



**BOARD OF TRUSTEES
MEETING AGENDA
WEDNESDAY, NOVEMBER 20, 2013
2:30 PM
MINNESOTA STATE COLLEGES AND UNIVERSITIES
30 7TH STREET EAST
SAINT PAUL, MN**

All meetings are in the McCormick Room on the fourth floor unless otherwise noticed. Committee/board meeting times are tentative and 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. In addition to the board or committee members attending in person, some members may participate by telephone.

Chair's Report: *Clarence Hightower*

- (1) Minutes of Board of Trustees Study Session, Enterprise Risk Management on October 22, 2013 (pp. 1-7)**
- (2) Minutes of the Board of Trustees Study Session, IT Security on October, 22, 2013 (pp. 8-12)**
- (3) Minutes of Board of Trustees Meeting on October 23, 2013 (pp. 13-20)**

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES STUDY SESSION OCTOBER 22, 2013 McCORMICK ROOM 30 7TH STREET EAST ST. PAUL, MN

Present: Chair Clarence Hightower and Trustees Margaret Anderson Kelliher, Duane Benson, Alexander Cirillo, Cheryl Dickson, Dawn Erlandson, Philip Krinkie, Alfredo Oliveira, Thomas Renier, Elise Ristau, Louise Sundin and Chancellor Steven Rosenstone

Absent: Trustees Ann Anaya, David Paskach, Maria Peluso, and Michael Vekich

Convene

Chair Clarence Hightower convened the study session on Enterprise Risk Management at 3:00 p.m.

Enterprise Risk Management

Chancellor Steven Rosenstone recalled that this past May was the first time in almost two years that the board took up the topic of enterprise risk management (ERM). He added that a commitment was made for an annual study session on ERM. By scheduling the annual session in the fall rather than spring, any input from the Leadership Council's fall retreat can be included.

Chancellor Rosenstone referenced a slide presentation that was included in the meeting materials. The goals for this session are to:

- Review the system's enterprise risk management strategy
- Report on steps taken since the May 2013 meeting
- Provide annual board review of the identification, assessment, and management of top strategic and operational risks, and
- Receive feedback from the board.

Chancellor Rosenstone stated that board oversight of ERM is essential not only on the risks that have a high probability and high potential for consequences, but also on the management strategies that are ultimately employed.

Background and Responsibility

Risk is in every organization, every environment. Risk cannot be eliminated but the effective management of risk can create greater value, protect resources and reputation and increase an organization's ability to realize core objectives and responsibilities. Slide 5 cites Board Policy 5.16 which assigns the responsibility for managing risks as follows:

"The chancellor for the system office and the presidents for the colleges and universities are responsible for effectively managing risks in order to conserve and manage the assets of the system office, colleges and universities and minimize the adverse impacts or risks or losses."

Chancellor Rosenstone explained there are two kinds of risks: strategic risks which are fundamental to achieving the core objectives as a set of colleges and universities, and operational risks which are risks to operations. Many of the strategic risks are related to our students, our educational programs, our ability to serve students well, and whether we have the right mix of programs. These risks are at the enterprise level.

At the study session in May, a category called “compliance” was listed under operational risks. It has been replaced with a category entitled “Academic and Student Affairs,” as there are compliance requirements in Human Resources and Academic and Student Affairs. This session focused on risks that have a high probability and high impact and that are above the diagonal that is shown on Slide 8. The management strategy is to try to eliminate the risks that are below the diagonal.

Chancellor Rosenstone summarized the steps that have been taken since the May meeting. Periodic conversations are taking place with the cabinet and the topic was discussed with the Leadership Council at its retreat in September. Part of the responsibility as system officers is not to manage the risks that are campus level risks but to facilitate them by providing shared resources, such as the general counsel’s office, auditor’s office, or the finance and facilities division. For example, for safety on campuses, Associate Vice Chancellor for Facilities Brian Yolitz has programs which are made available to campuses to help them manage the risk. Also, it has been made very clear to the presidents that as part of their management plan they need to pay attention to both operational and strategic risks as these will be included in their annual performance reviews and goal setting.

Chancellor Rosenstone continued that very little has changed over the last four months on the risks that were identified in an environmental scan. The risks also overlap with those that were identified in the draft *Charting the Future* report that the board received at its meeting in June. Many of the management strategies suggested by the Strategic Workgroups are the same as those identified in Slides 11-13, which identify the top strategic risks and the accompanying management strategies. Before continuing to the operational risks, he paused for comments or questions.

Trustee Dawn Erlandson commented on item 6 on Slide 13, the ability to increase awareness and reputation of the system’s colleges and universities. Trustee Erlandson added that many people have no idea of the kinds of students who do not take the ACT or the SAT tests and go to community colleges. She continued that the broader challenge is for higher education to inform the public about the differences in the kinds of colleges and the opportunities that they offer. Chancellor Rosenstone agreed adding that the risk is the system’s ability to increase awareness and reputation of our colleges and universities to improve student recruitment and increase the investment in the schools. He added that Vice Chancellor Mike Dougherty’s workplan includes a study session on marketing and branding in May.

Trustee Duane Benson inquired how the supply side’s role directly and indirectly affects the system. Chancellor Rosenstone remarked that the work underway in collaboration with Education Commissioner Brenda Cassellius on the redesign of secondary and post-secondary education addresses the academic preparedness of our students. Commissioner Cassellius will provide an update on the project at the board meeting in November. Also, there is collaboration and work underway in the broader environment as evidenced by the Itasca Project and others in the business community.

Top Operational Risks

Chancellor Rosenstone asked each vice chancellor to review key operational risks in their areas.

Financial Risks

Vice Chancellor Laura King reviewed the financial dimensions of operational risks. They include enrollment performance and budget management. Federal and state financial support and MnSCU operational partnership with the state were risks that were added after the May study session on ERM. They were added because of the changes in the federal financial aid program and the system's dependency on the state's operational environment. Vice Chancellor King continued that the system integrity, accounting, payroll, student records, etc., intersects with IT and audit. Working with the Internal Auditing Office, there is a robust set of strategies to detect, monitor and intervene at the college and university level, when necessary. Almost everything in finance passes through the Finance and Facilities Committee and the Board of Trustees. For example, the annual review sessions with the individual colleges and universities, the audits and external reviewers.

Trustee Phil Krinkie noted that it is important to keep a close eye on two items: enrollment and enrollment expectations. He continued that the legislature freezing tuition created a certain amount of risk for the system. He asked: What will happen if there is no appropriation to hold down tuition in the next biennium? What will happen to students who entered our institutions with the idea that they could manage/ pay for their education going forward and suddenly they see an increase in tuition or decrease in state or federal financial aid? Will students have a false expectation as to their tuition costs. The issue of projecting enrollments is critical for the next biennium? Vice Chancellor King agreed that what happened this past legislative session with the tuition buy-down changed the risk equation because the system had been moving into a lower risk posture with the state. The tuition buy-down worked against the system because the state assumed some of our revenue outlook. Vice Chancellor King added that the strategic directions and initiatives in the Strategic Framework and in "Charting the Future" are all about increasing enrollment – improving academic programs, improving customized training programs, and helping students succeed.

Chancellor Rosenstone commented that there is modeling that will do a better job of helping the colleges and universities forecast future enrollments. There are macro conditions that drive enrollments such as the number of high school graduates, the unemployment rate, especially for the community colleges, and changes in family income.

Trustee Tom Renier followed-up to Vice Chancellor King's comment that the system has moved into a lower risk profile with the state. He continued that over the past decade the system has moved into a much higher risk profile with the state and that is the erosion of this board's ability to govern. To him, this is one of the most serious risks we face. Chancellor Rosenstone noted that there were some suggestions along those lines that General Counsel Gail Olson brought to our attention. Our focus is on our management strategies, not to create strategies for the board. There are some macro questions on the role of the board that other trustees have raised in the past.

Chair Hightower inquired if there is a bright line between operational integrity and system integrity. Vice Chancellor King replied that system integrity and technology integrity are inextricably linked. It is visible at the federal level on the rollout of the Affordable Care website. It is a system problem and an operational problem and the finance division has close relationships with the IT division.

Chair Clarence Hightower inquired where the risk of having the right mechanism such as the allocation framework fit. Vice Chancellor King responded that there is an operations risk if it is not working right and strategic risk if it is not driving the right behavior. The same could be said for tuition policy.

Human Resources Risks

Vice Chancellor Mark Carlson reported that employees attrition is a concern and it is monitored very closely. He added that 25 years ago only about 18 percent of our college and university presidents were over the age of 61; today that number is in excess of 49 percent. Like other segments of the population, we are an aging population in higher education. Several chief human resources officer positions are vacant and many experienced human resources professionals are retirement eligible. In addition, regulatory management, such as Americans with Disabilities (ADA), Fair Labor Standards Act (FLSA), Family Medical Leave Act (FMLA), Workers' Comp., etc., are complicated programs that require a great deal of training and skill. The same applies to non-discrimination. One of the more complicated areas requiring a highly skilled and knowledgeable staff is the administration of defined contribution pensions. Trustee Sundin added that losing so many leaders is also a national issue and that the same concerns were voiced at the annual conference of the Association of Community College Trustees.

Trustee Benson asked how much management time is spent on growing our own. Vice Chancellor Carlson replied that energies are spent on driving the leadership pipeline deeper into the organization. For instance, we are building a more robust supervisory training program. Moving people from the individual realm to the supervisory realm has been a struggle. The training program is designed to give them the tools to be successful. This structure and career ladder give employees an opportunity for greater and greater responsibilities. Trustee Benson followed up by asking if an effort is made to recruit our own students. Vice Chancellor John O'Brien commented that it is done on a daily basis when there are students that are rising stars. We are constantly encouraging our students to reach their highest potential and consider coming back to the system.

Trustee Margaret Anderson Kelliher inquired whether the payroll issue at Metropolitan State University would fall in the financial or human resources management strategy. Chancellor Rosenstone commented that the issue is a risk that needs to be managed at the campus level. He noted that kind of problem has occurred only at one campus and only once in the system in 18 years. He explained that the heart of the matter is the processing of campus input; the correct data needs to be input into the system at the campus level. Vice Chancellor Carlson and colleagues across the system have been bringing resources to the campus to address, assess and correct the problem.

Chair Hightower asked Vice Chancellor Carlson for a timeframe to know if these are the right strategies to address the risks in human resources. Vice Chancellor Carlson replied that a three-year work plan with metrics is in place to measure progress.

Technology Risks

Chancellor Rosenstone reminded that board that there is a study session on IT security immediately following this session. Interim Vice Chancellor McCoy commented that IT has four risks with high probability and high impact. He will cover three of them in this session, and the fourth one will be covered in depth during the next session on IT security.

Vice Chancellor McCoy reviewed system reliability, disaster recovery and business continuity as operational risks to core functions. “Poorly aligned solutions” are whether the technology solutions actually meet the intended use. To minimize the risk of poorly aligned solutions, IT needs to ensure that the best solutions are developed for stakeholders’ needs. Chancellor McCoy noted that IT risk mitigation, including solution alignment, involves collaboration his colleagues in the other divisions. “System stability” has to do with the day-to-day use of IT resources. For system stability, a disciplined change management process is essential to success. The management strategies for system reliability are to develop redundancies and back-up technologies. For redundancy, the system is developing within the next month a system of record Integrated Statewide Records System (ISRS). It is also important that IT is engaged and at the table to develop solutions. The IT group is meeting with Gartner Inc. next week.

Chancellor Rosenstone noted that if IT systems fail, classes cannot be taught, student records cannot be processed, and data cannot be accessed. The importance of the stability of the IT system is critical to the entire operation of the enterprise.

Facilities Risks

Associate Vice Chancellor Brian Yolitz reviewed the operations risks in the facilities area. In terms of the facility and infrastructure reliability, we have just completed a facility assessment of the 27.8 million square feet of space on the campuses across the state. Assets are valued at \$7.6 billion. Backlog and renewal demands over the next five years were assessed and integrated in the capital request. A review of the repair and replacement investment on campuses showed that individual campuses are asked to invest about \$1.00 per square foot; they actually are investing about \$1.35 on average per square foot. The board established guidelines in the 2014 capital bonding process that shaped the investment strategy which included demolition to take space off line.

Associate Vice Chancellor Yolitz noted that creative contract mechanisms allow the system to utilize some leased equipment to pay for infrastructure investments and then pay the debt service through the savings on energy bills. A guaranteed energy savings contract is already in place at Winona State University. The St. Cloud State University project is probably the largest in the state. It is at the forefront of what the Department of Commerce has put together for a guaranteed energy savings contract. Associate Vice Chancellor Yolitz added that they are looking at high cost, high consumption campuses for other opportunities.

In terms of contract integrity and compliance risks, design and construction staff recently released a job-order mechanism that allows campuses to execute general construction work. It allows campuses to forego some of the contracting work because it has been done for them upfront. The Facilities division also provides training, monitoring and auditing. Operations risks focus on keeping campuses safe and secure, and compliant, particularly in the area of the environmental management. The board adopted a policy to make sure that the system is in compliance with Minnesota Pollution Control Agency regulations. The companion system procedure addresses hazardous waste handling and prohibits campuses from accepting known hazardous waste. The policy and system procedure are an example of acting proactively to eliminate a type of risk.

Costs/expenses of energy were discussed. The system is at the forefront of state agencies in Minnesota B3 Benchmarking, which is a “buildings, benchmarks and beyond” energy management system. Associate Vice Chancellor Yolitz noted that we have been asked to speak at a couple of

national forums such as the Society of College and University Planners (SCUP). In the area of emergency preparedness and response / continuous operations planning, we have emergency operations plans on campuses and in the system office. System office staff have worked with campuses to help them walk through situations such as campus lockdowns and shots fired.

Chair Hightower commented that he is aware of the Facilities Condition Index. He asked if there is a reliability quotient. Associate Vice Chancellor Yolitz replied that the FCIs are basic indicators of the facilities assessment, and the relationship of backlog to replacement values. Discussions take place with campus facility managers on how the actual systems are working on a particular campus. Trustee Sundin inquired if there was anything about going green in this category. Associate Vice Chancellor Yolitz replied that there are initiatives at the campus level; it is something we aspire to, but it does not rise to a risk level.

Trustee Dawn Erlandson inquired if there was a dashboard or list of risk factors for each college and university. Chancellor Rosenstone replied that the short answer is yes. He added that in his annual meetings in the spring with each president, he consults with members of the Cabinet on their assessments on a set of metrics, such as financial trends, overhead trends, enrollment trends, and reserve trends for the college or university. As a result, a set of management strategies are developed to assist presidents to be ahead of the curve on these trends.

Academic and Student Affairs

Chancellor Rosenstone commented that many of the strategic risks facing the system are the academic programs and services we provide to students. Interim Vice Chancellor John O'Brien added that topics such as student success and accreditation, while not operational risks, span and animate the entire enterprise.

Vice Chancellor O'Brien reviewed the top operational risks. Student mental health is an increasing concern for faculty and staff. Changes in the student population have brought challenges and the management strategy is to work closely with all of our campuses providing leadership and pooled resources. Information is gathered and best practices are monitored and shared with the campuses. At its annual academic conference this month, Academic and Student Affairs will sponsor a suicide awareness session.

International education is an area that is a challenge for many of our colleges and universities. Vice Chancellor O'Brien explained that it is not a challenge for a large campus such as St. Cloud State University that deals with international education on a regular basis. Smaller campuses that do not deal with international education on a regular basis need support. At the system level, the strategy is to share information on liability risks and best practices. For example, templates of documents for study abroad programs are shared and a support network helps with challenges when they arise.

Title IX involves enforcing board policy. The management strategy is to ensure enforcement by working with designated campus Title IX officers and to provide periodic training and reviews.

Trustee Cheryl Dickson inquired whether mental health issues were also a risk for Human Resources. Vice Chancellor Carlson explained that the State of Minnesota has a robust employee assistance program. It is a well-used service throughout the executive and state branch. It is free of cost and covers all sorts of emergencies and high risk areas.

Trustee Anderson Kelliher commented that there is a movement at a legislative level to improve the reliability and safety of international programs. Vice Chancellor O'Brien commented that it has been his experience that the campuses are doing everything they can to provide support for international students.

Trustee Cirillo commented that most systems are vulnerable at the interfaces. He suggested for a future discussion to include a discussion and analysis on the interfaces that are most vulnerable. These sit below the diagonal and would rise to the above level if something happens.

Chancellor Rosenstone referenced the questions on the last slide and asked the trustees to keep them in mind. He invited an ongoing discussion with the board, and asked them to consider if these are the right questions.

Chair Hightower adjourned the study session at 4:10 p.m.

Ingeborg Chapin
Secretary to the Board

Minnesota State Colleges and Universities

BOARD OF TRUSTEES STUDY SESSION OCTOBER 22, 2013 McCORMICK ROOM 30 7TH STREET EAST ST. PAUL, MN

Board of Trustees Members Present: Chair Clarence Hightower, Trustees Margaret Anderson Kelliher, Duane Benson, Alexander Cirillo, Cheryl Dickson, Dawn Erlandson, Philip Krinkie, Alfredo Oliveira, Elise Ristau

Leadership Council Representatives Present: Chancellor Steven Rosenstone, Interim Vice Chancellor Chris McCoy, Gail Olson, Office of General Counsel

Convene

The Minnesota State Colleges and Universities Board of Trustees held its meeting on October 22, 2013, 4th Floor, McCormick Room, 30 East 7th Street in St. Paul. Chair Hightower called the study session to order at 4:05 p.m.

IT Security Study Session

Chair Hightower invited Chancellor Rosenstone to introduce the Study Session on IT Security. Chancellor Rosenstone stated that the issue of IT Security is an incredibly important topic. There are responsibilities that come with this conversation. The first responsibility is the ability to share with the board the ways security is being addressed in regards to data and systems, including how the privacy and the resources in the data systems are protected. Secondly, the board is responsible for providing oversight of the work to provide IT security. Finally, the participants are responsible for engaging in this conversation in such a manner that the data and systems are protected. If a topic or inquiry arises that Interim Vice Chancellor McCoy thinks may jeopardize the security of the system, then that conversation will be taken off line. As much as the system strives for transparency, there is a responsibility to not disclose information that will undermine exactly what is being protected.

Interim Vice Chancellor McCoy stated that session would focus on IT security at the system level. He introduced Walt Swanson, Information Security Officer for the system office who will assist in answering questions that arise during the presentation.

Interim Vice Chancellor McCoy presented an IT Security PowerPoint featuring a high-level overview of the security program. The system has a talented team of security professionals that is dedicated to a standards-based practice that is constantly growing and evolving.

Interim Vice Chancellor McCoy shared that there are an estimated 1 billion cyber-attacks annually worldwide. It is estimated that one out of every three computers in the U.S. is infected with malware, and 99% are preventable.

The top five database breaches among Higher Education in 2012 were: the University of Nebraska: 654,000 (identities exposed), Indiana University: 650,000, University of North Carolina: 350,000, Arizona State University: 300,000, Northwest Florida State College: 279,000. The average cost per record breached (Higher Ed) is \$142.

MnSCU processes 1.2 million business transactions monthly. There are 4.3 billion records in the Integrated Statewide Records System (ISRS) and 1.5 billion records in D2L. During peak load, 59,000 statements are processed per second. Out of 100 emails, 15 are delivered and 85 are rejected as SPAM. Across the system, over \$3 million is spent annually on security.

The Information Technology (IT) division prioritizes the securing of specific, key assets such as private data on students and employees, financial transactions, intellectual property and continuity of operations.

The IT mission focuses on unauthorized use, disclosure, modification, damage or loss, by taking an active, rather than passive, approach to security; protection through intentional activity; identification and intervention; and education, training, testing and assessment. This security model is based upon a National Institute of Standards and Technology publication (800-53) on "Recommended Security Controls for Federal Information Systems." The tactical work to safeguard the system is continuous, including testing and intervention of systems. IT Security is not "set it and forget it," type of work.

There are four main areas of IT Security activity: first, policy, procedure, and guidelines; second, network, system, software and user controls; third, logging, monitoring, internal audit, finally, incident response, and legal framework.

The main security policy in place is Board Policy 5.23 Security and Privacy of Information Resources (5.22 also applies and deals with acceptable use of computers and information technology resources). Nine guidelines currently exist under this main policy to guide behavior within the system. Interim Vice Chancellor McCoy noted that a proposed amendment to Board Policy 5.23 Security and Privacy of Information Resources would be presented tomorrow with a second reading in November.

Network, system, software, and user controls, are the controls and technology used to operate each day. Network controls separate data traffic and to prevent unauthorized access. System controls separate data as well as separate systems from one another. Software controls maintain the integrity of the software that is installed and used. User controls separate access by user and ensure proper use of data.

Logging, monitoring, and internal audit focus on identification and response of issues. This may include monitoring the system network for suspicious activities or responding to internal audit findings that identify poorly designed or implemented controls. There is considerable growth and development in this area, especially as IT is able to respond to network conditions or database access.

Incident response and legal framework make up the fourth area of IT Security responsibilities. The system must ensure the integrity of operations and have the capabilities to recover and reconstruct activity to support the legal framework. This includes compliance

with Minnesota Government Data Practices Act (MGDPA), Family Educational Rights and Privacy Act (FERPA), Health Insurance Portability and Accountability Act (HIPAA), and Payment Card Industry (PCI).

There are a number of challenges MnSCU faces when implementing a sound IT security program. Collaboration is needed to ensure the integrity, and a centralized model from St. Paul alone will not work.

Interim Vice Chancellor McCoy ended the presentation with a few questions for consideration: How is security infused into every activity? With limited resources, is the focus on the right priorities? How should the system balance the benefits of new and emerging technologies (e.g. cloud and mobile) which allow for innovation, exploration, and discovery with the risks?

Trustee Oliveira inquired if the system had experienced any breaches with the Integrated Student Record System (ISRS). Interim Vice Chancellor McCoy replied that to his knowledge that there have not been any breaches and IT continues to provide mechanisms to monitor the systems to protect the integrity of this data.

Trustee Oliveira inquired if there is a concern with ISRS since it was incorporated many years ago. Interim Vice Chancellor McCoy responded at present, there are no concerns about the age of the technology or the solution being used. It is important to separate issues of security in windows from the issues of security in a core data base solution. The system uses an integrated practice in the development of database systems. IT also uses compartmentalized access to data within these systems. The different layers work in concert to help provide the access controls to protect the system. Trustee Oliveira asked if there are concerns for programs like Hobsons that pull data from ISRS. Interim Vice Chancellor McCoy responded that in general, the systems are not connected and there are mechanisms used to transfer the data. This separation of data protects and ensures the security of the systems data.

Trustee Dickson stated that there would never be enough funding for security and with only \$3 million spent on IT Security, the board should applaud the work of the people that are supporting these efforts. Interim Vice Chancellor McCoy commented that the task is daunting and the IT Security team is of the highest caliber and very dedicated. Trustee Dickson requested that Interim Vice Chancellor McCoy distinguish between the malicious activities listed on slide 5. Interim Vice Chancellor McCoy stated that the category of cybercrime generally refers to financial crime, hactivism refers to defacing a site for a political message, cyber warfare refers to sabotage for political reasons between nations, and cyber espionage refers to stealing knowledge and trade secrets.

Chancellor Rosenstone stated that IT security is the responsibility of everyone at the colleges, universities and system office and any weak link in the chain allows a point of access that puts MnSCU's data in jeopardy. Hiring more staff at the system office to provide IT services will not work. All of the IT professionals across the system play a role in protecting the system's data.

Trustee Anderson Kelliher asked how much is spent across all campuses on security. Interim Vice Chancellor McCoy responded that the best estimate of what the system spends on IT Security across the entire system is \$3 million. It is difficult to come up with a number because IT Security is imbedded in system administration or software development. The IT staff's daily work includes specific security elements including how code is written, development of programs, and the design of databases or networks. Trustee Anderson Kelliher stated that a cost attribution may be difficult, but it needs to be done. IT is one of the areas that can get out of control when attention is not paid to it and suggested working with Vice Chancellor King to do the cost attribution. Trustee Anderson Kelliher asked for more information on backups and where the data is stored. Interim Vice Chancellor McCoy responded that there is a considerable amount of distributed activity throughout the system. The core IT systems have a well-defined back up process and recently have been moved to the state of Minnesota's tier three Data Center. Each campus has a process for data storage, backup and recovery. CIOs are engaged in conversation and there is a CIO focus committee working on issues surrounding data storage and backup.

Trustee Anderson Kelliher said at the state level there has been a conversion to a distributed service model, which includes a state CIO that has worked well and may result in savings. This structure change provided oversight and guidance from the State CIO and Minnesota Information Technology (MnIT) to the distributed sites. Would the system benefit from a model that still allows for distributed control but has more guidance and controls like this? Interim Vice Chancellor McCoy responded that the CIOs have been working on the Service Delivery Strategy as means of identifying and collaborating opportunities throughout the state, while protecting the individuality of the campuses. This work gives consideration to how to bring IT services together on things that matter. IT is scheduled to provide a study session on the Service Delivery Strategy to the board this spring. In addition to this, the CIO community has formed the IT Risk Management Committee to discuss these types of questions. The membership of the IT Risk Committee includes representatives from the CIO community, Internal Audit, Legal Counsel and the state of Minnesota Chief Information Security Officer, Chris Buse. This group is engaged in discussions about how the system can become more cohesive in the approach used to address security and risk management.

Trustee Renier stated that several years ago the state of Minnesota made a significant investment in MnSCU to address infrastructural deficiencies and bring the system up to date in order to mitigate risks, better serve students and improve both system functionality and the security of the system. Trustee Renier asked if there has been a sufficient investment to maintain the systems infrastructure. Interim Vice Chancellor McCoy responded the \$3 million dollars the system spends on security buys more than just maintenance; it also purchases new tools and systems to proactively address security needs. Star ID is one example of a project that has moved the system forward.

Trustee Renier asked if the system is focused on the right priorities in order to address the most urgent needs, given there are not enough resources to perfectly secure everything. Interim Vice Chancellor McCoy responded that the focus is on the management strategies such as protecting the right assets. The tactics used change frequently due to the nature of IT security, therefore, IT needs to address the things that are the most important to the Board and the system as a whole.

Trustee Krinkie stated that a tremendous amount of work has been done to secure the system as much as possible, but inquired if the board should be looking at a different model in regards to security management as it pertains to a centralized system platform or decentralized system. Interim Vice Chancellor McCoy responded that the geography of the system suggests that distributed model should be used in some way, meaning that the personnel have to be based across the system. In developing a cooperative and collaborative model, IT has generated a level of compliance that would be difficult to achieve following another model. Staff work together to identify what is most important and align resources to meet the needs of the priorities. The work on the individual campuses is focused on what is happening locally on the campus. It would be very difficult to implement a centralized model given the current environment including the political cultures within the system.

Trustee Krinkie inquired what the best methodology would be from a security perspective. Interim Vice Chancellor McCoy responded that IT has a fairly tight coupling with the campuses in terms of how IT provides services and helps them to establish security at the campus level. This is accomplished using a cooperative model that allows the system IT division to avoid becoming overly involved on the campus. The system IT division provides links, firewalls to the campuses, and assists the campuses in implementing the shared vulnerability management tool. This tool helps IT staff perform the security checks that need to be performed on each campus. These things are done in collaboration with the campuses.

In closing, Chair Hightower stated that Interim Vice Chancellor McCoy will work with Vice Chancellor King and others to best answer the question about the costs attributed to IT security.

Chancellor Rosenstone thanked the board for a terrific discussion. IT security is something that must be reinvented every day to respond to new challenges. This is remarkable work performed not only by the staff at the system office but by colleges and universities across entire system. Everyone must share in the high standard that must meet to ensure data security. There are both board and system policies and procedures that go back to the CIO community and there are standards that individual presidents must comply. The issue is not whether there is uniformity of standards and agreement about what needs to be accomplished, but whether MnSCU has the mechanism in place to deliver that. Chancellor Rosenstone said that given the huge variety of functions that exist across the campuses, changing to a centralized model would be difficult. The standards in place must be met and are absolutely essential.

Chair Hightower thanked the presenters and adjourned the meeting at 5:10 p.m.

Respectfully submitted,

Christine Benner, Recorder

Minnesota State Colleges and Universities
Board of Trustees Minutes
October 23, 2013

Present: Chair Clarence Hightower, Trustees Ann Anaya, Margaret Anderson Kelliher, Alexander Cirillo, Cheryl Dickson, Dawn Erlandson, Philip Krinkie, Alfredo Oliveira, Thomas Renier, Elise Ristau and Chancellor Steven Rosenstone

Absent: Trustees Duane Benson, David Paskach, Louise Sundin, Maria Peluso and Michael Vekich

1. Call to Order

Chair Clarence Hightower called the meeting to order at 2:10 PM and announced that a quorum was present. Chair Hightower welcomed Trustee Elise Ristau to the meeting. Trustee Ristau was appointed by Governor Mark Dayton as the state university student representative effective on September 1, 2013.

2. Chair's Report: *Clarence Hightower*

(1) Minutes of Board of Trustees Study Session, Presentation of Draft Recommendations *Charting the Future of Minnesota State Colleges and Universities on June 19, 2013*

The minutes of the Board of Trustees Study Session, Presentation of Draft Recommendations *Charting the Future of Minnesota State Colleges and Universities*, on June 19, 2013 were approved as written.

(2) Minutes of the Board of Trustees Meeting on June 19, 2013

The minutes of the Board of Trustees Meeting on June 19, 2013 were approved as written.

(3) Notes of Board of Trustees Retreat on September 17-18, 2013

The notes of the Board of Trustees Retreat on September 17-18, 2013 were approved as written.

3. Chancellor's Report: *Steven Rosenstone*

Chancellor Steven Rosenstone addressed the Board of Trustees remarking that it has been an extremely busy month following the board's retreat.

Update on the Strategic Workgroups

Chancellor Rosenstone thanked the Board of Trustees for the thoughtful discussion at the board retreat on the draft report of the strategic workgroups. Chancellor Rosenstone expressed his appreciation for the engaged discussion and the board's extremely helpful counsel. Chancellor Rosenstone spoke to the clarity of the discussion, the excellent suggestions, and the board's clear support of the strategic directions that the workgroups had suggested in their preliminary draft. Chancellor Rosenstone noted that consultation continues. As of October 18, 2013, 117 formal feedback sessions had been held across the state which has engaged over 5,000 students, faculty, and staff.

Chancellor Rosenstone noted that in addition, many others offered suggestions directly to the workgroups. All the feedback has been collected, collated, and shared with the workgroups who have met twice since the board retreat and will meet again later this month to finalize their draft recommendations.

Chancellor Rosenstone continued that there is strong support among members of the workgroups for the guiding principle of fostering deeper collaboration among the colleges and universities to better serve the students and state. The workgroups are refining and revising the recommended strategic directions to build upon the advice from the board, leadership council, as well as students, faculty and staff across our colleges and universities.

Chancellor Rosenstone stated that as President Potter and he had made clear to the board in a memo on behalf of Leadership Council, support of greater collaboration among the colleges and universities does not mean support of more centralization or growing the system office. Chancellor Rosenstone emphasized that as the board is aware, he has expressed his conviction against more centralization repeatedly over the past two years, and added that he is confident that the final draft will be another powerful statement of what he considers to be non-negotiable.

Chancellor Rosenstone remarked that he looks forward to sharing the report with the board of trustees at their November meeting. He added that a reception will follow the board meeting to honor the 46 students, faculty, staff, presidents, and trustees who have led the workgroups over the past year.

American Indian Higher Education Partnership

Chancellor Rosenstone reported that as part of ongoing efforts to close the achievement gap and ensure student success, he and staff have been working together in partnership with the Minnesota Indian Affairs Council and tribal leaders and representatives from Minnesota's eleven tribal nations. In August, he traveled to Tower, Minnesota with eighteen presidents and leaders from across our colleges and universities for the first MnSCU-Tribal Leaders Education Forum. He reported that there was an honest and thoughtful conversation on how to most effectively address the challenges and how to improve the opportunities for educational success for American Indian students.

As a result of the initial session, the system has joined forces with tribal leaders to meet the following goals by the year 2018:

- Eliminate the gap in higher education participation among American Indians students
- Reduce the persistence gap of American Indian students by 50%
- Reduce the completion gap of American Indian students by 25%, and
- Close all gaps by 2023.

To move these priorities forward:

- Interim Vice Chancellor for Academic and Student Affairs John O'Brien will lead MnSCU's efforts and co-chair a Native Nations Education Task Force together with Melanie Benjamin, Chair of the Mille Lacs Band of Ojibwe.

- Vice Chancellor for Advancement Mike Dougherty, who has responsibility for MnSCU government relations, will serve as MnSCU's designated point person for communication with the Tribal Nations, consistent with Governor Dayton's recent Executive Order.

Last month, the first meeting of the task force was hosted by Chair Benjamin in Onamia and another meeting is being arranged for November. Chancellor Rosenstone said that he is pleased to report a good momentum on this initiative and that he will keep the board updated on the initiative's progress.

Winona State University Foundation and Bemidji State University Foundation Events

Chancellor Rosenstone reported that he and his spouse, Maria Antonia Calvo, traveled to Winona to join in the 50th anniversary celebration of the Winona State University Foundation. The following week they traveled to Bemidji State University to celebrate the public kickoff of their foundation's \$35 million capital campaign, \$20 million of which is designated for scholarships. The BSU foundation announced that it has already raised a staggering \$25.4 million during the "quiet phase" of the campaign. Both events made it clear how dedicated the Winona and Bemidji communities are to the success of their universities and how dedicated these university presidents, foundation boards, and donors are to the students and their success. Chancellor Rosenstone congratulated Presidents Scott Olson and Dick Hansen, as well as President Dick Davenport and his colleagues at Minnesota State University, Mankato for completing their \$77.8 million capital campaign.

Scholarship Campaign

Chancellor Rosenstone reported that last June, the 42 foundations of the Minnesota State Colleges and Universities joined together in an unprecedented collaborative effort to raise \$20 million in new scholarship dollars over a two-year period designed to help 16,000 students across the state. Chancellor Rosenstone expressed that he was pleased to announce that after the first three months of the "Access to Excellence" campaign, the campus foundations report that fundraising is running well ahead of goal.

The goal for the first three months was to raise \$2.5 million in new scholarships. The foundations exceeded that goal by raising \$3.6 million in new scholarship gifts. He added that the foundations are 12.5% into the campaign and at 18% towards our goal. Chancellor Rosenstone congratulated the foundation leadership, their boards and staff, the hundreds of volunteers, the presidents, and many donors. Chancellor Rosenstone thanked the board for their leadership and for ensuring that the colleges remain a place of hope and opportunity where students from all walks of life can find a better future for themselves, for their families, and for their communities.

Executive Searches

Chancellor Rosenstone reported that as Vice Chancellor Mark Carlson had reported to the Human Resources Committee there are a number of presidential searches underway. In each of these searches, he consulted broadly with students, faculty, staff, and community leaders to understand the characteristics they would like to see in their next president.

Chancellor Rosenstone reported that he traveled to Alexandria Technical and Community College, Minnesota State University Moorhead, and to Normandale Community College to spend a half-day on each campus to discuss the search, meet with, and listen to all stakeholders. He continued that these are invaluable opportunities for him to understand the needs of the campus and he appreciates the time that hundreds of students, faculty, staff and community have devoted to these discussions. Later this month, he will visit both the Red Wing and Winona campuses of Southeast Technical to get counsel as they kick-off of their presidential search.

Chancellor Rosenstone reported that the search for the Vice Chancellor for Information Technology is also underway. He met with the CIOs from across the system last month to get their input on the search as well. The search for a Chief Diversity Officer continues and he has personally involved himself by working closely with Vice Chancellor Carlson to recruit a strong pool of semi-finalists that he anticipates they will interview next month. Chancellor Rosenstone remarked that he looks forward to the board's counsel on those candidates and he will keep the board informed on the timing of the visits and public presentations.

Meetings with Civic/Government Leaders

Chancellor Rosenstone reported that he, along with presidents and vice chancellors, have been meeting with individual legislators and Governor Mark Dayton both about the board's 2014 capital bonding priorities as well as the system's FY2014-FY2015 budget. He remarked that the meetings have gone extremely well.

Members of the Higher Education Committees, the Capital Investment Committees, and representatives of Minnesota Management and Budget have made thirty-two visits to twenty-two of the campuses over the past two months. An additional fifteen visits are scheduled for November and December. Chancellor Rosenstone expressed his gratitude to Associate Vice Chancellor Yolitz, the government relations team, the presidents, students, faculty and staff across the colleges and universities who have facilitated the tours. The visits have enabled legislators to garner, first hand, a deep appreciation for the tremendous work the faculty and staff does every day to deliver an extraordinary education to the students. He continued that being at the campuses and talking with students and faculty face-to-face has enabled members to better understand the pressing facilities needs that the colleges and universities face and to hear directly from students.

Chancellor Rosenstone reported that he also traveled with ninety Twin Cities government, civic, business, foundation, and education leaders on the Intercity Leadership Visit to Phoenix to discuss higher education, health, economic development, and transportation strategies for the Twin Cities metropolitan area.

IME Becas

Chancellor Rosenstone announced that following the board meeting there will be a reception for the Consul General of Mexico, Alberto Fierro, who will be announcing the award of \$55,000 in grants, which campuses will double with matching funds to help address the financial need of Mexican and Mexican-American students in Minnesota. Chancellor Rosenstone commented on how grateful he is to the Government of Mexico for its support of the students.

Chancellor Rosenstone concluded remarking on how the partnership between the Mexican Consulate, the colleges and universities, and communities across the state demonstrates that coming together and working together with focus on what's best for students and the communities, great things will happen. These grants have the power to change the lives of students and the lives of the thousands of people those students will touch over the course of their lifetimes.

4. Consent Agenda

(1) North Dakota Reciprocity Agreement

Trustee Dawn Erlandson moved approval of the Consent Agenda. The motion was seconded and carried.

5. Board Policy Decisions

There were no board policy decisions.

6. Board Standing Committee Reports

a. Human Resources Committee

Thomas Renier, Chair

(1) Report of Closed Session for Labor Negotiations Strategy

Committee Chair Thomas Renier reported that the committee met in a closed session to discuss labor negotiations strategy for the following bargaining groups:

- (1) Minnesota State College Faculty
- (2) Inter Faculty Organization
- (3) Minnesota State University Association of Administrative and Service Faculty

(2) Emeriti Recognition

Pursuant to Board Policy 4.8, Emeritus Status, Chancellor Rosenstone presented his recommendation to confer presidential emeritus status on Keith Stover, who served as president at South Central Technical College from 1999-2013, and Donald Supalla, who served as president at Rochester Community and Technical College from 2000-2013.

Committee Chair Renier moved that upon the recommendation of Chancellor Steven Rosenstone, and in recognition that he has served with great distinction, the Board of Trustees hereby confers the honorary title of President Emeritus upon Keith Stover, South Central College. The motion was approved and carried.

Committee Chair Renier moved that upon the recommendation of Chancellor Steven Rosenstone, and in recognition that he has served with great distinction, the Board of Trustees hereby confers the honorary title of President Emeritus upon Don Supalla, Rochester Community and Technical College. The motion was approved and carried.

(3) Recognition of Presidential Years of Service

Committee Chair Renier and Chancellor Rosenstone recognized the following presidents for their years of service. President Doug Allen, Ridgewater College, for ten years; President Phillip Davis, Minneapolis Community and Technical College, for fifteen years and, President Robert Musgrove, Pine Technical College, for fifteen years.

(4) Executive Searches

Committee Chair Renier reported that the committee heard an update on executive searches for the following executive positions: Chief Diversity Officer, Vice Chancellor for Informational Technology/Chief Information Officer and Presidents of Alexandria Technical and Community College, Minnesota State College – Southeast Technical, Minnesota State University Moorhead, Normandale Community College and Rochester Community and Technical College.

b. Audit Committee

Ann Anaya, Chair

(1) Proposed Amendment to Board Policy 1A.2 Board of Trustees (First Reading)

Committee Chair Ann Anaya reported that the committee heard a first reading on the proposed amendment to Board Policy 1A.2 Board of Trustees. The proposed amendment removes the restriction that independent audit firms may not be appointed to a particular engagement for more than six consecutive years.

(2) Review Annual Internal Auditing Report for Fiscal Year 2013

Committee Chair Anaya reported that the committee heard a report on the annual internal auditing report for fiscal year 2013. The report summarizes the results of audits conducted during the previous fiscal year.

(3) Role and Responsibility of Audit Committee Members

Committee Chair Anaya reported that the committee discussed the role and responsibilities of Audit Committee members. In addition, members are prepared for the process of reviewing the audited financial statements.

c. Finance and Facilities Committee

Michael Vekich, Chair

(1) Proposed Amendment to Board Policy 5.21 Possession or Carry of Firearms (First Reading)

Committee Vice Chair Dawn Erlandson reported that the committee heard a first reading of proposed amendment to Board Policy 5.21 Possessions or Carry of Firearms. The proposed amendment allows any employee who is a licensed peace officer to carry a firearm in accordance with law while in work status as a MnSCU employee.

- (2) Proposed Amendment to Board Policy 5.23 Security and Privacy of Information Resources (First Reading)

Committee Vice Chair Erlandson reported that the committee heard a first reading of proposed amendment to Board Policy 5.23 Security and Privacy of Information Resources. The proposed amendment is to better provide guidance and direction for ensuring Minnesota State Colleges and Universities information resources.

d. Academic and Student Affairs Committee

Margaret Anderson Kelliher, Chair

- (1) Student Demographics Overview

Committee Chair Margaret Anderson Kelliher reported that the committee heard an overview of student demographics. The presentation addressed trends in college and university enrollment and student characteristics.

- (2) Review of Topics and Emerging Themes for the Year

Committee Chair Anderson Kelliher reported that the committee discussed topics and emerging themes for the year. The committee also reviewed and discussed a tentative annual workplan and related agenda items with a view to refining topics or suggesting new topics for the committee's and full board consideration in the FY13-14 academic year.

e. Diversity and Equity Committee

Alexander Cirillo, Chair

- (1) Proposed Amendment to Board Policy 1B.1 Sexual Violence Policy (First Reading)

Committee Chair Alexander Cirillo reported that the committee heard a first reading on proposed amendment to Board Policy 1B.1 Sexual Violence Policy. The proposed amendment adds dating and relationship violence and stalking to the policy to comply with new federal regulations.

7. Trustee Reports

Trustee Alfredo Oliveira reported that he and Trustees Erlandson and Sundin attended the Association of Community College Trustees Leadership Congress in Seattle, WA. Trustee Anderson Kelliher reported that she visited Minnesota State University, Mankato for "Parents Weekend." Trustee Cheryl Dickson reported that she received information on the Higher Learning Commission conference in April, 2014. Trustee Cirillo reported that he attended the 40th Annual Foundation Gala at Hennepin Technical College. Vice Chair Renier reported that he and Chancellor Rosenstone met with the tribal leaders at the Tribal Leader Educator Forum.

8. Joint Council of Student Associations

- a. Minnesota State University Student Association (MSUSA)

Alexandra Griffin, state chair, addressed the Board of Trustees.

9. Minnesota State Colleges and Universities' Bargaining Units

a. Inter Faculty Organization

Dr. Nancy Black, president, addressed the Board of Trustees.

10. Other Business

There was no other business.

11. Adjournment

Chair Hightower announced that the next Board of Trustees meetings are on November 19-20, 2013. Chair Hightower adjourned the meeting at 3:35 PM.

Ingeborg K. Chapin
Secretary to the Board