



**HUMAN RESOURCES COMMITTEE
JANUARY 18, 2011
3:00 P.M.**

**BOARD ROOM
WELLS FARGO PLACE
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.

Committee Chair Clarence Hightower calls the meeting to order.

- (1) Minutes of November 17, 2010 (pp. 1-3)**
- (2) Human Resources Update
- (3) Update on Searches (pp.4-5)
- (4) Delegation to the Board Chair to Name Chancellor Finalists (pp. 6-7)**
- (5) Emeritus Recognition (pp. 8-9)**
- (6) Performance Pay Discussion (pp. 10-12)**
- (7) Closed Session on Bargaining Pursuant to Minnesota Statute § 13D.03 (2010) (pp.13-14)

Members

Clarence Hightower, Chair
Thomas Renier, Vice Chair
Cheryl Dickson
Dan McElroy
David Paskach
Christine Rice
Scott Thiss

Bolded items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
HUMAN RESOURCES COMMITTEE
MEETING MINUTES
November 17, 2010**

Human Resources Committee Members Present: Clarence Hightower, Chair; Thomas Renier, Vice Chair; Cheryl Dickson; Dan McElroy; David Paskach; Scott Thiss

Human Resources Committee Member Absent: Christine Rice

Other Board Members Present: Duane Benson; Jacob Englund; Christopher Frederick; Phil Krinkie; Alfredo Oliveira; Louise Sundin; James Van Houten

Leadership Council Committee Members Present: Lori Lamb, Vice Chancellor for Human Resources, and Earl Potter, President, St. Cloud State University

The Minnesota State Colleges and Universities Human Resources Committee held its committee meeting on Wednesday, November 17, 2010, at Wells Fargo Place, 4th Floor, Board Room, 30 Seventh Street East, in St. Paul. Chair Hightower called the meeting to order at 8:45 a.m.

1. MINUTES OF SEPTEMBER 15, 2010

Chair Hightower called for the motion to approve the minutes of the Human Resources Committee meeting on September 15, 2010. The minutes were moved, seconded and passed without dissent.

2. HUMAN RESOURCES UPDATE

Vice Chancellor Lamb reported that the fall human resources conference was held on October 13 and 14, 2010, at Arrowwood Conference Center near Alexandria. Highlights included presentations made to this year's recipients of the HR All Star awards and the announcement of the new HR scholarship fund.

3. UPDATE ON SEARCHES

Vice Chancellor Lamb stated that progress on the chancellor search is proceeding well. The Search Advisory Committee will meet on November 30, 2010, to narrow the candidate field for initial interviews. Initial interviews will be held on December 13 and 14, 2010, and finalist interviews are scheduled before the full Board of Trustees on February 2, 2010.

With the announcement of President Danahar's retirement at Southwest Minnesota State University and upon his departure effective on June 30, 2011, Chancellor McCormick has determined that it would be most effective to appoint an interim president for a one-year period. He believes that it would be appropriate to conduct a thorough study of the regional educational needs in southwest Minnesota prior to making any decision about permanent leadership in that area. This study will include consideration of whether it is appropriate to consider some type of alignment of educational services between Southwest Minnesota State University and Minnesota West Community and Technical Colleges. A study will begin

immediately and include consultation with the community stakeholders in the 18-county region in southwest Minnesota, as well as all campus constituents. A final recommendation will likely be available in spring or summer 2011.

Anoka Technical College and Anoka-Ramsey Community College presently have interim presidents whose agreements expire on June 30, 2011. The Chancellor has reviewed whether it would be in the best interest of the colleges and system to align these two colleges under the direction of one president. Following consultation with both the surrounding communities and campus constituencies, the Chancellor has concluded that alignment of the two institutions under one president will better serve students and will allow for administrative efficiencies. As such, a search process for one president to lead both institutions starting July 1, 2011, has been initiated.

National searches are underway for presidents at Century College and Saint Paul College.

4. SUCCESSION PLANNING

Todd Harmening and Anita Rios from the Office of the Chancellor presented information on the initial development of a succession planning framework intended to identify, develop and promote leaders who can ensure the success of the system. They discussed the following components:

- Purpose of the program
- Measurable objectives
- Competencies needed for success
- Assessing employee performance and potential
- Narrowing gaps through development
- Evaluating results

It is further intended to develop a communications plan and identify the barriers and challenges. Succession planning will be brought back to the Board upon its conclusion.

5. EXECUTIVE SEARCH PROCESS

Vice Chancellor Lamb provided an overview of improvements which have been made to the executive search process. She introduced the newest member of her staff, Janet Korpi, who has been hired as director of talent acquisition to assist with and guide presidential searches. Being piloted this year is the creation of an internal screening committee whose purpose is to narrow down the applicants before forwarding to the campuses for further vetting. Previously, campuses have had to screen all applicants. Another new effort in the search process is the establishment of a public Web page showing the current status of all executive searches.

Not being recommended at this time are a separate process for sitting presidents who are in the candidate pool and having the full Board of Trustees interview candidates. Vice Chancellor Lamb stated reasons for the decisions made in these areas. Trustee Englund requested revisiting the issue about the Board interviewing candidates at a later date. Chair Thiss asked about the current guidelines on search committees to ensure we are meeting the full intent of trustee involvement and recommended policy. Vice Chancellor Lamb stated that the current policy describes having one to three trustees involved in the search process and that we are in compliance with that policy.

6. FOLLOW-UP TO OLA EVALUATION OF THE SYSTEM OFFICE

Two issues had been assigned to the Human Resources Committee from the OLA Evaluation of the System Office: Classification Delegation and Two-Year Faculty Credentialing. Recommendations are to have both processes delegated to the campuses, and plans are in progress to make that happen.

Meeting adjourned at 9:40 a.m.

Submitted by,
Vicki Schoenbeck, Recorder

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

Agenda Item Summary Sheet

Committee: Human Resources Committee **Date of Meeting:** January 18, 2011

Agenda Item: Update on Searches

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

Pursuant to Board Policies 1A.4 and 4.2, the Board appoints the Chancellor, presidents and other system executives.

Scheduled Presenter(s):

Lori Lamb, Vice Chancellor for Human Resources

Outline of Key Points:

- Chancellor's Search
- Anoka Technical College and Anoka-Ramsey Community College
- Century College
- Saint Paul College

Background Information:

Searches are underway. Vice Chancellor Lamb will provide an update on each of the above listed searches.

1 **BOARD OF TRUSTEES**
2 **MINNESOTA STATE COLLEGES AND UNIVERSITIES**
3

| INFORMATION ITEM |
|--------------------|
| UPDATE ON SEARCHES |

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7 **BACKGROUND:**

8 Pursuant to Board Policies 1A.4 and 4.2, the Board appoints the chancellor, presidents and other
9 system executives. Updates on searches underway and pending include the following.

10
11 Chancellor's Search

12 The chancellor search is proceeding very well. Public interviews of the finalists remain scheduled for
13 February 2.

14
15 Presidential Searches

16 Anoka Technical College and Anoka-Ramsey Community College, Century College, and Saint Paul
17 College searches are underway. One consultant is being used for all searches. The priority deadline
18 for applicants is January 24, 2011. Screening will continue thereafter with the hope that
19 appointments will be made April and/or May 2011.

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23
24 *Date Presented to the Board: January 19, 2011*

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

Agenda Item Summary Sheet

Committee: Human Resources Committee **Date of Meeting:** January 18, 2011

Agenda Item: Delegation to the Board Chair to Name Chancellor Finalists

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| <input type="checkbox"/> Proposed Policy Change | <input type="checkbox"/> Approvals Required by Policy | <input checked="" type="checkbox"/> Other Approvals | <input type="checkbox"/> Monitoring |
| <input type="checkbox"/> Information | | | |

Cite policy requirement, or explain why item is on the Board agenda:

It is recommended that the Board delegate authority to the Board Chair to determine which semi-finalists identified by the Chancellor Search Advisory Committee shall be forwarded to the Board as finalists in the chancellor search process.

Scheduled Presenter(s):

Lori Lamb, Vice Chancellor for Human Resources

Outline of Key Points:

- Chancellor Search needs to proceed to finalists stage

Background Information:

Finalist interviews are scheduled for February 2, 2011.

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

BOARD ACTION

DELEGATION TO THE BOARD CHAIR TO NAME CHANCELLOR FINALISTS

BACKGROUND

The Chancellor Search Advisory Committee has identified semi-finalists for the chancellor position and requested further background study on those candidates by the search consultant. It is recommended that the Board delegate authority to the Board Chair to determine which semi-finalists identified by the Chancellor Search Advisory Committee shall be forwarded to the Board as finalists in the chancellor search process. The Board's interviews with finalists are scheduled for February 2, 2011.

RECOMMENDED COMMITTEE ACTION:

The Human Resources Committee recommends that the Board of Trustees authorize the Board Chair to determine which semi-finalists identified by the Chancellor Search Advisory Committee shall be forwarded to the Board as finalists in the chancellor search process.

RECOMMENDED MOTION:

The Board of Trustees authorize the Board Chair to determine which semi-finalists identified by the Chancellor Search Advisory Committee shall be forwarded to the Board as finalists in the chancellor search process.

Date of Adoption: *January 19, 2011*

Date of Implementation: *January 19, 2011*

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

Agenda Item Summary Sheet

Committee: Human Resources Committee

Date of Meeting: January 18, 2011

Agenda Item: Emeritus Recognition

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

Board Policy 4.8, Emeritus Status

Scheduled Presenter(s):

James McCormick, Chancellor

Lori Lamb, Vice Chancellor for Human Resources

Outline of Key Points:

The Chancellor will recommend presidential emeritus status for two presidents:

- Larry Shellito
- Anne Weyandt

Background Information:

Larry Shellito served as president at Alexandria Technical and Community College from 1995-2003. Anne Weyandt served as president at Anoka Technical College from 2001-2010.

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

BOARD ACTION

EMERITUS RECOGNITION

BACKGROUND

Pursuant to Board Policy 4.8, Emeritus Status, Chancellor McCormick will present his recommendation for conferring presidential emeritus status on Larry Shellito, who previously served as president at Alexandria Technical and Community College from 1995-2003, and Anne Weyandt, who served as president at Anoka Technical College from 2001-2010.

RECOMMENDED COMMITTEE ACTION:

The Human Resources Committee recommends that, upon the recommendation of Chancellor James H. McCormick, the Board of Trustees hereby confer emeritus status upon Larry Shellito, Alexandria Technical and Community College, and Anne Weyandt, Anoka Technical College.

RECOMMENDED MOTION:

Upon the recommendation of Chancellor James H. McCormick, the Board of Trustees hereby confer emeritus status upon Larry Shellito, Alexandria Technical and Community College, and Anne Weyandt, Anoka Technical College.

Date of Adoption: *January 19, 2011*

Date of Implementation: *January 19, 2011*

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

Agenda Item Summary Sheet

Committee: Human Resources Committee **Date of Meeting:** January 18, 2011

Agenda Item: Performance Pay Discussion

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| <input type="checkbox"/> Proposed Policy Change | <input type="checkbox"/> Approvals Required by Policy | <input checked="" type="checkbox"/> Other Approvals | <input type="checkbox"/> Monitoring |
| <input type="checkbox"/> Information | | | |

Cite policy requirement, or explain why item is on the Board agenda:

The Board of Trustees must decide whether to continue the pay for performance compensation strategy in the coming years.

Scheduled Presenter(s):

Lori Lamb, Vice Chancellor for Human Resources

Outline of Key Points:

- Whether pay for performance will continue into the future

Background Information:

The background was presented in detail as an information item at the September 2010 Human Resources Committee meeting.

1 **BOARD OF TRUSTEES**
2 **MINNESOTA STATE COLLEGES AND UNIVERSITIES**
3

BOARD ACTION

PAY FOR PERFORMANCE

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6 **BACKGROUND:**

7 This was presented as an information item at the September 2010 Human Resources Committee
8 meeting. More complete detail is provided in the materials for that meeting.
9

10 Legislative History

11 The Legislature has established a requirement that each state employee shall be evaluated and
12 counseled on work performance at least once a year. In addition, all individual pay increases for
13 employees not represented by exclusive representatives shall be based on the performance evaluation.
14 Minn. Stat. § 43A.20
15

16 The Personnel Plan for Minnesota State Colleges and Universities Administrators does not provide
17 for across-the-board salary adjustments. All increases have historically been in variable amounts at
18 the discretion of the appointing authority and based on individual performance in the prior year. The
19 Personnel Plan for FY2010-2011 suspended all base salary increases other than those provided in
20 chancellor, vice chancellor and president employment agreements.
21

22 In the 2000 legislative session, the Legislature modified compensation for system administrators in
23 several ways. First, Minn. Stat. ch.15A, which generally governs the salaries of agency heads, was
24 modified to give the Board of Trustees the power to establish the salary of the Chancellor within a
25 salary range approved by the Legislative Coordinating Commission's Subcommittee on Employee
26 Relations. Minn. Stat. §15A.081. Second, Minn.Stat. § 136F.40 was modified to allow the Board to
27 enter into employment contracts with the Chancellor and the presidents. The law allows the Board to
28 provide "other compensation" to the Chancellor and presidents. Laws of Minnesota 2000, Chapter
29 453.
30

31 On July 21, 2000, the Legislative Subcommittee on Employee Relations approved an amendment to
32 the Personnel Plan. This amendment reflected statutory changes providing for employment contracts,
33 and providing for additional remuneration of up to 30 percent of base salary for administrators under
34 contract. This additional remuneration has consisted of housing allowances for the Chancellor and
35 state university presidents, a transportation/communication allowance for the Chancellor and all
36 presidents, and more recently, performance pay.
37

38 In the Special Session of 2001, the legislature again amended Minn. Stat. § 136F.40 to allow
39 employment contracts with vice chancellors.
40

41 Performance Pay Background

42 Administrators, including the Chancellor, presidents and vice chancellors, historically have been paid
43 on a performance-based model. That is, they have always been paid as a "look back" for past

1 performance. This is embodied in the “merit pool” funds in prior years and the performance
2 incentives currently in place for contracted administrators. This means that any increases are paid to
3 administrators in the year following the period in which they are earned. For example, for
4 performance in FY08, administrators received payments at the beginning of FY09. This allows for an
5 assessment of prior performance before the award of any remuneration increases and allows for
6 remuneration to be proportional to actual performance.

7
8 This pay practice is in contrast with the traditional pay strategy for bargaining unit employees where
9 negotiated increases take place on the first day of a fiscal year. Thus, bargaining unit employees
10 receive increases contemporaneously with the work they perform; with the pay increases coming in
11 the form of predetermined step increases (employees who are at the maximum rate for their pay range
12 do not receive step increases).

13
14 The Chancellor’s employment contract originally provided for an annual incentive payment that,
15 when combined with his housing allowance and transportation allowance, would bring his total
16 additional remuneration up to the 30 percent limit provided in the Personnel Plan approved by the
17 Legislature. In 2008 and 2009, the Board of Trustees and the Chancellor agreed to new employment
18 contracts that put his additional remuneration more at risk by making payment of the incentive
19 optional up to a maximum amount, depending on performance. At present, the incentive amount in
20 the Chancellor’s contract is up to \$50,000 per year.

21
22 Beginning in FY03, the employment contracts provided each president and vice chancellor the
23 opportunity to earn a performance-based lump sum payment of \$2,000 each fiscal year. These
24 amounts were paid for FY 2003 through FY 2008.

25
26 In 2008, the Board of Trustees instructed the Chancellor to negotiate addenda to the presidents’
27 contracts providing for larger performance incentives, but introducing more risk. Those addenda
28 provide generally for performance increases up to \$15,000 per fiscal year. The incentive is not
29 guaranteed; a president or vice chancellor may not receive any performance incentive. In addition, a
30 rigorous process was implemented to assess the performance of the presidents and vice chancellors to
31 insure their performance warranted the potential incentive payment. These performance incentive
32 payments are one-time funds and do not constitute base salary adjustments.

33 **RECOMMENDED COMMITTEE ACTION:**

34 (To be determined)

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36 **RECOMMENDED MOTION:**

37 (To be determined)

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40 *Date of Adoption:* January 19, 2011

41 *Date of Implementation:* January 19, 2011

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

Agenda Item Summary Sheet

Committee: Human Resources Committee **Date of Meeting:** January 18, 2011

Agenda Item: Closed Session on Bargaining

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:
Pursuant to Minnesota Statute § 13D.03, Minnesota Open Meeting Law, 2010

Scheduled Presenter(s):
Lori Lamb, Vice Chancellor for Human Resources
Chris Dale, Senior System Director for Labor Relations

Outline of Key Points:

- Status of and future plans for negotiation of collective bargaining agreements

Background Information:
Preparations are underway for negotiations of the next contracts with the faculty unions (2011-2013).

1 **BOARD OF TRUSTEES**
2 **MINNESOTA STATE COLLEGES AND UNIVERSITIES**
3

| 4 INFORMATION ITEM |
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| 5 6 7 CLOSED SESSION ON BARGAINING 8 |

9 **BACKGROUND:**

10 In closed session, the Human Resources Committee will discuss the status of and future plans for
11 negotiation of collective bargaining agreements with the faculty unions—Inter Faculty Organization
12 (IFO); Minnesota State College Faculty (MSCF); and Minnesota State University Association of
13 Administrative and Service Faculty (MSUAASF).

14 (Pursuant to Minnesota Statute § 13D.03, Minnesota Open Meeting Law, 2010)
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18 *Date: January 19, 2011*