



**BOARD OF TRUSTEES
MEETING AGENDA
WEDNESDAY, APRIL 23, 2014
10:45 AM
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, Fiduciary Training on Retirement Programs on March 19, 2014 (pp. 1-3)**
- (2) Minutes of Board of Trustees Meeting on March 19, 2014 (pp. 4-11)**

Minnesota State Colleges and Universities

**BOARD OF TRUSTEES
STUDY SESSION
MARCH 19, 2014
McCORMICK ROOM
30 7TH STREET EAST
ST. PAUL, MN**

Board of Trustees Members Present: Chair Clarence Hightower, Trustees Margaret Anderson Kelliher, Dawn Erlandson, Alfredo Oliveira, Thomas Renier, Elise Ristau, and Louise Sundin

Leadership Council Representatives Present: Chancellor Steven Rosenstone, Vice Chancellor Laura King and Vice Chancellor Mark Carlson

Convene

The Minnesota State Colleges and Universities Board of Trustees held its meeting on March 19, 2014, 4th Floor, McCormick Room, 30 East 7th Street in St. Paul. Chair Hightower called the study session to order at 11:40 a.m. and noted that Trustee Oliveira was present by phone.

Study Session

Vice Chancellor King said a copy of the retirement program handbook is at each Trustees' place and a copy will also be kept in the Board office. The agenda of the study session includes a recap of past fiduciary training, a review of the retirement handbook, an overview of the fiduciary training, and an update on current retirement trends and improvement plans for 2014-2015.

The annual retirement plan fiduciary training is required under Board Policy 1.C.4. In March 2013, Scott Miller of HewittEnnisKnupp provided an overview of the Board's fiduciary responsibility specific to the oversight of the defined contribution plans. The Board made subsequent recommendations, including the newly published handbook, access to quarterly investment reports, and more information on the contribution process and current delegations of authority. Vice Chancellor King gave a quick overview of the handbook and directed the Board to the location of these items in the handbook.

The March 2013 training has been converted to an online training module as a refresher course for current Trustees and as onboarding for new Trustees. It is also a new requirement for new Investment committee and Advisory committee members.

Vice Chancellor King introduced Vice Chancellor for Human Resources Mark Carlson, and System Director for Employee Benefits and Compensation Bill Brady. Vice Chancellor Carlson said that nationally, the average age for men to retire is 64 and women, 62.

Minnesota State Colleges and Universities' (MnSCU) average retirement age is 63.6. In 2012, the percentage of workers age 55 or older in the national workforce is 21.4%, compared to MnSCU's which is 32.3%.

A further breakdown of MnSCU employees shows that 262 employees (1.5%) are 71 or older; 681 employees (3.8%) are age 66 to 70; 2,008 employees (11.2%) are age 61 to 65 and 2,830 employees (15.8%) are age 56 to 60. There have been 1, 938 employees (10.8%) who have retired from MnSCU in the past five years.

Vice Chancellor Carlson said that there are two types of retirement transition programs. The first is phased retirement. Under phased retirement, an employee must be over age 55 and have been employed by the state longer than ten years. Employees phase into retirement anywhere between 1 – 6 years, keep their insurance eligibility and continue to contribute toward their retirement. The annuitant employee program/post retirement option allows employees to return to work part time immediately after retiring. There are limits to the number of hours an employee can work under this program. Last year, 61 employees participated in the phased retirement program and 111 employees participated in the annuitant program.

Mr. Brady gave an overview of the three different types of defined compensation plans. The Individual Retirement Account Plan (IRAP) and Supplemental Retirement Plan (SRP) plans are mandatory retirement plans for unclassified employees. The IRAP requires a 4.5% employee contribution and a 6.0% employer contribution to maximums. The SRP requires a contribution of 5.0% of salary after the first \$6,000 to contractual maximums with a 100% employer contribution. The third plan, the Tax Sheltered Annuity (TSA), is open to all employees. There is no employer match, but it is offered as an additional retirement vehicle. Employees can sign up for it through the MMB website.

There has been a steady increase in employees participating in defined contribution plans since 2003. Mr. Brady showed the average account balances for the various plans and noted that there is a steady increase in balance that goes along with years of service. For instance, under the IRAP plan, an employee who has worked between 16 – 20 years has an approximate balance of \$141,500. An employee who has worked between 21 – 25 years has an approximate balance of \$209,700. Similarly, under the SRP plan, an employee who has worked between 16 – 20 years has an approximate balance of \$81,400. An employee who has worked between 21 – 25 years has an approximate balance of \$104,400. Under the TSA plan, an employee who has worked between 16 – 20 years has an approximate balance of \$72,200. An employee who has worked between 21 – 25 years has an approximate balance of \$89,100.

Mr. Brady noted that there are only 4,418 employees participating in the TSA plan. It would be desirable to see an increase because employees should be trying to save as much as possible for retirement. A snapshot of defined contribution participants participating in both IRAP and SRP, shows that after 25 years of service, the combined account balance is \$343,904. Employees may be planning on other sources of retirement income such as a spouse's retirement plan, social security, or a private account (IRA).

This year, MnSCU has offered retirement education webinars through TIAA CREF. In FY2015, there will be a retirement readiness analysis to determine if the current contributions toward retirement are enough for an employee to retire comfortably. There will also be a participant satisfaction survey and a preparation for retirement seminar with presenters from TRA, TIAA CREF and the Social Security Administration. In FY2016 there will be a record keeper search (currently TIAA CREF) and a financial advisor search (currently HewittEnnisKnupp) because both contracts expire.

Trustee Sundin expressed concern for the cost of health insurance that requires aging employees to have to work longer. Vice Chancellor Carlson replied that MMB evaluates and negotiates health insurance contracts and MnSCU does not have a voice in that.

Trustee Sundin said that there have been changes in the age to collect full pension under the TRA plan. Mr. Brady responded that any changes under the plan would be communicated by TRA to its membership.

Trustee Erlandson asked if there is a MnSCU specified retirement age, and if there is any healthcare coverage from the state after retirement. Vice Chancellor Carlson said that some agencies, such as law enforcement do, however, MnSCU does not.

The meeting was adjourned at 12:03 p.m.

Respectfully submitted,

Laury Anderson, Recorder

Minnesota State Colleges and Universities
Board of Trustees Minutes
March 19, 2014

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

Absent: Trustee Duane Benson

1. Call to Order

Chair Clarence Hightower called the meeting to order at 2:05 PM and announced that a quorum was present. Trustees Ann Anaya, Alexander Cirillo, Alfredo Oliveira, David Paskach and Maria Peluso participated by telephone.

2. Chair's Report: *Clarence Hightower*

a. Minutes of Board of Trustees Study Session, Board of Trustees Accountability Dashboard, January 21, 2014

b. Minutes of Board of Trustees Study Session, Charting the Future for a Prosperous Minnesota, January 22, 2014

c. Minutes of Board of Trustees Meeting, January 22, 2014

The minutes listed above were approved as written.

3. Chancellor's Report: *Steven Rosenstone*
MnSCU Selected by Gates Foundation

Chancellor Steven Rosenstone announced that the Bill and Melinda Gates Foundation selected Minnesota State Colleges and Universities to join the State Post-Secondary Education Systems Partnership. Last October, the Gates Foundation invited MnSCU to express its interest in joining a small set of state systems of higher education to collaborate with the Foundation in a long-term partnership to transform higher education to better meet the needs of students. Following last November's board meeting, as part of MnSCU's application to the Partnership, Chancellor Rosenstone shared with the Gates Foundation information about the system and its plans for transformative change.

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

Second: The work which has already begun to redesign how we do things – including efforts to reduce costs through the Campus Service Cooperative, better align academic programs with Minnesota future workforce needs, and redesign the transition from secondary to post-secondary education, as well as our participation in the Multi-State Learning Outcomes Assessment Collaborative.

Third: The six recommendations for transforming the colleges and universities – recommendations that students, faculty, and staff articulated in *Charting the Future* – recommendations for changing how we work together in new ways to significantly increase collaboration to improve access, increase affordability and better serve students and communities across Minnesota. Forty higher education systems around the nation competed.

Chancellor Rosenstone stated that under this initiative, he will work collaboratively with Gates Foundation experts and other leading postsecondary systems to develop long-term strategies to provide more students the opportunity to complete an excellent, affordable education, tailored to their needs and designed to lead to successful lives and careers. Participation in the Gates Foundation initiative will help to increase student success, especially for our state's fastest growing populations – communities of color, first generation Minnesotans, and families of modest financial means. The system will benefit from this partnership in a number of ways: funding; engagement with Gates Foundation and other national expertise; the opportunity to work with other state systems of higher education; as well as the potential of a long-term partnership with the Foundation. Chancellor Rosenstone said he looks forward to sharing the knowledge gained through the system's own efforts as well as learning about the strategies that other higher education systems have taken to address the challenges that we all face.

Chancellor Rosenstone expressed his pride in the fact that Minnesota State Colleges and Universities was selected as one of twelve systems by the Gates Foundation to participate in this vital national endeavor. It is a powerful affirmation of the work undertaken and the vision that students, faculty, and staff have set in *Charting the Future for a Prosperous Minnesota*.

Charting the Future Update

Chancellor Rosenstone briefly shared the *Charting the Future* progress, stating that he will provide a full report to the board at a study session in June. The process to create the Organizational Capability team, the eight Implementation teams, and the Steering Committee is well underway. Presidents have each expressed their preferences for the teams on which they would like to serve and have identified campus colleagues who can assist with the Organizational Capability team that will be supporting implementation.

Chancellor Rosenstone has asked the leaders of the faculty and staff bargaining units and the student associations to identify the individuals they would like to appoint to the Steering Committee and the Implementation Teams and submit their appointments by April 11. To ensure full participation by the students and faculty, a modest stipend will be provided to the students who will serve and faculty members will be compensated, under their contracts, for their work during the summer months. Chancellor Rosenstone anticipates that the Steering Committee and the first four Implementation Teams will be up and running by May 1.

Chancellor Rosenstone introduced Ms. Jaime Simonsen, who will be assisting with the day-to-day operations of the Steering Committee and Organizational Capability Team. Over the past few years, Ms. Simonsen has had a number of roles within the system. She managed the 55 employer listening sessions held across the state in 2012.

She supported a network of colleges and universities that applied for a \$5.5 million grant to support research in renewable energy – a grant that will be awarded later this spring. Most recently, she has helped support the Itasca Project Workforce Alignment effort and helped launch twenty pilot studies that are currently underway across the state to test new tools to help us better align our academic programs with workforce needs. Prior to joining the system office, she worked at North Hennepin Community College for eight years in a variety of roles focused on growing programs and enhancing services to meet the needs of adult learners and businesses in the area.

Legislative Update

Chancellor Rosenstone thanked Trustee Michael Vekich for his testimony at the Senate Higher Education Committee hearings. He also thanked the trustees and presidents who attended the House and Senate Higher Education Committee hearings. Chancellor Rosenstone said that he is extremely grateful for Governor Dayton’s bonding recommendation of \$151 million. We continue to work with the Legislature to advance the board’s number one priority – HEAPR – as well as projects that are the board’s priorities but were not included in the governor’s recommendation. Chancellor Rosenstone thanked the colleges and universities for the great work they have done to engage their network of supporters on behalf of the bonding request.

Chancellor Rosenstone reported that Governor Dayton released his supplemental budget proposal which includes \$17 million in additional base funding in FY2015 for MnSCU faculty and staff compensation. The House higher education committee is recommending in their supplemental budget bill \$17 million of base funding in fiscal year 2015, and an additional \$14 million in base funding in fiscal years 2016 and 2017.

Chancellor Rosenstone thanked the presidents, bargaining units, and other statewide labor unions for being tremendous partners advocating on behalf of the system’s supplemental request. Chancellor Rosenstone was particularly grateful for the efforts led by the Minnesota State College Faculty and the Minnesota State University Association of Administrative and Service Faculty. Chancellor Rosenstone extended his sincere gratitude to Governor Dayton, Representative Pelowski, and to members of the House Higher Education Committee for their strong support of Minnesota State Colleges and Universities.

Chancellor Rosenstone noted the excellent discussion on Transfer at the Academic and Student Affairs Committee. Just as it is a top priority for the system, the Senate is also interested in transfer, and Vice Chancellor John O’Brien and Associate Vice Chancellor Lynda Milne will go before the Senate Higher Education and Workforce Committee to present the Smart Transfer Plan.

In addition to testifying on MnSCU’s bonding request before the Senate and House Higher Education Committees, Chancellor Rosenstone appeared before the Senate Higher Education and Workforce Development committee last week in his role of co-chair for the Itasca Project Workforce Alignment Team.

Chancellor Rosenstone, Cynthia Bauerly, Deputy Commissioner Department of Employment and Economic Development (DEED), and Karen White, Director of the 360 Manufacturing and Applied Engineering Center of Excellence, updated the committee on the work being done to better align higher education with Minnesota's workforce needs.

Social Media Update

Chancellor Rosenstone remarked that when word of Governor Dayton's supplemental budget came, the Advancement team took to Twitter to broadcast MnSCU's gratitude for the governor's support. A tweet went out to the system's Twitter followers, many of whom re-tweeted the message, hitting a total of 34,884 Twitter accounts – many of which belong to Minnesota legislators. Twitter is only one component of the system's social media presence. Followers are on Facebook, LinkedIn, Instagram, YouTube, Google+, Pinterest, and Vine – for a total of 256,247 followers. Chancellor Rosenstone thanked the campus communicators across the system and the Advancement team for building this statewide social media network.

Grants Update

In January, Chancellor Rosenstone reported on the great success of the Access to Excellence scholarship campaign, which has raised over \$9 million in new scholarship funds. Over the past eight months, the colleges and universities have received \$70.3 million in federal grants, \$22.4 million in state grants, and \$21.8 in private grants. The Minnesota Department of Health and Human Services' Assets for Independence program has awarded a \$1 million grant to six community colleges that have collaborated to create the TuitionMatchMn network. Under this program, every dollar a student has saved is matched by both AFI funds and funds raised by the college foundation, for a total match of 3:1.

The Minnesota Job Skills Partnership has selected thirteen colleges and universities to receive eighteen grants totaling \$3.3 million. The Partnership is a DEED program that works with businesses and educational institutions to train or retrain workers, expand work opportunities, and keep high-quality jobs in the state. The \$3.3 million from the program comes with a 100% match from the colleges and universities, but the match was offset by an \$8.1 million contribution from the businesses that partner with our campuses. An excellent example of a private grant, the Charles & Ellora Alliss Educational Foundation Grant, continues to award need-based scholarships to students at the seven state universities. This year alone, the Foundation awarded \$668,000 in scholarships. Chancellor Rosenstone expressed his thanks to the Department of Health and Human Services, the Minnesota Job Skills Partnership, and the Charles and Ellora Alliss Educational Foundation for their generous contributions to the success of our students. He also thanked the MnSCU foundation, development, financial aid, and continuing education staff on all of the campuses for their great work behind the scenes.

Update on Presidential Searches

Chancellor Rosenstone stated that at the April board meeting, he anticipates making recommendations on the Rochester Community and Technical College and Minnesota State University Moorhead presidents. In May, he anticipates making his recommendation on the Normandale president.

Ridgewater College Wins ACT Award

Chancellor Rosenstone announced that Ridgewater College in Willmar received the Minnesota Community College Career Preparedness Award for success rates greater than predicted, including one-year retention or transfer to a four-year institution and three-year graduation rates. The award is part of ACT's work with Commissioner Brenda Cassellius to celebrate achievement and create awareness around the goal of career and college readiness for all. In addition to Ridgewater, four other colleges were nominated for the award: Alexandria Technical and Community College; Itasca Community College; Northland Community and Technical College and Riverland Community College. The award comes with an invitation to attend a recognition gala in Washington, D.C., in June, where the national winner will be announced. Chancellor Rosenstone congratulated President Allen and the Ridgewater faculty and staff on their great work on behalf of our students.

Passing of Trustee Andy Boss

Chancellor Rosenstone concluded his remarks on a sad note. This past week marked the passing of former Trustee Andy Boss, who succumbed to a long battle with Parkinson's disease. Chancellor Rosenstone remarked that all who knew Andy Boss are well aware that he epitomized the word "gentleman." He touched many parts of our community. He was not only a civic and business leader, but one of our community's great champions of higher education, research, theater, libraries, ceramics and the arts. He inspired the people and institutions he touched. On so many fronts, Minnesota and our state colleges and universities are better because of Andy Boss. He will be missed.

4. Consent Agenda

- a. 2016-2021 General Obligation, Capital Budget and 2015 Revenue Fund Guidelines (Second Reading)**
- b. Acquisition of Property Related to Metropolitan State University Parking Ramp Construction**

Chair Hightower stated that the Acquisition of Property Related to Metropolitan State University Parking Ramp was removed from the Consent Agenda for discussion during the Finance and Facilities Committee report.

Chair Hightower called the question on the remaining Consent Agenda item and the motion carried.

5. Board Policy Decisions

- a. Proposed Amendment to Board Policy 2.2 State Residency (Second Reading)**
Trustee Margaret Anderson Kelliher moved that the Board of Trustees approve the proposed amendment to Board Policy 2.2 State Residency. Chair Hightower called the question and the motion carried.
- b. Proposed Amendment to Board Policy 3.36 Academic Programs (Second Reading)**
Trustee Anderson Kelliher moved that the Board of Trustees approve the proposed amendment to Board Policy 3.36 Academic Programs. Chair Hightower called the question and the motion carried.

c. Proposed New Policy 3.40 Recognition of Veteran Status (Second Reading)

Trustee Anderson Kelliher moved that the Board of Trustees approve the proposed new Policy 3.40 Recognition of Veteran Status. Chair Hightower called the question and the motion carried.

6. Board Standing Committee Reports

a. Human Resources Committee

Thomas Renier, Chair

(1) Appointment of President of Alexandria Technical & Community College

Trustee Thomas Renier moved that the Board of Trustees, upon the recommendation of Chancellor Steven Rosenstone, appoint Laura Urban as president of Alexandria Technical and Community College effective July 1, 2014, subject to the completion of an employment agreement. The board authorized the chancellor, in consultation with the chair of the board and the chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the MnSCU Personnel Plan for Administrators.

Chair Hightower called the question and the motion carried unanimously.

(2) Appointment of President of Minnesota State-Southeast Technical College

Trustee Renier moved that the Board of Trustees, upon the recommendation of Chancellor Steven Rosenstone, appoint Dorothy Duran as president of Minnesota State College-Southeast Technical effective July 1, 2014, subject to the completion of an employment agreement. The board authorized the chancellor, in consultation with the chair of the board and the chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the MnSCU Personnel Plan for Administrators.

Chair Hightower called the question and the motion carried unanimously.

(3) Appointment of Interim President of Minnesota West Community & Technical College

Trustee Renier moved that the Board of Trustees, upon the recommendation of Chancellor Steven Rosenstone, appoint Barbara McDonald as interim president of Minnesota West Community and Technical College effective July 1, 2014, subject to the completion of an employment agreement. The board authorized the chancellor, in consultation with the chair of the board and the chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the MnSCU Personnel Plan for Administrators.

Chair Hightower called the question and the motion carried unanimously.

b. Joint Meeting: Academic and Student Affairs and Diversity and Equity Committees

Margaret Anderson Kelliher and Alexander Cirillo, Co-Chairs

- (1) Closing the Achievement Gap, Annual Update on Persistence and Completion
Trustee Anderson Kelliher reported that the committee heard a presentation on Closing the Achievement Gap. The presentation reviewed progress and initiatives aimed at reducing the achievement gap for students of color.

c. Academic and Student Affairs Committee

Margaret Anderson Kelliher, Chair

- (1) Innovative Instructional Technologies
Trustee Anderson Kelliher reported that the committee heard a presentation on Innovative Instructional Technologies. The presentation summarized the current status related to technology-supported instruction and student services.
- (2) Transfer
Trustee Anderson Kelliher reported that the committee heard a presentation on Transfer. The presentation is a follow-up to the final report submitted to the legislature in February 2014. The report summarized an increasing number of transfer students, improving the rates of transfer and reducing barriers to successful transfer through implementation of the Smart Transfer plan.
- (3) Other
Trustee Anderson Kelliher introduced Ms. Takanda Epps, the first African-American woman to graduate from the Automation Robotics Engineering Technology program at Hennepin Technical College. Trustee Anderson Kelliher introduced a video provided by Hennepin Technical College on the program and of Ms. Epps speaking at her commencement ceremony. Chair Hightower invited Ms. Epps to address the board. Ms. Epps thanked the trustees and Chancellor Rosenstone for recognizing her as well as the Automation Robotics Engineering Technology program.

d. Finance and Facilities Committee

Michael Vekich, Chair

(1) Acquisition of Property Related to Metropolitan State University Parking Ramp Construction

Trustee Michael Vekich referenced the presentation on the Acquisition of Property Related to Metropolitan State University Parking Ramp Construction.

Trustee Vekich moved that the Board of Trustees finds that the acquisition of the property at 393 Bates Avenue, St. Paul, Minnesota is necessary for the needs of Metropolitan State University and that the board authorize the chancellor or his designee to take all necessary steps to initiate and complete the acquisition via direct negotiation, settlement or the eminent domain process and acquire the property located at 393 Bates Avenue, St. Paul, Minnesota, for the benefit of Metropolitan State University. The motion was seconded and carried.

7. Trustees Reports

Trustee Louise Sundin reminded the trustees of the Nellie Stone Johnson Scholarship Program event on March 27.

Trustee Dawn Erlandson reported that she attended the Association of Community College Trustees National Legislative Summit in Washington, D.C.

8. Joint Council of Student Associations

- a. Minnesota State University Student Association
Alexandra Griffin, state chair, addressed the Board of Trustees.

9. Other Business

There was no other business.

10. Adjournment

Chair Hightower announced that the next Board of Trustees meetings are on April 22 and 23, 2014. Chair Hightower adjourned the meeting at 3:35 PM.

Ingeborg K. Chapin
Secretary to the Board