

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
MEETING MINUTES
JANUARY 18, 2012**

Present: Chair Scott Thiss, Trustees Brett Anderson, Duane Benson, Cheryl Dickson, Jacob Englund, Clarence Hightower, Philip Krinkie, Alfredo Oliveira, Dan McElroy, Thomas Renier, Christine Rice, Louise Sundin, James Van Houten, Michael Vekich and Chancellor Steven Rosenstone

Absent: Trustee David Paskach

1. Call to Order

Chair Scott Thiss called the meeting to order at 1:05 p.m. and reported that a quorum was present. He thanked President Ron Thomas for hosting the Board's meeting at Dakota County Technical College.

2. Chair's Report

a. Minutes of Board of Trustees Executive Committee Meeting on November 4, 2011

The Executive Committee minutes were approved.

b. Minutes of the Board of Trustees Meeting on November 16, 2011

The minutes were approved with an addition to the chancellor's report on searches.

c. Amendments to Board Policies

Chair Thiss reported that the board policies were amended, effective January 1, 2012, to replace the term "Office of the Chancellor" with "system office."

d. Other

Chair Thiss reported that the chancellor has been providing him with periodic progress reports. He continued that he has developed a practice of reviewing them with the vice chair and treasurer.

3. Chancellor's Report: *Steven Rosenstone*

Chancellor Steven Rosenstone thanked President Thomas and his staff for their hospitality. He stated that there is extraordinary work being done at Dakota County Technical College.

The chancellor reported that Senator Amy Klobuchar invited President Kevin Kopischke, Alexandria Technical and Community College, to attend President Obama's State of the Union address on January 24. Senator Klobuchar has visited the campus many times and was impressed with the college's leading edge in technical programs and its partnerships with business and industry aimed at meeting Minnesota's workforce needs.

President Kopischke will represent Minnesota State Colleges and Universities in the national discussion on technical education, closing the skills gap, the need for developing advanced training programs, not only for Minnesota's needs but also the nation's workforce needs. He also reported that President Judith Ramaley, Winona State University, was in Washington, D.C. to attend a White House conference on civic education.

Chancellor Rosenstone reported that he visited Minnesota State College – SE Technical in Winona to meet with faculty and industry leaders and learn more about the college's nanotechnology program. The college is working in partnership with Dakota County Technical College, the University of Minnesota and Penn State. While in Winona, he also met with faculty, students and industry leaders engaged in Winona State University's composite materials and engineering program. Winona's undergraduate program is the only program of its kind in North America and is essential to the vibrant industry that exists in southeast Minnesota.

The chancellor remarked that the national college application week held November 14-18 was a tremendous success. This statewide effort was the first-ever initiative of this type. The initiative was designed to increase access to students, particularly students who have been underserved. He noted that across the system the application fee was waived and that nearly 10,000 students completed 15,500 applications in the one-week period, compared to 4,900 students completing more than 5,500 applications in 2010.

Chancellor Rosenstone announced that he was appointed to the board of directors of greater MSP Regional Development Partnership. Greater MSP is a private/public partnership committed to stimulating growth and prosperity in the Minneapolis and St. Paul region. It is the primary point of contact for businesses looking to locate and expand in the 13 county Minneapolis/St. Paul area. The partnership's goal is a bright future for all of the residents and businesses. It completely aligns with the commitment in the Strategic Framework to be the partner of choice in Minnesota's workforce and community needs.

The chancellor also was invited to be a member of the Minnesota Business Partnership. The partnership is an organization of the 110 chief executives of Minnesota's largest employers. Its mission is to maintain a high quality of life for all Minnesotans, ensuring that the economy remains strong and globally competitive and also is aligned with the work of all of the colleges and universities. He added that this partnership will provide Minnesota State Colleges and Universities an opportunity to meet with elected officials, agencies, business leaders across the state, and others on a range of public policy issues important to the students and the economic vitality across the state.

4. Consent Agenda

- a. Review External Audit Plan/Approve Changes**
- b. Acquisition of Real Property: Bergwall Arena, Minnesota State College – Southeast Technical**

The Consent Agenda items were approved as amended and forwarded by the respective committees as follows:

a. Review External Audit Plan/Approve Changes

The Board of Trustees endorses the following recommendations offered by the executive director of internal auditing and vice chancellor – CFO regarding the next steps for future external audits for colleges and universities.

- The Office of Internal Auditing and the Finance Division will prepare a request for proposal (RFP) to solicit interest from external audit firms for financial statement audits for the two universities and five colleges with expired contracts for fiscal years 2012 and 2013. The Board of Trustees will take action on a recommended motion for the appointment of external audit firms for the seven institutions in April 2012.*

- The Office of Internal Auditing and the Finance Division will work with the principal auditor (CliftonLarsonAllen) to amend its contract for one year, to expire after the fiscal year 2013 audit.*

b. Acquisition of Real Property: Bergwall Arena, Minnesota State College – Southeast Technical

The Board of Trustees approves the acquisition of Bergwall Arena and all related rights located at Minnesota State College – Southeast Technical at Red Wing from the school district, subject to final approval of the terms and conditions by the chancellor or his designee. Upon purchase of the facility, the college shall set aside and maintain \$200,000 from its operating reserve to fund the demolition of the building within three years.

5. Board Policy Decisions

(1) Strategic Framework for Minnesota State Colleges and Universities

Chancellor Rosenstone presented the Strategic Framework.

Chancellor Rosenstone reminded the board that at its September retreat he shared a proposed new strategic framework for Minnesota State Colleges and Universities. That framework was a product of eight months of intensive listening to students, faculty, staff, and community and business leaders across the state. He remarked that it was a powerful response to the most critical needs facing Minnesota, and that it sets out ways in which the colleges and universities could meet Minnesota's most critical needs. It was developed in collaboration with the presidents and cabinet members.

The three commitments of the framework are: to ensure access to an extraordinary education for all Minnesotans; be the partner of choice to meet Minnesota's workforce and community needs; and deliver to students, employers, communities and taxpayers the highest value/most affordable higher education option.

Chancellor Rosenstone stated that the framework is focused, ambitious and bold. He added that it is clear where the system needs to go and where the priorities should be. Following the board's discussion in September, the Leadership Council and chancellor worked to articulate the specific steps and projects that would be needed to realize the three commitments. At the November board meeting he shared an update on a very aggressive schedule for implementing the plan. In December, the implementation began, and by the January meeting of the Leadership Council, every single project for this calendar year has been launched.

Since he became the chancellor on August 1, 2011, a bold strategic direction has been set. Priorities were set to realize the commitments, and implementation began on a very aggressive schedule. He noted that it has moved quickly and decisively. He recalled that at the November board meeting there was a strong consensus to formally adopt the framework. He suggested waiting one more meeting until he could complete his consultation with students, faculty and staff before the board would decide whether to go forward with a motion.

Since November, the implementation has moved forward to realize the three commitments. With respect to the commitment to be partner of choice to meet Minnesota's workforce and community needs, full workforce assessment, sector by sector, region by region, will be occurring in March and April of this year. It is a project that will be led by the presidents and will be done in collaboration with the Department of Employment and Economic Development, with workforce centers around the state, with the Governor's Workforce Council, and in collaboration with the initiative foundations that exist across the state, and many others. He added that it is an important effort that is being led primarily by Mary Rothchild of the Academic and Student Affairs division. Presidents Kevin Kopischke, Larry Lundblad, Ron Thomas, Richard Shrubbs, Robert Musgrove, Joyce Helens, Jim Johnson and Terry Leas also are playing a crucial role in this initiative as well as initiatives to better understand how to improve customized training programs and work more quickly to find ways to expand the FastTRAC program and help displaced workers update skills.

Chancellor Rosenstone added that there is also aggressive work being done on increasing the speed and success of the students to ensure that they are completing certificates and diplomas in a timely fashion so that they will be workforce ready. Progress is being made on transfer of credits across the system, but he added that there is still work to be done to improve retention rates and to ensure that the students can move more quickly through remedial education.

That work is being led by Presidents Richard Hanson, Cecilia Cervantes, Phil Davis, Anne Temte, Don Supalla and Ron Wood, and Vice Chancellor Douglas Knowlton, who will begin on February 15, our current interim Vice Chancellor Larry Litecky, and Associate Vice Chancellor Leslie Mercer.

A final component of this is the pipeline ensuring that we not only have the right programs in the right places aligned with the workforce needs of Minnesota, but that we have a steady pipeline of students prepared coming out of high school to enter those programs and eventually enter the workforce. The chancellor is having ongoing conversations with Commissioner Brenda Cassellius, Department of Education, and Director Larry Pogemiller, Office of Higher Education, about finding ways to realign and redesign grades 11, 12, 13 and 14 to achieve a greater integration of the first two years of higher education and the last two years of high school. He anticipates that by spring there will be some detailed ideas to put forward for broader consultation both within our system and with superintendents of school boards across the state.

With respect to highest value/most cost effective education that the system can provide, there is continuing work to fundamentally redesign how the system does its business and works to reduce costs and increase the effectiveness of operations.

The chancellor reported that the Leadership Council has been completely redesigned to be a deliberative body to help drive all the initiatives forward. The system office has gone through a redesign of its work to ensure that the highest priorities of the strategic framework are the highest priorities of the staff. The system has had to endure additional budget cuts that he plans to report on at a subsequent meeting.

The Campus Service Cooperative is expanding and will provide extraordinary gains in efficiency, cost reductions and effectiveness with how the work is done. He stated that Vice Chancellor Laura King and he are working on an examination from soup to nuts of the financial model that underlies the system. An analysis will be completed this spring and brought to the board for consultation and for possible changes in the financial model going forward. A team of presidents is working on a redesign of the executive performance evaluation to ensure that it is completely aligned with the strategic framework as well.

On that first initiative, access to an extraordinary education for all Minnesotans, the system is relying heavily on the work of the faculty to lead the conversations in every college and every university in the system to bring the best ideas to the table for how it is that a classroom experience can be extraordinary, what learning outcomes ought to be for every program and every department in the system. The chancellor added that he is grateful to the faculty leadership from all three faculty organizations in helping to shepherd these conversations and looks forward to ideas being put on the table as a result of those conversations this spring.

The chancellor noted that the system's "big test" is whether it can deliver on the three commitments to the people of Minnesota. He also responded to a question that Trustee Duane Benson had forwarded to him asking "What are the barriers to success? And, how do we imagine that we are going to overcome those barriers?" Trustee Benson had also asked "What are the hurdles?" He remarked on an op-ed piece that Trustee Benson wrote in December of this year that was published in the Star Tribune on the lessons he learned in the field of early childhood education. His first point was that old mindsets change slowly. Second, change is popular in the abstract, controversial when it hits home. Third, the system must persist and it will persist.

There are barriers with the first being the culture of higher education and habits die slowly in higher education. It is a very conservative industry which is resistant to change and when change occurs it is through a long process. The chancellor commented on the need to move and change faster. The system must adapt to the changing needs of Minnesota. The strategy for overcoming this barrier is to continue with a sense of urgency and need on the part of Minnesota and to be reminded that the risks of not acting are probably greater than the risks of not taking that first step.

A second barrier is the fear of collaboration that will make every college and university stronger to meet the commitments to the students and communities around the state and to protect access not by sacrificing quality but by finding new ways to work to increase affordability. It also means working aggressively with partners around the state and collaboratively with the K-12 and with the Department of Employment and Economic Development.

The chancellor noted that final hurdles are resources to ensure excellent academic programs and the competitive compensation needed to attract the very best faculty, IT specialists, analysts and the best leaders in the colleges and universities and the system as a whole.

He remarked that some strategies are to be accountable for the results and to hold accountability up as a result of conversations. We need to do a much better job of telling the story and explaining the system's contributions. Also, we need to exceed expectations, not just be accountable, but to surprise people with delivering results beyond their wildest imagination.

Chancellor Rosenstone remarked that he is confident, as confident as he was on August 1. In working with students, faculty and staff, cabinet, the board and the community partners, Department of Employment and Economic Development, K-12 and other institutions, the system can deliver an extraordinary education to all Minnesotans.

He concluded that the system can be the partner of choice to meet Minnesota's workforce needs and it can deliver the highest value, most affordable option for higher education in the state of Minnesota. Minnesota is counting on it and he is confident that it can be delivered.

Chair Thiss thanked and applauded Chancellor Rosenstone for his presentation of the Strategic Framework.

Trustees expressed their full support of the Strategic Framework. Chair Thiss called upon Presidents Kevin Kopischke and Earl Potter for their comments. The presidents also expressed that there is full support from of all of the presidents.

Trustee Michael Vekich moved that the Board of Trustees adopts the Strategic Framework for Minnesota State Colleges and Universities. The Strategic Framework replaces the Strategic Plan 2010-2014 and the action plan. Trustee Dan McElroy seconded and the motion carried unanimously.

6. Board Standing Committee Reports

a. Audit Committee

James Van Houten, Chair

- (1) Review Legislative Auditor Report on Metropolitan State University
Committee Chair James Van Houten reported that the committee heard a report on the Legislative Auditor report of Metropolitan State University. The audit found no significant deficiencies in controls and compliance.
- (2) Review Results of Southwest Minnesota State University Audit
Committee Chair Van Houten reported on the results of Southwest Minnesota State University. No significant deficiencies were found.
- (3) Board Committee Goals
Committee Chair Van Houten reported that the committee discussed its goals for the year of researching best practices of other audit committees, including audit approaches of other higher education systems as well as private industry. A timeline for completing the research and possible recommendations will be presented at the June 2012 meeting.

b. Technology Committee

David Paskach, Chair

- (1) Information Technology Update
Committee Vice Chair Alfredo Oliveira reported that the committee heard an update from Vice Chancellor Darrel Huish.
- (2) Discuss Committee Progress on Goals (Service Delivery Strategy)
Committee Vice Chair Oliveira reported that the committee heard an update on the implantation of the strategy for delivery of technology services. The results of the outcome of the strategy will be presented at the next meeting.

c. Academic and Student Affairs Committee

Christine Rice, Chair

- (1) Academic and Student Affairs Update
Committee Chair Christine Rice reported that the committee heard an update from Interim Vice Chancellor Larry Litecky.
- (2) Report to the Legislature on Transfer
Committee Chair Rice reported that the committee heard an update on the report to the Legislature on transfer. Legislation passed in 2010 required the board to implement a plan to improve transfer within the system. As a result, ninety-one percent of transfers are now successful.
- (3) Bush Foundation Teacher Education Partnership
Committee Chair Rice reported that the committee heard a presentation on the Bush Foundation Teacher Education Partnership. In 2010, Minnesota State University, Mankato; Minnesota State University Moorhead, St. Cloud State University and Winona State University joined in a partnership of fourteen institutions in Minnesota, North Dakota and South Dakota that were funded by the Bush Foundation for \$260 million dollars to increase teacher effectiveness.

d. Finance and Facilities Committee

Dan McElroy, Chair

- (1) Finance and Facilities Update
Committee Chair Dan McElroy reported that the committee heard an update from Vice Chancellor Laura King.
- (2) FY2011 and FY2010 Audited Financial Statements
Committee Chair McElroy reported that the committee heard a report on the FY2011 and FY2010 audited financial statements that were audited by the firm of LarsonAllen LLP. The audits received unqualified opinion letters and there were no material weaknesses or significant deficiencies in initial controls.
- (3) FY2014-2019 Capital Programs
Committee Chair McElroy reported that the committee heard a report on the FY2014-2019 capital programs. The report outlines the proposed framework for developing capital budget guidelines for the system's request and reflects the chancellor's guidance and input from the system office and campus leadership and staff through the Leadership Council.
- (4) Revenue Fund Update
Committee Chair McElroy reported that the committee heard an update on the revenue fund. The report provided additional information on revenue fund facilities size, age and debt capacity.

7. Joint Council of Student Associations

- a. Minnesota State University Student Association (MSUSA)
Ms. Amanda Bardonner, president. She introduced Ms. Elsbeth Howe as the new executive director of MSUSA.
- b. Minnesota State College Student Association (MSCSA)
Mr. Geoff Dittberner, statewide president, addressed the Board of Trustees.

8. Minnesota State Colleges and Universities' Bargaining Units

- a. Inter Faculty Organization
Dr. Donald Larsson, president, addressed the Board of Trustees.
- b. Administrative and Service Faculty
Dr. Barbara Oertel, president, addressed the Board of Trustees.
- c. Minnesota State College Faculty
There was no report from the Minnesota State College Faculty association.
- d. Minnesota Association of Professional Employees
Mr. Greg Mellas, representative, addressed the Board of Trustees.
- e. American Federation of State, County and Municipal Employees
There was no report from the American Federation of State, County and Municipal Employees.

9. Trustees' Reports

Trustee Louise Sundin reported that she received an invitation to attend the "Bridges Career Expo Day" at Central Lakes College in Brainerd. She added that she would forward the invitation and she encouraged board members to attend it. Trustee Rice reported that she visited the Northeast Higher Education District campuses. Trustee Englund reported that he visited Central Lakes College in Staples. Chair Thiss and Trustee Dickson reported that the Advancement Committee will hear an update on the Connecting with Campuses initiative.

10. Other Business

Chair Thiss announced that there are no meetings in February. The Executive Committee will meet on March 7, and the Board of Trustees is scheduled to meet on March 20-21.

11. Adjournment

Chair Thiss adjourned the meeting at 3:15 PM.

Ingeborg K. Chapin
Secretary to the Board