

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
RETREAT NOTES
SEPTEMBER 18-19, 2012

Present: Chair Clarence Hightower, Trustees Ann Anaya, Brett Anderson, Margaret Anderson Kelliher, Duane Benson, Alexander Cirillo, Cheryl Dickson, Dawn Erlandson, Philip Krinkie, Alfredo Oliveira, David Paskach, Maria Peluso, Thomas Renier, Louise Sundin, Michael Vekich and Chancellor Steven Rosenstone

Board of Trustees Retreat

The retreat was held at Ruttger's Bay Lake Lodge, Deerwood, Minnesota. Trustee Margaret Anderson-Kelliher participated by conference call during the afternoon on September 18. She was present in person on September 19, 2012.

Welcome and Introductions

Chair Clarence Hightower welcomed everyone at 1:05 p.m. on September 18, 2012. He set out the goals for the retreat:

- Build relationships
- Establish how the board will work together
- Identify questions and challenges facing MnSCU

Chair Hightower introduced Kathryn Keeley, The Keeley Group, as the facilitator. Ms. Keeley explained that the focus of the afternoon will be on working with each other. An opening exercise was for each person to introduce themselves, state why they are on the board and what do they want to contribute. The trustees and the chancellor all participated in the exercise.

Sessions I and II

Good Governance Practices

The facilitator then asked participants to reflect on a board that they served on that best practiced good governance. The purpose of this exercise was to look for common themes. The themes that emerged were:

- Empowered CEO/staff to take risks
- Select new members carefully; keep it small with expectations of hard work
- Challenged staff but when all is said and done, no second-guessing
- Tension and honesty
- Skills, vision – articulated a vision, created a model for the profession
- Delicate balance of expectations back and forth
- Board is serious about who comes on
- Staff does not surprise board; build trust over time
- Culture drives good governance; lacking that it is stiff and formal
- Board with different viewpoints/perspectives
- Best boards have people who have been staff

- Noses in; fingers out; do not micromanage, problem solve
- Storming never occurs on many boards and you need to talk that through. Go through form, storm, norm, perform
- Smart people who did their honest best; at the end of the day are we doing the best job for our community.

Trusteeship

Trustee Tom Renier gave an overview of MnSCU-specific statutes pertaining to the Board of Trustees, chancellor and system mission.

Questions /comments during the overview included:

- How are trustees informed of the follow-up or results when they forward messages from constituents? A protocol to inform the trustees of the response or outcome will be developed.
- The board receives a report on program closures once a year. One trustee questioned whether that was often enough.
- Inform the trustees of news ASAP.

Protocol for Working Together

The facilitator outlined the process for developing a protocol for the trustees to work together. During discussions, the board's purpose statement (mission), roles and responsibilities and expectations were outlined, as follows:

Purpose:

- A. Fiduciaries (holders of the trust) for the people of Minnesota
- B. The purpose of the board is to hire, support, evaluate and, if needed, fire the chancellor.
- C. Advocate on behalf of students, community and partners and other stakeholders for students, system and constituent institutions and customers
- D. Planning/ forward-thinking
- E. Abide by statutory requirements
- F. Ensure high quality education
- G. How do we treat employees/ respect our workforce by drawing upon and developing the talent, skills, experience and other abilities

Mission of the board: govern the Minnesota State Colleges and Universities to ensure quality education and support the strategic framework.

Board Members Expectations of Each Other

- Acknowledge public venue of our meetings
- Build trust
- Active, respectful and equal participation
- Everyone is a load-bearing member
- Passion should be about education
- Stewards and trustees; not representatives

- Speak for self
- Close relationship to stage conversation
- No “gotcha’s”
- Take chancellor aside – one-on-one
- Respect for staff
- Chair – ask committee chairs to be clear on individual requests for information from staff
- Awareness and remind each other of the public nature of the position
- Formal committee etiquette – address chair rather than directly trustee to trustee
- Chair notes from staff – they are public documents
- Thank and celebrate the good work by staff
- Campus visits – board conversation on whether to continue
- Relationships with presidents – trustee – distance line to walk
- Board – no end run with presidents.

Rules of Engagement

The chancellor commented on the committee and board meetings, noting the frequency of reports, the importance of being prepared before meetings, and better use of consent agendas. As an example, he referred to the policy requiring review and approval of missions and visions every five years and asked the board to be clear on what items they want to spend their time. Trustees commented that it may be time to revisit the policy requiring mission approvals every five years. Chair Hightower deferred this conversation to the Executive Committee.

The facilitator summarized the discussion on the rules of engagement as follows:

- Meeting content will be less show and tell
- More focus on priority issues
- More balance

The retreat recessed for the evening.

Wednesday, September 19, 2012

Ms. Keeley reviewed the draft document for the protocol on working together. She commented that a responsibility of boards that rely on public funding is to serve in ambassador roles. For example, showing up at legislative hearings in support of the chancellor and the system. Ms. Keeley also recommended that board members receive media training.

In addition to adding the ambassador role, other revisions to the protocol were:

- Be clear; successful boards see issues and bring them forward to the appropriate person
- Private conversations in the hall
- Supporting the decision of the majority once a decision is made.
- Accountability – peer-to-peer (trustee-to-trustee)
- Effective public boards have the ability to hold each other accountable.

Ms. Keeley commented that the revisions will be incorporated into the final document that will be distributed to the board at a later date.

Session III: Operational Topics

The chancellor provided the trustees with a briefing document on nine topics to review in advance of the retreat. The briefings provided background and posed questions regarding major challenges and major long-term strategic challenges facing higher education and Minnesota State Colleges and Universities.

Chair Hightower commented that the first four are operational and would be taken up during the course of the year. The remaining five are bigger, broader and more strategic. Trustees introduced each topic.

Assessing Institutional and System Performance.

Trustee Cirillo commented that the system should consider forward looking metrics on its dashboard, but not outcomes.

Enterprise Risk Management.

Trustee Anaya explained that the role of the board is to effectively manage risk and minimize adverse reactions. Important questions to consider are: What are the big risks? What are our appetites for risk? And, are there alternative responses? There are five types of risk management: strategic, operational, financial, compliance and reputation.

Progress on Driving Change.

Trustee Erlandson summarized the progress that has been made since Chancellor Rosenstone introduced the Strategic Framework for Minnesota State Colleges and Universities at the board's retreat a year ago, September 2011.

Chancellor Rosenstone referred to an article that Trustee Benson wrote about change that appeared in the Star Tribune in December 2011. It was about lessons he learned while working to improve the quality of pre-kindergarten education. Trustee Benson wrote that "change is popular in the abstract, controversial when it hits home, and takes persistence. "

Priorities for FY2014-2015 Biennium

Trustee Paskach commented that the biggest challenge facing the board is how to manage when every two years we have to deal with the legislative appropriation, the biennial budget requests. What can we do this time? How much change can we expect to see? How much significant change are we going to see in two-year budget request. Chancellor will have to tee it up and clearly show significant strategic change.

Trustee Sundin suggested establishing legislative goals as a vehicle to help the board and others advocate for the system's request that will drive the changes we want to accomplish. Chair Hightower supported the suggestion. Chancellor Rosenstone added that the legislative request is for what we are going to accomplish on behalf of the people of Minnesota, and the only way we can accomplish what is needed is through the shared responsibility with our students, businesses, communities, state of Minnesota. Legislative goals will be prepared for the board.

Overview of Open Meeting Law and Data Practices Act

Chair Hightower explained that the Open Meeting Law and the Data Practices Act were supposed to be reviewed yesterday but time ran out. He called on Nancy Joyer, chief of staff, to review the materials. Ms. Joyer briefly explained that the Open Meeting Law addresses how we can meet with each other and address each other. There are exceptions to the Open Meeting Law. The board is allowed to have closed meetings to discuss bargaining strategies, the chancellor's performance evaluation and litigation strategy. With respect to the Data Practices Act, the overriding rule is if you create it and a request comes in for it, you are required to produce it. Anything you write can be shared. Chancellor Rosenstone added that attorney-client privileged communications are meant for discussions only with the attorney; not one another.

Session IV: Big, Broad, Long-term Strategic Questions

Chancellor Rosenstone explained that there was a discussion at the April board meeting about having the board play a substantially more strategic role in the big questions we are confronting. He introduced a set of topics in May. They were shared with the chair and then reviewed and revised in consultation with the Leadership Council and Cabinet. Trustees introduced each topic.

The Future of Higher Education

Trustee Benson noted that 70 percent of jobs will require some type of post-secondary education. There are challenges on the supply and demand side. Looking at our student demographics, the average age is a little over 29 years. Over one-half of our students are under-represented students. Our challenges and opportunities are many and our funding is unsustainable.

Chancellor Rosenstone added that education itself is changing. E-education, massive open online courses (MOOC), alternative credentials, and modularity – each by themselves is a threat and potentially disruptive to our colleges and universities. This is moving fast and cannot be put off for two years. We need a strategy for a new path going forward. The board has a policy on collaboration but it has not been driven across the system. This paper discusses one of two to three topics that keep him awake at night. He also noted that students that come to us unprepared fare worse in online learning.

Trustee Benson requested that the issue paper, the Future of Higher Education, be included each month in the meeting materials.

The Future of the System

Trustee Anderson-Kelliher observed that the system's architecture since it was formed 17 years ago has not changed. It is not entrepreneurial enough. If we want to be alive and be relevant 17 years from now, what do we need to do? The Strategic Framework has to be how we are relevant 20 years from now. The two-year biennial budget cycle often does not support people pursuing entrepreneurial activities.

Long-term Financial Strategy for the System

Trustee Brett Anderson suggested figuring out how to leverage the system's value with business partners. Trustee Vekich noted the importance of presenting the right value proposition to the

legislature and the public. If we get it right then there will be investment dollars. What is the risk and during the interim, we have two months and can start being creative in this time.

Chancellor Rosenstone commented that there are policies that affect the financial governance of the System. We are moving aggressively to a shared services environment that is changing how we are configured. Chair Hightower added that the board is open to looking at policies that are obstacles to thinking about what needs to be done. Trustee Benson remarked that it would be helpful to understand the current financial model.

Chancellor Rosenstone explained that the current allocation model was created 12 years ago. Money came in and students were served. Technical courses cost more than humanities courses. Efficiency is rewarded. The model used to allocate two-thirds of the resources; now only one-third. What does it incent? Competition for students. Do we have a model that is helping us accomplish our educational goals? Do we have an allocation model that is incenting our goals for the system of the future? We will not be able to create a financial model until we have greater clarity on the system of the future.

There was great interest in scheduling a financial model overview at a future date.

Educational Success for a Diverse Student Population

Trustee Dickson noted the some students are underprepared in many ways. They are discouraged by the application process, cost and location. Students in the Twin Cities or other metro areas have greater access than those in rural areas. She referred to Chancellor Rosenstone's article about the achievement gap that appeared in the current issue of the Minnesota School Boards Association Journal. Chancellor Rosenstone commented that 100% of the growth in the Twin Cities over the next three decades will be people of color. Trustee Benson recalled the board's idea of having all high school juniors complete a college application. A value proposition would be that at graduation, every MnSCU graduate can write well, have interview skills and be prepared with a deep knowledge in a field.

Access and Affordability

Trustee Oliveira noted the system has a place for everyone. Trustee Sundin added that there will be some interesting solutions to affordability, but the nonprofits will still do their thing. Are we interested in figuring out how to help our students beyond graduation with the debt? Trustee Anderson-Kelliher commented that the number one way we can reduce student debt is by focusing on completion. Trustee Sundin added that there is a lot of misperception in the public about financial aid and grants for college.

Chancellor Rosenstone explained that only five percent of our students receive any kinds of grants. At our Universities, 26 percent receive institutional grants compared to the 57 percent of students at the University of Minnesota. He cautioned about the horror stories concerning student debt. They are not coming from our institutions. They are primarily about students who graduate from private, not-for-profit and private, for-profit institutions. The average debt for student at our colleges is \$9,178 and at our universities it is \$16,571.

The trustees agreed that these big topics are inseparable. Ms. Keeley commented that the five big strategic issues are related. Some are sequential (parallel structure) and how they are addressed will be taken up by the chair and the chancellor. Chancellor Rosenstone commented that these will be hard discussions because we are dealing with things that are precious – people and their communities. The only thing we know for sure is that we cannot continue business as usual. Think about having these conversations in a safe environment where ideas can be thought through carefully. Scary moment but also a moment of tremendous opportunity. Figure out how to do this. People will look back in 17 years and see whether we succeeded.

Trustee Paskach commented that the number one criteria for the board when we had to select a new chancellor was that we knew higher education had to change. It is the chancellor's day job to drive the change and there is a sense of urgency. We need to help him and let him know if we think he is not going far enough fast enough. At the end of the day it is the job of the chancellor and staff to drive the change. The board as ambassadors will herald the change. The chancellor added that we will not get there unless our presidents, faculty and staff are on board.

Conclusion

Chair Hightower said that the first decision in planning the retreat was whether or not we needed a consultant/facilitator. We got that part right. We had to find the right one, but had to go all the way to Georgia to find her. He added that a lot of work went into planning the agenda and materials and he thanked everyone who contributed for the tremendous amount of work. Chair Hightower continued that we started the retreat with three goals and they were met. We got to know each other; equally distributed voices of old and new were heard. We figured out how to work together by agreeing on a protocol and we identified strategies and challenges ahead on which to focus.

The retreat ended at 11:50 a.m.