Rewards team was charged with developing recommendations to "Redesign our financial and administrative models to reward collaboration, drive efficiencies, and strengthen our ability to provide access to an extraordinary education for all Minnesotans".

A team of faculty, staff and students worked on strategies to advance this recommendation, and ultimately recommended a new systemwide HR transactional service delivery model. This was adopted as part of the CTF work plan by the Leadership Council. Vice Chancellor for Human Resources Mark Carlson convened a leadership team of campus chief human resources officers and system office subject matter experts to help lead this effort and work began in summer 2015.

Project Work

The work of the HR-TSM project will focus on two areas:

- **Development of a new delivery model:** The future state for the HR-TSM project includes the implementation of a new shared services environment in which HR transactional services are delivered to employees via HR service centers that support multiple institutions. This will allow campus HR teams more time to focus on the strategic and transformational needs of their institutions, e.g., workforce planning, succession planning, targeted recruitment, workplace climate, etc. The HR-TSM leadership team has created a delivery model that includes service delivery via four (4) sites: Mesabi Range College, Minnesota State College Southeast – Winona, Hennepin Technical College – Brooklyn Park, and Dakota County Technical College. Phase 1 implementation will see transactions involving the instructional faculty employee groups (IFO and MSCF faculty) transition to the service centers. Future phases will include transition of all other employee groups and payroll processing and will occur as new technology enhancements are implemented.

- **Process review and establishment of common business practices:** Today, HR transactional work can vary from institution to institution. In order to support common and consistent practices, both in the current state and the future shared services state, workgroups were convened and utilized facilitated lean processes to develop common HR business practices. In order to cover the full spectrum of HR work, close to twenty-five (25) workgroups worked to map out current and future state processes as well as delivering action plans to support implementation of the new common practice, including step-by-step guides, training components, and templates and forms to support consistent processes. These efforts are serving as the foundation for technology enhancements to support a shared services environment.

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

Name: Human Resources Committee

Date: May 17, 2017

Title: Appointment of Interim President of Ridgewater 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 Ridgewater College.

Scheduled Presenter(s):

Steven Rosenstone, Chancellor

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

BOARD ACTION
APPOINTMENT OF INTERIM PRESIDENT OF RIDGEWATER COLLEGE

1 **BACKGROUND**

2 It is anticipated that Chancellor Rosenstone will recommend an individual for the interim
3 presidency at Ridgewater 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 Ridgewater College effective _____, 2017,
12 subject to the completion of an employment agreement. The board authorizes the chancellor, in
13 consultation with the chair of the board and chair of the Human Resources Committee, to
14 negotiate and execute an employment agreement in accordance with the terms and conditions of
15 the MnSCU Personnel Plan for Administrators.

16

17 *Date of Adoption:* *May 17, 2017*

18 *Date of Implementation:*



Board of Trustees Meeting
Wednesday, May 17, 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

- Proposed FY2019 Meeting Calendar (First Reading)

Chancellor's Report, Steven Rosenstone

Consent Agenda

- Board of Trustees Meeting Minutes of April 19, 2017**
- Surplus and Sale of Real Estate and Improvements, Minneapolis Community and Technical College**
- Approval of Contracts Exceeding \$1 Million**
 - **Minnesota State University, Mankato, Aviation Training Contract**

Student Associations

- LeadMN
- Students United

Minnesota State Colleges and Universities' Bargaining Units

- American Federation of State, County, and Municipal Employees
- Inter Faculty Organization
- Middle Management Association
- Minnesota Association of Professional Employees
- Minnesota State College Faculty
- Minnesota State University Association of Administrative and Service Faculty



Board Standing Committee Reports

- a. Human Resources Committee, Chair Dawn Erlandson
 1. **Appointment of Interim President of Ridgewater College**
 2. Human Resources Transactional Services Model (HR-TSM) Project Update

- b. Finance and Facilities Committee, Chair Jay Cowles
 1. FY2018 Capital Program Recommendation (First Reading)
 2. FY2018 Annual Operating Budget (First Reading)

- c. Academic and Student Affairs Committee, Chair Alex Cirillo
 - Career Technical Education and Workforce Development Update

- d. 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

Trustee Reports

Adjournment

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

INFORMATION

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

Meeting	Date	If agendas require less time, these dates will be cancelled.
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

Meeting	Date	If agendas require less time, these dates will be cancelled.
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.



MINNESOTA STATE

Board of Trustees

30 East 7th Street
St. Paul, MN 55101

651-201-1705

Board of Trustees Meeting
Wednesday, May 17, 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.

Consent Agenda

- a. **Board of Trustees Meeting Minutes of April 19, 2017**
- b. **Surplus and Sale of Real Estate and Improvements, Minneapolis Community and Technical College (pp. 28-39 of the Finance and Facilities Committee's meeting materials)**
- c. **Approval of Contracts Exceeding \$1 Million**
 - **Minnesota State University, Mankato, Aviation Training Contract (pp. 40-42 of the Finance and Facilities Committee's meeting materials)**



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

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">• Advance IT Minnesota• 360° Manufacturing and Applied Engineering Center of Excellence• HealthForce Minnesota• Minnesota Center for Engineering and Manufacturing Excellence (MNCEME)• Center for Agriculture - Southern Minnesota• Minnesota Agriculture Center for Excellence – North – AgCentric• Minnesota Energy Center• Minnesota Transportation Center

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