



## November 2022 board and committee meetings

Minnesota State Colleges and Universities  
System office, 30 East 7th Street, St. Paul, MN  
Nov 15, 2022 11:00 AM - Nov 16, 2022 5:00 PM CST

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**Board of Trustees**  
**November 15 - 16, 2022**  
**McCormick Room, 4<sup>th</sup> floor**

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*Times are tentative – meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of previous meetings. Interested parties can listen to the live stream of the proceedings from the [Board website](#).*

**Tuesday, November 15, 2022**

- 11:00 a.m. Joint Meeting: Board of Trustees and Leadership Council  
Room 3304/3306 *(Live stream will not be available during this session.)*  
Roger Moe, Chair and Devinder Malhotra, Chancellor
1. The Pandemic Impact on Teaching and Learning
- 12:15 p.m. Lunch, 3304/3306
- 1:30 p.m. Study Session: Transfer: Myths, Facts, and Policies
- 2:45 p.m. BREAK
- 3:00 p.m. Workforce and Organizational Effectiveness Committee, George Soule, Chair  
*Other board members may be present constituting a quorum of the board.*
1. **Emeritus Recognition**
- 3:30 p.m. Board of Trustees meeting
1. **Emeritus Recognition**
- 4:30 p.m. Reception  
Celeste St. Paul, Chapel  
26 East Exchange Street

**Wednesday, November 16, 2022**

- 8:30 a.m. Closed Session: Joint Meeting of Audit and Finance and Facilities Committees, Co-chairs  
Alex Cirillo and Jay Cowles  
*Pursuant to Minnesota Statutes § 13D.05, subd. 3 (d), the Board of Trustees will meet in  
closed session to discuss an information security audit report.*
1. CliftonLarsonAllen IT Segment Audit Results
  2. Internal Audit IT Security Audit Update
  3. Minnesota State Information Security Briefing

- 10:30 a.m. BREAK
- 10:45 a.m. Outreach and Engagement Committee, Dawn Erlandson, Chair  
*Other board members may be present constituting a quorum of the board.*
1. **Minutes of June 21, 2022**
  2. FY2023 Committee Workplan
  3. Partnerships to Build Interest in STEAM Education
- 11:45 a.m. Lunch, 4<sup>th</sup> floor
- 12:15 p.m. Audit Committee, Alex Cirillo, Chair  
*Other board members may be present constituting a quorum of the board.*
1. **Minutes of June 21, 2022**
  2. FY2023 Committee Workplan and Update
  3. **Review Audit Results and Approve Release of Audited Financial Statements and Federal Student Financial Aid Audit**
- 1:15 p.m. Finance and Facilities Committee, Jay Cowles, Chair  
*Other board members may be present constituting a quorum of the board.*
1. **Minutes of October 19, 2022**
  2. **Contracts Requiring Board Approval**
    - a. **100 Wing Nursing Education Suite Renovation, Minnesota State College Southeast**
    - b. **Library Building Renovation Design, Normandale Community College**
    - c. **Social Sciences Building Lease, Southwest Minnesota State University**
  3. **FY2023 Capital Program Recommendation**
  4. **FY2024-25 Biennial Budget Request (Second Reading)**
- 3:15 p.m. BREAK
- 3:30 p.m. Workforce and Organizational Effectiveness Committee, George Soule, Chair  
*Other board members may be present constituting a quorum of the board.*
1. **Minutes of October 18, 2022**
  2. **Appointment of General Counsel**
- 4:00 p.m. Board of Trustees, Roger Moe, Chair
- 5:00 p.m. Meeting ends

**Bolded items indicate action is required.**



**FY2023 and FY2024 Board Meeting Dates**

*The meeting calendar is subject to change. Changes to the calendar will be publicly noticed on the board website.*

**Revised FY2023 Meeting Calendar**

*NOTE: if agendas require less time, the second date will be cancelled for joint Board and Leadership Council meetings and the first date will be cancelled for all other meetings*

| MEETINGS                                                                                                                                                                 | OTHER IMPORTANT DATES                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <p><b>July 19-20, 2022</b><br/>Board Meeting/Combined meeting Leadership Council<br/>Location: System office</p>                                                         |                                                                           |
| <p><b>August 2022</b><br/>New Trustee Orientation – date TBD pending governor appointments</p>                                                                           |                                                                           |
| <p><b>September 7, 2022</b><br/>Executive Committee</p> <p>September 20-21, 2022<br/>Board Retreat<br/>Location: Riverland Community College</p>                         |                                                                           |
| <p><b>October 5, 2022</b><br/>Executive Committee</p> <p>October 18-19, 2022<br/>Committee / Board Meetings</p>                                                          | <p><i>ACCT Leadership Congress:<br/>October 26-29, 2022, New York</i></p> |
| <p><b>November 2, 2022</b><br/>Executive Committee</p> <p>November 15-16, 2022<br/>Committee / Board Meetings<br/>Combined with Leadership Council<br/>Location: TBD</p> |                                                                           |

| MEETINGS                                                                                                                                                                     | OTHER IMPORTANT DATES                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| <p><b>December 2022</b><br/>No meetings</p>                                                                                                                                  |                                                                                      |
| <p><b>January 4, 2023</b><br/>Executive Committee</p> <p>January 24-25, 2023<br/>Committee/Board Meetings<br/>Combined meeting with Leadership Council<br/>Location: TBD</p> |                                                                                      |
| <p><b>February 2023</b><br/>No meetings</p>                                                                                                                                  | <p><i>ACCT National Legislative Summit: February 5-8, 2023, Washington, D.C.</i></p> |
| <p><b>March 1, 2023</b><br/>Executive Committee</p> <p>March 21-22, 2023<br/>Committee / Board Meetings</p>                                                                  |                                                                                      |
| <p><b>April 5, 2023</b><br/>Executive Committee</p> <p>April 18-19, 2023<br/>Committee / Board Meetings</p>                                                                  | <p><i>AGB National Conference on Trusteeship: April 2-4, 2023, San Diego</i></p>     |
| <p><b>May 3, 2023</b><br/>Executive Committee</p> <p>May 16-17, 2023<br/>Committee / Board Meetings</p>                                                                      |                                                                                      |
| <p><b>June 7, 2023</b><br/>Executive Committee</p> <p>June 20-21, 2023<br/>Committee / Board Meetings</p>                                                                    |                                                                                      |

**Proposed FY2024 Meeting Calendar**

| MEETINGS                                                                                                                                                                     | OTHER IMPORTANT DATES                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <p><b>July 18-19, 2023</b><br/>Board Meeting/Combined meeting Leadership Council<br/>Location: TBD</p>                                                                       |                                                                           |
| <p><b>August 2023</b><br/>New Trustee Orientation – date TBD pending governor appointments</p>                                                                               |                                                                           |
| <p><b>September 19-20, 2023</b><br/>Board Retreat<br/>Location: TBD</p>                                                                                                      |                                                                           |
| <p><b>October 4, 2023</b><br/>Executive Committee</p> <p>October 17-18, 2023<br/>Committee / Board Meetings</p>                                                              | <p><i>ACCT Leadership Congress:</i><br/>October 9-12, 2023, Las Vegas</p> |
| <p><b>November 1, 2023</b><br/>Executive Committee</p> <p>November 14-15, 2023<br/>Committee / Board Meetings<br/>Combined with Leadership Council<br/>Location: TBD</p>     |                                                                           |
| <p><b>December 2023</b><br/>No meetings</p>                                                                                                                                  |                                                                           |
| <p><b>January 3, 2024</b><br/>Executive Committee</p> <p>January 23-24, 2024<br/>Committee/Board Meetings<br/>Combined meeting with Leadership Council<br/>Location: TBD</p> |                                                                           |
| <p><b>February 2024</b><br/>No meetings</p>                                                                                                                                  |                                                                           |

| MEETINGS                                                                                                    | OTHER IMPORTANT DATES |
|-------------------------------------------------------------------------------------------------------------|-----------------------|
| <p><b>March 6, 2024</b><br/>Executive Committee</p> <p>March 19-20, 2024<br/>Committee / Board Meetings</p> |                       |
| <p><b>April 3, 2024</b><br/>Executive Committee</p> <p>April 16-17, 2024<br/>Committee / Board Meetings</p> |                       |
| <p><b>May 1, 2024</b><br/>Executive Committee</p> <p>May 21-22, 2024<br/>Committee / Board Meetings</p>     |                       |
| <p><b>June 5, 2024</b><br/>Executive Committee</p> <p>June 18-19, 2024<br/>Committee / Board Meetings</p>   |                       |

**National Higher Education Conferences:**

*AGB is the Association of Governing Boards of Universities and College*

*ACCT is the Association of Community College Trustees*



**Committee Rosters\***  
**2022- 2023**

**Executive**

Roger Moe, Chair  
George Soule, Vice Chair  
Jay Cowles, Treasurer  
Dawn Erlandson  
April Nishimura  
Kathy Sheran  
Cheryl Tefer

**Academic and Student Affairs**

Cheryl Tefer, Chair  
Alex Cirillo, Vice Chair  
Victor Ayemobuwa  
Jerry Janezich  
Javier Morillo  
Kathy Sheran  
*New Student Trustee 1*

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*President Liaisons:*  
*Deidra Peaslee*  
*Scott Olson*

**Audit**

Alex Cirillo, Chair  
Jay Cowles, Vice Chair  
Dawn Erlandson  
Tim Huebsch  
April Nishimura  
*New Student Trustee 2*

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*President Liaisons:*  
*Lori Kloos*  
*Anne Blackhurst*

**Diversity, Equity, and Inclusion**

George Soule, Chair  
Javier Morillo, Vice Chair  
Victor Ayemobuwa  
Jim Grabowska  
April Nishimura  
Kathy Sheran  
*New Student Trustee 2*

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*President Liaisons:*  
*Annette Parker*  
*Ginny Arthur*

**Finance and Facilities**

Jay Cowles, Chair  
April Nishimura, Vice Chair  
Victor Ayemobuwa  
Jim Grabowska  
Tim Huebsch  
Jerry Janezich  
Kathy Sheran

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*President Liaisons:*  
*Joe Mulford*  
*Edward Inch*



\*Rosters will be updated when student trustee appointments are announced.

**Outreach and Engagement Committee**

Dawn Erlandson, Chair  
Jerry Janezich, Vice Chair  
Alex Cirillo  
Jim Grabowska  
Cheryl Tefer

*New Student Trustee 1*

*New Student Trustee 2*

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*President Liaisons:*

*Michael Raich*

*Kumara Jayasuriya*

**Workforce and Organizational**

**Effectiveness**

George Soule, Chair  
Kathy Sheran, Vice Chair  
Dawn Erlandson  
Tim Huebsch  
Javier Morillo  
Cheryl Tefer

*New Student Trustee 1*

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*President Liaisons:*

*Carrie Brimhall*

*Robbyn Wacker*

**Nominating Committee**

Jerry Janezich, Chair  
Jay Cowles, Vice Chair  
Cheryl Tefer

**Chancellor Performance Review**

Roger Moe, Chair  
George Soule, Vice Chair  
Alex Cirillo  
April Nishimura



**Joint Meeting**  
**Board of Trustees and Leadership Council**  
**November 15, 2022**  
**11:00 a.m.**  
**Rooms 3304/3306**

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*Times are tentative – meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of previous meetings. Live stream will not be available during this session.*

1. The Pandemic Impact on Teaching and Learning

**Bolded items indicate action is required.**





**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Joint Meeting: Board of Trustees and Leadership Council      **DATE:** November 15, 2022

**TITLE:** The Pandemic Impact on Teaching and Learning

- Proposed New Policy or Amendment to Existing Policy       Approvals Required by Policy       Other Approvals
- Monitoring/Compliance       Information

**PRESENTERS**

Satasha Green-Stephen, Senior Vice Chancellor for Academic and Student Affairs  
Kim Lynch, Senior System Director for Educational Development and Technology  
Scott Wojtanowski, System Director for Educational Development and Technology

**PURPOSE**

This is the second of three sessions focused on the impact of the pandemic, the first one having been held in July to discuss the impact on Minnesota State students. Building upon previous presentations on digital learning transformation in June and October of 2021, three stories will show how the foundational work of Minnesota State with enterprise technologies, online strategy, and professional development advances the Academic and Student Affairs initiative on redesigning educational and student service delivery models in post-pandemic higher education. The stories will focus on course resources, holistic student support, and transfer.

**BACKGROUND INFORMATION**

Thomas Fisher has recently written about how previous pandemics have transformed higher education. The COVID-19 pandemic is no exception. The pandemic exposed digital inequities and has had a disproportionate impact on Black, Indigenous, people of color, low-income, and first-generation students. The further Minnesota State progresses beyond the acute, pandemic disruption, the more we are learning about student expectations for flexibility, access, affordability, and equity. The pandemic also revealed our ability to change and opened new opportunities to take an asset-based approach to our collective work.

One example of this shift is in the expanded use of technology in teaching and learning across course delivery modes. Faculty and staff have built the technical infrastructure and the professional capacity to integrate technology more fully into their pedagogy and their support for students. This expanded capacity will be critical in meeting student needs. In "A Surge in Young Undergrads, Fully Online," D'Agostino suggests that some younger students have unbundled pursuing a college degree from transitioning to adulthood, which were often linked as the 'going away to college' experience. Options for flexible course delivery and services make it more possible for learners at all life stages to engage in higher education and for Minnesota State to contribute to the state's higher education attainment

goals. At the same time, providing flexibility in course delivery and student services requires integrated planning across functional areas to ensure the most effective use of college and university resources. In summary, the pandemic has escalated expectations for access to course resources, a full range of accessible services for student success, and ease of transfer and completion. Minnesota State can harness its power as a large system to lead this digital learning transformation to close equity and opportunity gaps.

References:

D'Agostino, S. (2022, October 14). "A Surge in Young Undergrads, Fully Online." *Inside Higher Education* <https://www.insidehighered.com/news/2022/10/14/more-traditional-age-students-enroll-fully-online-universities>

Fisher, T. (2022). *Spaces, Structures and Design in a Post-Pandemic World*. Routledge.

Postsecondary Value Commission. (2021a). Equitable value: Promoting economic mobility and social justice through postsecondary education. <https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Final-Report-FINAL.pdf>

Also See:

Minnesota State Board of Trustees Presentations, Academic and Student Affairs Committee

- October 19, 2021
- June 15, 2021



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Study Session

**DATE:** November 15, 2022

**TITLE:** Transfer: Myths, Facts, and Policies

- Proposed New Policy or Amendment to Existing Policy       Approvals Required by Policy       Other Approvals
- Monitoring/Compliance       Information

**PRESENTERS**

Satasha Green-Stephen, Senior Vice Chancellor for Academic and Student Affairs  
Jesse Mason, Interim Associate Vice Chancellor for Academic Affairs  
Scott Olson, President, Winona State University  
Jenna Chernega, President, Inter Faculty Organization (IFO)  
Matt Dempsey, Acting President, Minnesota State College Faculty (MSCF)

**PURPOSE**

The purpose of this study session is to provide an overview of transfer in Minnesota State.

**BACKGROUND INFORMATION**

Recent efforts have focused systemwide leadership attention on improving student transfer in Minnesota State. Moreover, as we emerge from the COVID-19 pandemic and work to address its impact on students and communities, we know that transfer will continue play a critical role in achieving our Equity 2030 goals and in advancing our priorities on strategic enrollment management and the Minnesota State Guided Learning Pathways framework.

Initiatives led by academic and student affairs provide a path forward to continued improvements in transfer. From 2018-2021, Minnesota State was part of a national project with the Aspen Institute College Excellence Program, HCM Strategists, and Sova, to strengthen social mobility by improving transfer outcomes for baccalaureate-seeking students who begin at community colleges. Along with systems from Texas and Virginia, Minnesota State partnered with institutional leaders, policymakers, and practitioners to identify strategies to improve policy and practice and transfer student success. The comprehensive effort incorporated policy, practice, research, and strategic communications to foster the conditions for scaled and measurable improvements for baccalaureate-seeking transfer students, including the large number of Pell-eligible students and students of color and Indigenous students who begin their education at community colleges.



**Workforce and Organizational Effectiveness Committee**  
**November 15, 2022**  
**3:00 p.m.**  
**McCormick Room, 4<sup>th</sup> Floor**

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**1. Emeritus Recognition**

Committee Members

George Soule, Chair  
Kathy Sheran, Vice Chair  
Dawn Erlandson  
Tim Huebsch  
Javier Morillo  
Cheryl Tefer

President Liaisons

Carrie Brimhall  
Robbyn Wacker

**Bolded items indicate action required.**





**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Workforce and Organizational Effectiveness Committee      **DATE:** November 15, 2022

**TITLE:** Emeritus Recognition

- Proposed New Policy or Amendment to Existing Policy
- Approvals Required by Policy
- Other Approvals
- Monitoring/Compliance
- Information

**PRESENTERS**

Devinder Malhotra, Chancellor  
Eric Davis, Vice Chancellor for Human Resources

**PURPOSE**

Six presidents will be recognized and awarded Presidential Emeritus status.

**BACKGROUND INFORMATION**

Pursuant to Board Policy 4.8, Emeritus Status, Chancellor Malhotra will present his six recommendations to confer presidential emeritus status upon the following presidents, who have served as presidents in good standing.

Dennis Bona: Served as president of Northland Community and Technical College from 2015 to 2020

Richard Davenport: Served as president of Minnesota State University, Mankato from 2002 to 2021

Connie Gores: Served as president of Southwest Minnesota State University from 2013 to 2019

Faith Hensrud: Served as president of Bemidji State University and Northwest Technical College from 2016 to 2022

Patrick Johns: Served as president at Anoka-Ramsey Community College from 1990 to 2010 and as president of Lake Superior College from 2010 to 2019

Laura Urban: Served as president of Alexandria Technical and Community College from 2014 to 2019.

**RECOMMENDED COMMITTEE MOTION**

The Workforce and Organizational Effectiveness Committee recommends that the Board of

Trustees adopt the following motion.

**RECOMMENDED BOARD MOTION**

Upon the recommendation of Chancellor Malhotra, in recognition that the following individuals have served as presidents with great distinction, the Board of Trustees hereby confers the honorary title of President Emeritus upon Dennis Bona, Northland Community and Technical College; Richard Davenport, Minnesota State University, Mankato; Connie Gores, Southwest Minnesota State University; Faith Hensrud, Bemidji State University and Northwest Technical College; Patrick Johns, Anoka-Ramsey Community College and Lake Superior College; Laura Urban, Alexandria Technical and Community College.

*Date Presented to the Workforce and Organizational Effectiveness Committee:* 11/15/22

*Date Presented to the Board of Trustees:* 11/15/22

*Date of Implementation:* 11/15/22



**Board of Trustees Meeting  
November 15, 2022  
3:30 p.m.  
McCormick Room, 4<sup>th</sup> Floor**

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**1. Emeritus Recognition**

**Bolded items indicate action is required.**





**Closed Session: Joint Meeting: Audit and Finance and Facilities Committees**  
**November 16, 2022**  
**8:30 a.m.**  
**McCormick Room, 4<sup>th</sup> Floor**

*Times are tentative – meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of previous meetings.*

*Pursuant to Minnesota Statutes § 13D.05, subd.3(d), the Board of Trustees will meet in Closed Session to discuss an information security audit report on vulnerability management.*

1. CliftonLarsonAllen IT Segment Audit Results
2. Internal Audit IT Security Audit Update
3. Minnesota State Information Security Briefing

Audit Committee Members

Alex Cirillo, Chair  
Jay Cowles, Vice Chair  
Dawn Erlandson  
Tim Huebsch  
April Nishimura

Finance and Facilities Committee

Members:  
Jay Cowles, Chair  
April Nishimura, Vice Chair  
Victor Ayemobuwa  
Jim Grabowska  
Tim Huebsch  
Jerry Janezich  
Kathy Sheran

Presidents Liaisons

Lori Kloos  
Anne Blackhurst

Presidential Liaisons:

Joe Mulford  
Edward Inch



**Bolded items indicate action required.**



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Closed Joint Audit / Finance and Facilities Committee

**DATE:** November 16, 2022

**TITLE:** CliftonLarsonAllen IT Segment Audit Results

Proposed New Policy or  
Amendment to Existing Policy

Approvals Required by  
Policy

Other Approvals

Monitoring/Compliance

Information

**PRESENTERS**

Amy Jorgenson, Chief Audit Officer

Don Loberg, Managing Principal with CliftonLarsonAllen, LLP

Randy Romes, Principal with CliftonLarsonAllen, LLP

Nancy Kaplan, Director with CliftonLarsonAllen, LLP

**PURPOSE**

Audit results will be discussed from a recently completed information security and Top 5 Domain audit.

**BACKGROUND INFORMATION**

The audit reviewed key system office controls and was conducted by CliftonLarsonAllen, LLP.



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Closed Joint Audit / Finance and Facilities Committee

**DATE:** November 16, 2022

**TITLE:** Internal Audit IT Security Audit Update

Proposed New Policy or  
Amendment to Existing Policy

Approvals Required by  
Policy

Other Approvals

Monitoring/Compliance

Information

**PRESENTERS**

Amy Jorgenson, Chief Audit Officer

Mike Cullen, Internal Auditing (Partner, Baker Tilly)

**PURPOSE**

The overall objective of Information Security Consultation advisory project was to assist management in developing a strategy for a sustainable program for conducting ongoing information security assessments of the “Top 5 Information Security Domains” across Minnesota State’s colleges, universities, and the system office to help ensure the domains and associated controls are implemented and provide management insight into the protection of systems and data.

**BACKGROUND INFORMATION**

Internal auditing collaborated with the System Office’s Information Security, Risk, and Compliance Office on the project. It was broken into three separate phases.

- Phase 1 focused on assessing the design of the overall information security program and the Top 5 Information Security Domains.
- Phase 2 focused on developing an assessment methodology and piloting that methodology with four institutions and the system office.
- Phase 3 evaluated potential assessment models and approaches for management to consider when designing an assessment program.

Separate reports were previously issued for all three phases. In addition, reports have been issued for several of the domains in past years.



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Closed Joint Audit / Finance and Facilities Committee

**DATE:** November 16, 2022

**TITLE:** Minnesota State Information Security Briefing

Proposed New Policy or  
Amendment to Existing Policy

Approvals Required by  
Policy

Other Approvals

Monitoring/Compliance

Information

**PRESENTERS**

Dr. Jacquelyn Bailey, Vice Chancellor for Information Technology

Craig Munson, Chief Information Security Officer

**PURPOSE**

Closed session will include a briefing on information security risks and controls.

**BACKGROUND INFORMATION**

Closed session will include a briefing on information security risks and controls.



**Outreach and Engagement Committee**  
**November 15, November 16, 2022**  
**10:45 a.m.**  
**McCormick Room, 4<sup>th</sup> Floor**

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*Times are tentative – meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of previous meetings.*

- 1. Minutes of June 21, 2022**
2. FY2023 Committee Workplan
3. Partnerships to Build Interest in STEAM Education

Committee Members

Dawn Erlandson, Chair  
Jerry Janezich, Vice Chair  
Alex Cirillo  
Jim Grabowska  
Cheryl Tefer

President Liaisons

Michael Raich  
Kumara Jayasuriya

**Bolded items indicate action required.**



**Outreach and Engagement Committee  
Meeting Minutes  
June 21, 2022**

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A meeting of the Outreach and Engagement Committee of the Board of Trustees was held on June 21, in the McCormick Room, 4<sup>th</sup> Floor.

Committee members present: Dawn Erlandson, Chair; Alex Cirillo, Vice Chair; Victor Ayemobuwa, and Cheryl Tefer.

Committee members absent: Javier Morillo.

Other board members present: Asani Ajogun, Jay Cowles, Jerry Janezich, Roger Moe, April Nishimura, Rudy Rodriguez, Kathy Sheran, George Soule, and Michael Vekich.

Staff present: Devinder Malhotra, Chancellor; Noelle Hawton, Chief Marketing and Communications Officer.

The meeting materials for this meeting are available [here](#), starting on page 109. An audio recording of the meeting is available [here](#).

Committee Chair Erlandson called the meeting to order at 11:03 a.m.

**Agenda Item 1: Approval of the Meeting Minutes for Mar. 15, 2022**

Committee Chair Erlandson asked if there are any changes or amendments to the minutes then asked for a motion to approve. Trustee Cirillo made the motion and Trustee Tefer provided a second.

A roll call vote was conducted and the minutes were approved unanimously.

**Agenda Item 2: Minnesota State Brand Development**

Committee Chair Erlandson invited Noelle Hawton, along with Barbara Hein, Director of Marketing, and Charmaine Wiggins of The Harris Poll, to present on brand development and research conducted on awareness regarding the system, as well as key message effectiveness, following the decision to rebrand the system to Minnesota State in 2017.

The meeting materials for this item begin on page 112.

This being an informational item, there was no vote taken.

**Adjournment**

The committee chair adjourned the meeting at 11:56 a.m.



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Outreach and Engagement Committee

**DATE:** Nov. 16, 2022

**TITLE:** FY2023 Committee Workplan

Proposed New Policy or  
Amendment to Existing Policy

Approvals Required by  
Policy

Other Approvals

Monitoring/Compliance

Information

**PRESENTERS**

Noelle Hawton, Chief Marketing and Communications Officer

**PURPOSE**

The Committee will review the FY2023 workplan

**BACKGROUND INFORMATION**

The Committee will review and discuss the proposed workplan for FY2023. The plan is a timeline of both Operational/Board Action Items and Proposed Strategic Agenda Items to be presented at the monthly board meetings by the Outreach and Engagement Committee.

## FY2023 Board Committee Work Plan Outreach and Engagement Committee

|                             | Oct 2022 | Nov 2022<br><i>Joint with<br/>Leadership Council</i> | Dec<br>2022 | Jan 2023<br><i>Joint with<br/>Leadership Council</i> | Feb<br>2023 | March 2023                                    | April 2023 | May 2023                   | June 2023        |
|-----------------------------|----------|------------------------------------------------------|-------------|------------------------------------------------------|-------------|-----------------------------------------------|------------|----------------------------|------------------|
| Operational                 |          |                                                      |             |                                                      |             |                                               |            |                            |                  |
| Board Policy Considerations |          |                                                      |             |                                                      |             |                                               |            |                            |                  |
| Strategic                   |          | Partnerships to Build Interest in Steam Education    |             | Economic Impact Study                                |             | Engagement Efforts for a Center of Excellence |            | Foundation Services Update | Marketing Update |

**Bold = action items needing committee and board approval**

Blue font = joint committee presentation

*Italics = tentative topic*



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Outreach and Engagement Committee

**DATE:** Nov. 16, 2022

**TITLE:** Partnerships to Build Interest in STEAM Education

- Proposed New Policy or Amendment to Existing Policy       Approvals Required by Policy       Other Approvals
- Monitoring/Compliance       Information

**PRESENTERS**

Noelle Hawton, Chief Marketing and Communications Officer  
Jonathan Beck, Instructor, Northland Community College; and Executive Director, National Center for Autonomous Technologies (NCAT)  
Aaron Sykes, Outreach Coordinator, NCAT STEAM  
Betsy Lulfs, Senior Project Manager, Technology, Thomson Reuters  
Chris Parsons, student, De La Salle High School

**PURPOSE**

The Outreach and Engagement Committee will learn about how Northland College/National Center for Autonomous Technologies (NCAT) has engaged industry, college, universities, and other organizations to develop a multi-day event to introduce the public to careers and education needed for STEAM fields.

**BACKGROUND INFORMATION**

In August 2022 Northland Community and Technical college coordinated a large, five-day event at the Mall of America with numerous partners from industry and Minnesota State to demonstrate, interactively, the kinds of activities and work that is possible through STEAM education and careers.



**Audit Committee**  
**November 16, 2022**  
**12:15 p.m.**  
**McCormick Room, 4<sup>th</sup> Floor**

---

*Times are tentative – meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of previous meetings.*

- 1. Minutes of June 21, 2022**
2. FY23 Audit Committee Workplan and Update
- 3. Review Audit Results and Approve Release of Audited Financial Statements and Federal Student Financial Aid Audit**

Committee Members

Alex Cirillo, Chair  
Jay Cowles, Vice Chair  
Dawn Erlandson  
Tim Huebsch  
April Nishimura

President Liaisons

Lori Kloos, St. Cloud Technical and Community College  
Anne Blackhurst, Minnesota State University Moorhead

**Bolded items indicate action required.**





**Audit Committee  
Meeting Minutes  
June 21, 2022**

---

A meeting of the Audit Committee of the Board of Trustees was held on June 21, 2022.

Committee members present: Michael Vekich, Chair; George Soule, Vice Chair; Victor Ayemobuwa, Jerry Janezich, April Nishimura

Committee members absent: None.

Other board members present: Asani Ajogun, Alexander Cirillo, Jay Cowles, Dawn Erlandson, Roger Moe, Rudy Rodriguez, Kathy Sheran, Cheryl Tefer

Staff present: Devinder Malhotra, Chancellor; Melissa Primus

The meeting materials for this meeting are available [here](#), starting on page 144. An audio recording of the meeting is available [here](#).

Committee Chair Vekich called the meeting to order at 12:47 p.m.

**Agenda Item 1: Approval of the Meeting Minutes for May 18, 2022**

Committee Chair Vekich asked if there are any changes or amendments to the minutes then asked for a motion to approve. Trustee Ayemobuwa made the motion and Trustee Soule provided a second.

A roll call vote was conducted and the minutes were approved unanimously.

**Agenda Item 2: Approval of the Minutes of May 18, 2022 Joint Audit and Workforce and Organizational Effectiveness Committees**

Committee Chair Vekich asked if there are any changes or amendments to the minutes then asked for a motion to approve. Trustee Ayemobuwa made the motion and Trustee Soule provided a second. A roll call vote was conducted and the minutes were approved unanimously.

**Agenda Item 3: Review and Approve Fiscal Year 2023 Internal Auditing Plan**

Committee Chair Vekich welcomed Amy Jorgenson, the new Chief Audit Officer, to the table. He invited Ms. Melissa Primus along with Ms. Mallory Thomas to present the Review and

Approval of Fiscal Year 2023 Internal Auditing Plan, as detailed in the meeting materials. The meeting materials for this item begin on page 148.

Committee Chair Vekich asked committee members to consider the following recommended committee motion:

The Audit Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees approves the Office of Internal Auditing's annual internal auditing plan for fiscal year 2023.

Trustee Soule made the motion and Trustee Ayemobuwa seconded. A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Soule     | Yes |
| Trustee Vekich    | Yes |

The committee voted to approve the recommended motion.

**Agenda Item 3: Project Results: Financial Internal Control Assessments**

Committee Chair Vekich invited Ms. Mallory Thomas and Mr. Mathew Mikulay to present to present Project Results: Financial Internal Control Assessments, as detailed in the meeting materials.

The meeting materials for this item begin on page 160.

This being an informational item, there was no vote taken.

**Adjournment**

The committee chair adjourned the meeting at 2:17 p.m.



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Audit Committee

**DATE:** November 16, 2022

**TITLE:** FY2023 Audit Committee Workplan and Update

- Proposed New Policy or Amendment to Existing Policy       Approvals Required by Policy       Other Approvals
- Monitoring/Compliance       Information

**PRESENTERS**

Amy Jorgenson, Chief Audit Officer

**PURPOSE**

This discussion will focus on the committee’s fiscal year 2023 work plan/schedule. The committee’s agenda and topics to be discussed over the course of the year is primarily driven by the annual Internal Auditing Plan approved by the committee in June. That plan identifies the assurance and advisory projects or other major work to be conducted by the Office of Internal Auditing. The goal of the discussion is to inform the committee of the tentative schedule, provide an update on the workplan, and address any questions committee members may have.

**BACKGROUND INFORMATION**

Per the Audit Committee Charter, the committee shall assist the board in fulfilling its oversight responsibility for Minnesota State’s system of internal control, the audit process, and compliance with legal and regulatory requirements. The committee provides ongoing oversight of internal and external audits of all system functions including individual campus audits.

Exercising these responsibilities requires the committee to (partial list):

1. Provide input, review, and approve an annual audit plan that is based on a risk assessment(s). The plan shall include all internal auditing and external audit activities planned for the ensuing fiscal year.
2. Review with the executive director the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
3. Review and evaluate the effectiveness of Minnesota State’s internal control system, including information technology security and control. Review and discuss the audit results and management’s response to each internal audit report.

4. On a regular basis, the audit committee chair or vice chair should meet with the chief audit officer to discuss any matters that they or the chief audit officer believes should be discussed privately.

To ensure the committee is best positioned to fulfill these responsibilities, a comprehensive Annual Internal Auditing Plan was developed after significant stakeholder input. The proposed plan was reviewed and approved by the committee in June 2022. That plan identifies the assurance and advisory projects and other major work to be conducted by the Office of Internal Auditing and served as the primary input used by the chief audit officer and the committee chair to create a tentative committee work plan/schedule contained on the following page.

The purpose of this committee discussion is to inform the committee of the tentative schedule and address any questions committee members may have.



11/16/2022

Office of Internal Auditing

## Audit Committee

### Fiscal Year 2023 Internal Auditing Plan Update

MINNESOTA STATE

## Part 1 – Ongoing Activities

| Activity Objective                                                                                                                                                                                                                                                                                                | Status                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Enterprise Risk Management (advisory):</b> Participate in the ERM Steering Committee and assist as requested. Assist the Committee in facilitating the ERM process and conduct facilitated discussions with key stakeholders. Assist the Committee in implementing ERM across the colleges and universities.   | Ongoing; <ul style="list-style-type: none"> <li>Implementing ERM at all colleges and universities</li> <li>Participating in ongoing risk discussions at the system office</li> </ul> |
| <b>Quarterly Audits of Board Expenses and Trustee Expense Reimbursements (assurance):</b><br>A review of transactions to ensure: <ul style="list-style-type: none"> <li>Compliance with state law, rules, and regulations, and system policies</li> <li>Adequate documentation</li> <li>Public purpose</li> </ul> | In Progress; FY23 quarter 1                                                                                                                                                          |
| <b>External Audit Coordination:</b> <ul style="list-style-type: none"> <li>Annual financial statement audits</li> <li>Annual federal student financial aid/HEERF compliance audit</li> </ul>                                                                                                                      | Ongoing; <ul style="list-style-type: none"> <li>Financial Statement work complete</li> <li>Single Audit results in March</li> </ul>                                                  |
| <b>Monitoring Progress on Outstanding Audit Findings</b>                                                                                                                                                                                                                                                          | All follow up work done September – October 2022                                                                                                                                     |
| <b>Fraud Inquiry and Investigations</b>                                                                                                                                                                                                                                                                           | Ongoing                                                                                                                                                                              |

## Part 2 – Multi Year Projects

| Project Objective                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Status                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>NextGen Project Risk Review Checkpoints (advisory/assurance):</b> Perform checkpoints aligned with the project plan, focused on key project milestones. Participate in the ERP Steering Committee, provide professional advice, and assist as requested. Participate in status meetings with the Chancellor and Trustees.                                                                                                                                                                                                                                                                           | Ongoing; checkpoint #9                                                                                                                                                                                                                                                      |
| <b>NextGen Workday Implementation (advisory/assurance):</b> Advise on key processes, risks, and controls surrounding the implementation, data governance, and other key project factors as they arise. Provide real-time recommendations and input during project meetings. Conduct finance and HCM process reviews to identify high risk areas. Collaborate with the project team and management to further refine the scope and develop specific activities to be performed by the internal audit team to advise or provide assurance on the NextGen implementation process and control development. | Deferred; aligned with NextGen activities/timelines                                                                                                                                                                                                                         |
| <b>Financial Controls Assessment (assurance):</b> Execute year three of the rotational plan and facilitate internal control assessments for the following four institutions: Century College, Hennepin Technical College, Minneapolis Community and Technical College, Normandale Community College. Goal is to complete in scope assessments by December 31, 2022.                                                                                                                                                                                                                                    | In Progress; <ul style="list-style-type: none"> <li>Century College; completed fieldwork</li> <li>Hennepin Technical College; completed fieldwork</li> <li>Minneapolis Community and Technical College; planning</li> <li>Normandale Community College; planning</li> </ul> |

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## Part 3 – New Projects

| Project Objective                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Status                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <b>Equity 2030 Status Assessment (advisory):</b> Review the current status of the six strategic dimensions of Equity 2030: enhanced access, academic success, student engagement, evidenced based decision making, financial resources, and workforce and talent diversity. Review the monitoring and evaluation framework that was created to track and calibrate progress, and evaluate the activities completed relative to the timeline and plan. Advise on areas for improvement to further progress the initiative and accomplish the goal.                                              | In Progress; scheduling fieldwork and requesting data<br><br>Report presentation planned for April 2023         |
| <b>Academic Program Process Review – Transfer Pathways (assurance):</b> Assess impacts of and needed enhancements to the transfer pathway program. Specifically, evaluate performance of the program against its original goals; review the performance metrics and data available to assess for coverage across all key categories (e.g., student success, retention, institutional performance, and academic program performance). Determine the extent to which four-year institutions are honoring transfer pathways, as well as evaluate opportunities of enhancement within the program. | In Progress; fieldwork planned for November and December 2022<br><br>Report presentation planned for April 2023 |
| <b>Controlled Use of Admin Privileges (assurance):</b> Review college and university controls and use of system administrative privileges, part of the Information Security Top 5 Security Domains, to evaluate whether appropriate processes and controls are in place to ensure system administration access and privileges are appropriately controlled in a manner that only allows the administrator to conduct the activities needed to complete assigned tasks. Previous “Top 5” audits included reviewing data classification and vulnerability management.                            | In Progress; fieldwork planned for November and December 2022<br><br>Report presentation planned for March 2023 |

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## Part 3 – New Projects

| Project Objective                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Status                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| <p><b>Ethics, Employee Conduct, and Fraud Review (advisory/assurance):</b> Review Minnesota State's Employee Code of Conduct and Fraud Policy and benchmark against similar systems to provide best practice recommendations. Advise on how to implement a proactive approach to fraud management. Review processes designed to ensure Minnesota State is complying with the state ethics requirements and internal ethics policies. Evaluate the monitoring structures in place.</p> | <p>In Progress; finalizing scope<br/>Report planned for June 2023</p> |

## Part 4 – FY23 Audit Committee Workplan

| Operational                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Policy Considerations                                                           | Strategic                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>November 2022</b> - Review Audit Results &amp; Approve Release of Audited Financial Statements</p> <p><b>November 2022</b> - Closed Joint Audit/Finance - IT Audit Results, IT Security Audit Update, Information Security Briefing</p> <p><b>January 2023</b> - Select External and Internal Audit Firms</p> <p><b>March 2023</b> - Project Results: Financial Internal Control Assessments</p> <p><b>March 2023</b> - Project Results: Controlled Use of Admin Privileges</p> <p><b>March 2023</b> - Federal Compliance Testing Over Student Financial Aid &amp; HEERF Programs</p> <p><b>May 2023</b> - Risk Assessment Update</p> <p><b>March 2023</b> - Finance &amp; Facilities Committee approve External and Internal Audit Contracts</p> | <p><b>June 2023</b> - Project Results: Ethics, Employee Conduce &amp; Fraud</p> | <p><b>November 2022</b> - FY23 Audit Committee Workplan</p> <p><b>April 2023</b> - Project Results: Equity 2030</p> <p><b>April 2023</b> - Academic Program Process Review – Transfer Pathways</p> <p><b>June 2023</b> - Review and Approve FY24 Internal Auditing</p> <p><b>As needed</b> - Committee of the Whole: Ongoing NextGen Risk Review Updates</p> |



## MINNESOTA STATE

30 East 7th Street, Suite 350  
St. Paul, MN 55101-7804

651-201-1800  
888-667-2848

[www.MinnState.edu](http://www.MinnState.edu)

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## FY2023 Board Committee Work Plan Audit Committee

|                                    | Oct 2022 | Nov 2022<br><i>Joint with<br/>Leadership Council</i>                                                                                                                                                                                                                                                                   | Dec<br>2022 | Jan 2023<br><i>Joint with<br/>Leadership Council</i>                 | Feb<br>2023 | March 2023                                                                                                                                                                                                                                                                                                             | April 2023 | May 2023               | June 2023                                                  |
|------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------|------------------------------------------------------------|
| <b>Operational</b>                 |          | Review Audit Results and Approve Release of Audited Financial Statements and Federal Student Financial Aid Audit<br><br>CLOSED Joint Audit & Finance Committees<br>1.) CliftonLarsonAllen IT Segment Audit Results<br>2.) Internal Audit IT Security Audit Update<br>3.) Minnesota State Information Security Briefing |             | Select External Audit Firm for Systemwide External Auditing Services |             | Project Results: Financial Internal Control Assessments<br><br>Project Results: Controlled Use of Admin Privileges<br><br>Federal Compliance Testing Over Student Financial Assistance and Higher Education Emergency Relief Fund Programs<br><br>Finance Committee will approve External and Internal Audit Contracts |            | Risk Assessment Update |                                                            |
| <b>Board Policy Considerations</b> |          |                                                                                                                                                                                                                                                                                                                        |             |                                                                      |             |                                                                                                                                                                                                                                                                                                                        |            |                        | Project Results: Ethics, Employee Conduct and Fraud Review |

**Bold = action items needing committee and board approval**  
 Blue font = joint committee presentation  
 Italics = tentative topic

|                  | <b>Oct 2022</b> | <b>Nov 2022</b><br><i>Joint with<br/>Leadership Council</i> | <b>Dec<br/>2022</b> | <b>Jan 2023</b><br><i>Joint with<br/>Leadership Council</i> | <b>Feb<br/>2023</b> | <b>March 2023</b> | <b>April 2023</b>                                                                                                                            | <b>May 2023</b> | <b>June 2023</b>                                           |
|------------------|-----------------|-------------------------------------------------------------|---------------------|-------------------------------------------------------------|---------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------------------------------------|
| <b>Strategic</b> |                 | FY23 Audit Committee Workplan and Update                    |                     | COW- NextGen Risk Review #9                                 |                     |                   | Project Results: Equity 2030<br><br>Project Results: Academic Program Process Review - Transfer Pathways<br><br>COW- NextGen Risk Review #10 |                 | Review and Approve Fiscal Year 2024 Internal Auditing Plan |

**Bold = action items needing committee and board approval**

**Blue font = joint committee presentation**

*Italics = tentative topic*



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Audit Committee

**DATE:** November 16, 2022

**TITLE:** Review Audit Results and Approve Release of Audited Financial Statements and Federal Student Financial Aid Audit

Proposed New Policy or Amendment to Existing Policy

Approvals Required by Policy

Other Approvals

Monitoring/Compliance

Information

**PRESENTERS**

Amy Jorgenson, Chief Audit Officer  
Bill Maki, Vice Chancellor for Finance and Facilities  
Don Loberg, Managing Principal with CliftonLarsonAllen, LLP  
Chris Knopik, Principal with CliftonLarsonAllen, LLP  
Brenda Scherer, Signing Director with CliftonLarsonAllen, LLP

**BACKGROUND INFORMATION**

Board Policy 1A.2, part 5, subpart E requires the audit committee to “review and discuss the results of each audit engagement with the independent auditor and management prior to recommending that the board release the audited financial statements.”

**FINANCIAL STATEMENTS**

CliftonLarsonAllen, LLP (CLA) has audited the following financial statements as of and for the years ended June 30, 2022 and 2021:

- Systemwide
- Revenue Fund
- Itasca Community College Student Housing Funds, Itasca Hall and Wenger Hall

Copies of the audited financial statements were provided to members of the audit committee for review prior to the November committee meeting. Public copies of reports will be available on Minnesota State’s financial reporting website.

**STUDENT FINANCIAL AID AUDIT**

CLA is in the process of conducting, as required, a compliance audit of Minnesota State’s federal student financial aid programs for the year ended June 30, 2022. While auditors have completed most of its work, including the audit work it traditionally performs each year, CLA

still needs to conduct its audit work related to federal Coronavirus Higher Education Emergency Relief Funds (HEERF). CLA will report the final audit results once completed.

Minnesota State's 2022 Schedule of Expenditures of Federal Awards Report for the Year Ended June 30, 2022 is being prepared by CLA as part of its responsibilities as the system auditor for Minnesota State. The results of this report will be incorporated into the State of Minnesota's Single Audit report that will be released in late March and available on the Minnesota Management and Budget website. Copies of the State of Minnesota's Single Audit report will also be available on Minnesota State's financial reporting website.

**RECOMMENDED COMMITTEE MOTION**

The Audit Committee has reviewed the fiscal year 2022 audited financial statements and discussed them with representatives of management and Minnesota State's external auditing firm. The committee recommends that the Board of Trustees approves the release of the fiscal year 2022 audited financial statements as submitted.

**RECOMMENDED BOARD MOTION**

Based on the review and recommendation of the Audit Committee, the Board of Trustees approves the release of the fiscal year 2022 audited financial statements as submitted.

*Date Presented to the Audit Committee:* 11/16/22  
*Date Presented to the Board of Trustees:* 11/16/22  
*Date of Implementation:* 11/16/22



*We'll get you there.*

# Minnesota State Colleges and Universities Audit Presentation

Year Ended June 30, 2022

November 2022

CPAs | CONSULTANTS | WEALTH ADVISORS

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## Agenda and Objectives

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Scope of Assurance Engagements

---

Financial Statement Audit Results

---

Federal Awards Audit Progress

---

Current Events in Higher Education



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## Scope of Assurance Engagements

System-wide  
Financial  
Statement

IT Procedures  
including Top 5

Itasca Student  
Housing

Revenue Fund

Student  
Financial Aid &  
HEERF

Perkins Close  
Outs



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## Financial Statement Audits

*We'll get you there.*

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# Auditors' Responsibilities



Opine on the Financial Statements as a Whole



Understand Key Financial Internal Controls but not to Opine on the Controls



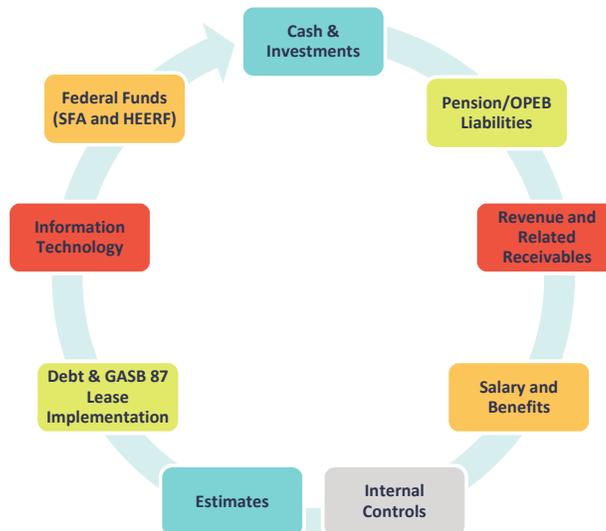
Communicate Significant and/or Material Control Issues Observed During the Audit Process



Communicate with Management any Best Practices or Improvements



# Financial Statement Audit Process- Risk Assessment



## Audit Results- System-Wide

### Adjustments and Results

- No audit adjustments
- No financial reporting deficiencies

### Opinion

- Unmodified opinion – financial statements



## Audit Results – Individual Audits

Itasca  
Student  
Housing  
&  
Revenue  
Fund

- Unmodified opinion
- No material weaknesses
- No significant deficiencies



# Governance Communication Letter

| Overall                                                                                                                                                                                                               | Estimates                                                                                                                                                                                                                                                                                                                                                                                   | Difficulties                                                                                                                                                   | Other                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Purpose is to provide an update on the audit since the planning meeting.</li> <li>• No changes in scope of audit.</li> <li>• GASB 87 implemented in FY22 (Leases)</li> </ul> | <ul style="list-style-type: none"> <li>• Depreciable lives</li> <li>• Allowance for doubtful accounts</li> <li>• Compensated absences</li> <li>• Unearned revenue</li> <li>• Scholarship allowance</li> <li>• Other postemployment benefits liability</li> <li>• Net pension items</li> <li>• Fair value of investments</li> <li>• We are comfortable with management's estimate</li> </ul> | <ul style="list-style-type: none"> <li>• No difficulties encountered</li> <li>• No disagreements encountered</li> <li>• No other findings to report</li> </ul> | <ul style="list-style-type: none"> <li>• No audit adjustments</li> <li>• No uncorrected misstatements</li> <li>• Management representation letter will be signed at conclusion of engagement</li> </ul> |



## Federal Awards Audits

*We'll get you there.*

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## CLA's Role for Federal Awards

Contracted by Minnesota State to test SFA and HEERF

CLA coordinates with Minnesota State Auditors

Compliance requirements tested under the Uniform Grant Guidance

CLA's report is included in the State's Single Audit

Perkins Close Outs – 6 completed, 4 in progress



## Audit Approach - Student Financial Aid

• Rotation of internal control policies and procedures

• Random sample of students selected from ~119,000 students within the system

• Other samples selected (e.g. Reporting, Cash Management, Perkins testing)



## Audit Progress - Student Financial Aid

Opinion in process

Testing in progress

- FISAP Reporting
- NSLDS Testing
- Other miscellaneous open items

Results as of today

- No material weaknesses
- No significant deficiencies



## Higher Education Emergency Relief Funds (HEERF)



MN STATE SPENT  
APPROXIMATELY \$324M FOR THE  
FISCAL YEAR JUNE 30, 2022



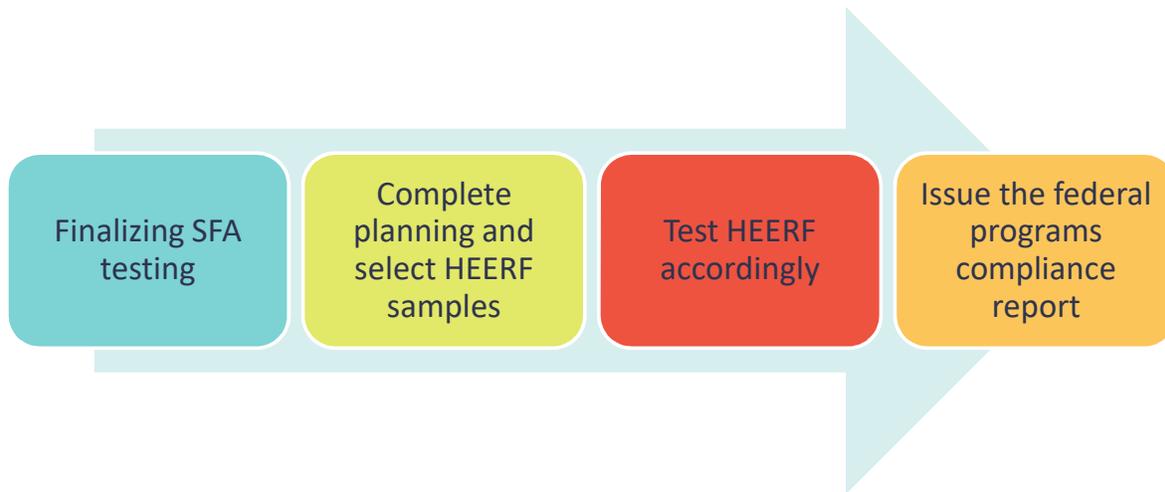
OMB ISSUED COMPLIANCE  
SUPPLEMENT IN MAY 2022



TESTING BEGINS IN NOVEMBER  
WITH COMPLETION IN FEBRUARY



## Concluding the Federal Programs Engagement



## Current Events in Higher Education

Forgiveness of student loans

End of Higher Education Emergency Relief Funds

Reduction of institutions

Change in delivery



## Questions and Feedback

We welcome any questions pertaining to the audit, governance communication letter, management letter or other matters related to the engagement

We appreciate the opportunity to serve as the auditors for the Minnesota State Colleges and Universities system and welcome any feedback relative to our performance



**Don Loberg, CPA**  
Principal  
Don.Loberg@CLAconnect.com

**Chris Knopik, CPA, CFE**  
Principal  
Christopher.Knopik@CLAconnect.com

**Brenda Scherer, CPA**  
Signing Director  
Brenda.Scherer@CLAconnect.com



[CLAconnect.com](https://www.CLAconnect.com)



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NOVEMBER 16, 2022

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## **FY2022 and FY2021 Audited Financial Statement Results**

**Board of Trustees  
Audit Committee Meeting**

## **PRESENTATION OVERVIEW**

- Summary of Minnesota State FY2022 and FY2021 results
- Impact of Higher Education Emergency Relief Funds (HEERF) on FY2022 results
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* impacts on financial reporting
- **Excluding the effects of GASB 68 & 75, Minnesota State FY2022 and FY2021 results\***

\* Data in green excludes the effects of GASB 68/75 activity

2

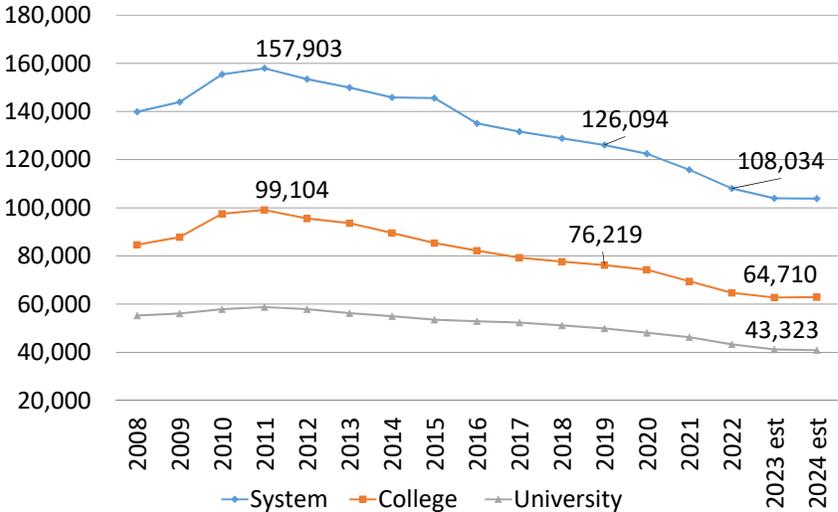


# OVERALL PICTURE

- Unmodified opinion on the systemwide, revenue fund, and Itasca student housing financial statements
- GASB 68/75 continues to have a substantial impact on the reported condition of the system colleges and universities
- Overall financial condition remained stable due to:
  - HEERF funding covering a portion of lost revenue that was due to declining enrollment and covering some expenses related to the pandemic
  - Management of overall operating expenses



## STUDENT FULL YEAR EQUIVALENT (FYE) ENROLLMENT HISTORY & PROJECTIONS



## HEERF EXPENSES/REVENUES FY2022 - FY2020

| (\$ in Thousands) |                       |
|-------------------|-----------------------|
| Fiscal Year       | Expenses/<br>Revenues |
| FY2020            | \$ 56,955             |
| FY2021            | 162,115               |
| FY2022            | 328,745               |
| Total             | \$ 547,815            |

- Remaining HEERF funds to be received and spent in fiscal year 2023 are approximately \$60M

5



## SYSTEMWIDE

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

| Revenues, Expenses and Net Position (\$ in Thousands) |             |             |             |
|-------------------------------------------------------|-------------|-------------|-------------|
| Fiscal Year                                           | FY2022      | FY2021      | FY2020      |
| Total Revenues                                        | \$2,292,711 | \$2,087,036 | \$2,114,724 |
| Total Expenses                                        | 2,036,082   | 2,076,496   | 2,088,956   |
| Change in Net Position                                | \$256,629   | \$10,540    | \$25,768    |

- Total revenues increased in fiscal year 2022 by \$205.7M
- Total expenses decreased in fiscal year 2022 by \$40.4M primarily due to a \$232.5M decrease in compensation expense coupled with a \$127.4M increase in financial aid expense
- Excluding GASB 68/75, total expenses increased by \$169.1M which is primarily due to increase of HEERF financial aid disbursements to students
- Excluding GASB 68/75 effect, fiscal year 2022 resulted in a \$60.5M increase to net position in FY2022 compared to a \$23.9M increase in FY2021

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## CHANGES IN NET POSITION FY2022 - FY2020

### Revenues/(Expense) (in Thousands)

| Components and changes                      | FY2022      | FY2021      | FY2020      |
|---------------------------------------------|-------------|-------------|-------------|
| Revenue from students, net of financial aid | \$ 737,140  | \$ 730,373  | \$ 774,502  |
| State appropriation revenue                 | 795,315     | 767,931     | 762,135     |
| Federal and state grant revenue             | 678,075     | 504,990     | 442,482     |
| Compensation Expense                        | (1,179,090) | (1,411,613) | (1,420,716) |
| All other revenues/(expenses), net          | (774,811)   | (581,141)   | (532,635)   |
| Change in Net Position                      | \$ 256,629  | \$ 10,540   | \$ 25,768   |

- Compensation expense decrease in fiscal year 2022 includes a decrease of \$197.8M, or 14.0 percent, related to GASB Statements No. 68 & 75
- Excluding GASB 68/75 effect, the change in fiscal year 2022 compensation expense was a decrease of \$21.3M, or 1.5 percent

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## SYSTEMWIDE STATEMENTS OF NET POSITION

### Assets, Liabilities and Net Position (\$ in Thousands)

| Fiscal Year                                         | FY2022      | FY2021      | FY2020      |
|-----------------------------------------------------|-------------|-------------|-------------|
| Total Assets                                        | \$3,349,466 | \$3,320,668 | \$3,302,097 |
| Deferred Outflows of Resources                      | 235,309     | 163,598     | 381,278     |
| Total Assets and Deferred Outflows of Resources     | 3,584,775   | 3,484,266   | 3,683,375   |
| Total Liabilities                                   | 1,102,928   | 1,324,980   | 1,326,134   |
| Deferred Inflows of Resources                       | 572,695     | 506,763     | 715,258     |
| Total Liabilities and Deferred Inflows of Resources | 1,675,623   | 1,831,743   | 2,041,392   |
| Total Net Position                                  | \$1,909,152 | \$1,652,523 | \$1,641,983 |

- Total assets remained relatively stable, increasing by \$28.8M, or 0.9 percent in fiscal year 2022
- Total liabilities decreased in fiscal year 2022 by \$222.1M, or 16.8 percent following a \$1.2M decrease in fiscal year 2021
  - Long term obligations decreased \$47.3M in fiscal year 2022
  - Net pension liability decreased by \$193.9M in fiscal year 2022

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## FISCAL YEARS ADJUSTED FOR LONG-TERM PENSION AND OPEB REPORTING REQUIREMENTS

- Significant adjustments in FY2022
  - FY2022 operating results
  - FY2022 balance sheet
- Impact will continue with all future statements, introducing volatility to the accrual based results
- The impact is distributed across all colleges and universities based on attribution assumptions

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## GASB STATEMENTS NO. 68 AND NO. 75 EFFECT

- GASB 68 and GASB 75 have 4 components on the Statements of Net Position

### GASB STATEMENTS NO. 68 AND NO. 75 EFFECT (\$ in Thousands)

| Fiscal Year                           | FY2022     | FY2021     |
|---------------------------------------|------------|------------|
| Net Pension Liability                 | \$ 150,831 | \$ 344,746 |
| Other compensation benefits           | 71,437     | 67,263     |
| Deferred inflow of resources          | 555,178    | 489,638    |
| Deferred outflows of resources        | (233,706)  | (161,775)  |
| Total downward impact on net position | \$ 543,740 | \$ 739,872 |

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## SYSTEMWIDE NET POSITION (UNRESTRICTED)

| Unrestricted Net Position (\$ in Thousands)            |            |            |            |
|--------------------------------------------------------|------------|------------|------------|
| Components and changes                                 | FY2022     | FY2021     | Change     |
| Unrestricted net position balance at June 30           | \$ 266,561 | \$ (4,389) | \$ 270,950 |
| Removing GASB Statements 68/75 impact                  | 543,740    | 739,872    | (196,132)  |
| Balance at June 30, without effect of GASB Stmts 68/75 | \$ 810,301 | \$ 735,483 | \$ 74,818  |

- Increase in unrestricted net position was \$74.8M in fiscal year 2022
- Increase is primarily attributable to:
  - HEERF funding provided to reduce the need to utilize college and university fund balances for pandemic related expenses

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## REVENUE FUND

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

| Revenues, Expenses and Net Position (\$ in Thousands) |           |           |           |
|-------------------------------------------------------|-----------|-----------|-----------|
| Fiscal Year                                           | FY2022    | FY2021    | FY2020    |
| Total Revenues                                        | \$104,904 | \$104,087 | \$107,409 |
| Total Expenses                                        | 99,955    | 101,269   | 109,096   |
| Change in Net Position                                | \$4,949   | \$2,818   | (1,687)   |

- Total revenues were nearly identical to fiscal year 2021 levels increasing by \$0.8M in fiscal year 2022
  - Revenues shifted from non-operating HEERF revenue in fiscal year 2021 to operating revenues in fiscal year 2022 as revenue fund activity increased
- Excluding GASB 68/75, total expenses increased by \$3.2M or 3.2 percent in fiscal year 2022
- Excluding GASB 68/75 effect, the result is a \$0.7M increase in net position in fiscal year 2022 compared to a \$3.1M increase in FY2021

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## REVENUE FUND STATEMENTS of NET POSITION

| Assets, Liabilities and Net Position (\$ in Thousands) |           |           |           |
|--------------------------------------------------------|-----------|-----------|-----------|
| Fiscal Year                                            | FY2022    | FY2021    | FY2020    |
| Total Assets                                           | \$494,103 | \$522,753 | \$537,354 |
| Deferred Outflows of Resources                         | 6,060     | 4,333     | 8,877     |
| Total Assets and Deferred Outflows of Resources        | 500,163   | 527,086   | 546,231   |
| Total Liabilities                                      | 230,773   | 263,754   | 286,039   |
| Deferred Inflows of Resources                          | 14,708    | 13,599    | 13,277    |
| Total Liabilities and Deferred Inflows of Resources    | 245,481   | 277,353   | 299,316   |
| Total Net Position                                     | \$254,682 | \$249,733 | \$246,915 |

- Total assets decreased \$28.6M in FY2022 following a \$14.6M decrease in FY2021
- Total liabilities decreased in FY2022 by \$33.0M following a \$22.3M decrease in FY2021
  - Long-term obligations decreased by \$29.1M in FY2022
  - Net pension liability decreased by \$3.5M in FY2022

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## SUMMARY FINANCIAL RESULTS

(EXCLUDING THE EFFECTS of GASB 68 & 75)

- Excluding the effects of GASB 68 & 75, the system reports a \$25.1M gain, an improvement of \$31.7M from FY2021
- Excluding the effects of GASB 68 & 75, total operating/nonoperating expenses increased primarily due to increase of HEERF financial aid disbursements to students
- Adjusted operating margins remained close to “breakeven” in both FY2022 and 2021
  - FY22 operating margin of \$25.1M or 1.1% of operating expenses
  - FY21 operating margin of \$(6.6M) or (0.3%) of operating expenses

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## OVERALL PICTURE

- Unmodified opinion on the systemwide, revenue fund, and Itasca student housing financial statements
- GASB 68/75 continues to have a substantial impact on the reported condition of the system colleges and universities
- Overall financial condition remained stable due to:
  - HEERF funding covering a portion of lost revenue that was due to declining enrollment and covering some expenses related to the pandemic
  - Management of overall operating expenses



**Finance and Facilities Committee**  
**November 16, 2022**  
**1:15 p.m.**  
**McCormick Room, 4<sup>th</sup> Floor**

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*Times are tentative – meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of previous meetings.*

1. **Minutes of October 19, 2022**
2. **Contracts Requiring Board Approval**
  - a. **100 Wing Nursing Education Suite Renovation, Minnesota State College Southeast**
  - b. **Library Building Renovation Design, Normandale Community College**
  - c. **Social Sciences Building Lease, Southwest Minnesota State University**
3. **FY2023 Capital Program Recommendation**
4. **FY2024-2025 Biennial Budget Request (Second Reading)**

Committee Members

Jay Cowles, Chair  
April Nishimura, Vice Chair  
Victor Ayemobuwa  
Jim Grabowska  
Tim Heusch  
Jerry Janezich  
Kathy Sheran

President Liaisons

Edward Inch  
Joe Mulford

**Bolded items indicate action required.**



## FY2023 Board Committee Work Plan Finance and Facilities Committee

|                                    | Oct 2022                                                                                                                                              | Nov 2022<br><i>Joint with Leadership Council</i>                                                                                                                                     | Dec 2022 | Jan 2023<br><i>Joint with Leadership Council</i>                                                                                                                                                                              | Feb 2023 | March 2023                                                                                                                                                                                                                 | April 2023                                                                                                                                     | May 2023                                                                                                                                                                                                      | June 2023                                                                                                                                                                                 |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operational</b>                 | FY2024-2025 Biennial Budget Request<br>1 <sup>st</sup> Reading<br><br>FY2023 Operating Budget Update<br><br><b>Contracts Requiring Board Approval</b> | <b>FY2024-2025 Biennial Budget Request</b><br>2 <sup>nd</sup> Reading<br><br><b>FY2023 Capital Program Recommendations Approval</b><br><br><b>Contracts Requiring Board Approval</b> |          | College and University Financial Performance Update<br><br>System Procedure 7.3.16 Financial Health Indicators<br><br>Minnesota State Environmental Health & Safety Overview<br><br><b>Contracts Requiring Board Approval</b> |          | <b>Contracts Requiring Board Approval</b>                                                                                                                                                                                  | FY2023-FY2024 Budget Update<br><br><b>Contracts Requiring Board Approval</b>                                                                   | FY2024 Annual Operating Budget 1 <sup>st</sup> Reading<br><br>2023 Legislative Summary<br><br>FY2024 Capital Program Recommendations 1 <sup>st</sup> Reading<br><br><b>Contracts Requiring Board Approval</b> | <b>FY2024 Annual Operating Budget 2<sup>nd</sup> Reading</b><br><br><b>FY2024 Capital Program Recommendations 2<sup>nd</sup> Reading</b><br><br><b>Contracts Requiring Board Approval</b> |
| <b>Board Policy Considerations</b> |                                                                                                                                                       |                                                                                                                                                                                      |          | Board Policy 5.24 Safety and Security Compliance<br>1 <sup>st</sup> Reading                                                                                                                                                   |          | <b>Board Policy 5.24 Safety and Security Compliance</b><br>2 <sup>nd</sup> Reading<br><br>Board Policies 7.4 Financial Reporting<br>1 <sup>st</sup> Reading<br><br>6.7 Real Estate Transactions<br>1 <sup>st</sup> Reading | <b>Board Policies 7.4 Financial Reporting</b><br>2 <sup>nd</sup> Reading<br><br><b>6.7 Real Estate Transactions</b><br>2 <sup>nd</sup> Reading |                                                                                                                                                                                                               |                                                                                                                                                                                           |
| <b>Strategic</b>                   |                                                                                                                                                       |                                                                                                                                                                                      |          | Long-Term Financial Trends (Training Session):<br><br>Board Policy 5.11 Tuition & Fees;                                                                                                                                       |          | Minnesota State Facilities Overview                                                                                                                                                                                        | System Procurement Strategy:<br><br>Board Policy 5.14 Contracts, Procurement and Supplier Diversity                                            |                                                                                                                                                                                                               |                                                                                                                                                                                           |

**Bold = action items needing committee and board approval**

*Blue font = joint committee presentation*

*Italics = tentative topic*

**Finance and Facilities Committee  
Meeting Minutes  
October 19, 2022**

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A meeting of the Finance and Facilities Committee of the Board of Trustees was held on Wednesday, October 19, 2022.

Committee members present: Jay Cowles, Chair; Victor Ayemobuwa, Jerry Janezich, April Nishimura, Rudy Rodriguez, Kathy Sheran, Michael Vekich

Committee members absent: None

Other board members present: Alex Cirillo, Dawn Erlandson, Roger Moe, George Soule, Cheryl Tefer

Staff present: Devinder Malhotra, Chancellor; Bill Maki, Vice Chancellor for Finance and Facilities; Brian Yolitz, Associate Vice Chancellor for Facilities; Steve Ernest System Director for Financial Planning and Analysis

The meeting materials for this meeting are available [<here>](#), starting on page 36. An audio recording of the meeting is available [<here>](#).

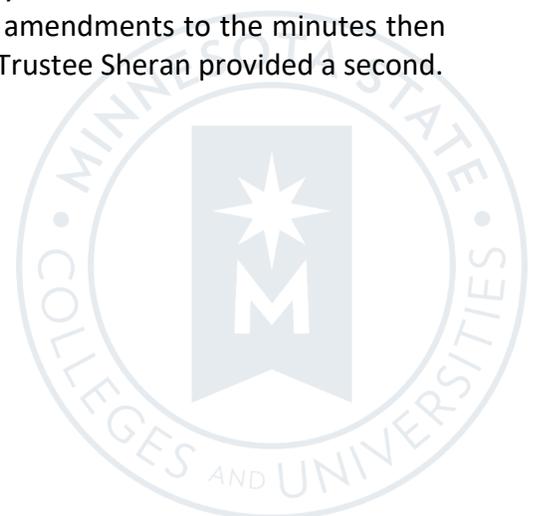
Committee Chair Cowles called the meeting to order at 10:05 a.m.

**Agenda Item 1: Approval of the Meeting Minutes for June 22, 2022**

Committee Chair Cowles asked if there were any changes or amendments to the minutes then asked for a motion. Trustee Nishimura made the motion and Trustee Sheran provided a second.

A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Cowles    | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Rodriguez | Yes |
| Trustee Sheran    | Yes |
| Trustee Vekich    | Yes |



**Agenda Item 2: FY2023 Committee Workplan**

Committee Chair Cowles invited Vice Chancellor Bill Maki along with Associate Vice Chancellor Brian Yolitz to present the Finance and Facilities FY2023 Committee Workplan. The meeting materials for this item begin on page 45. This being an informational item, there was no vote taken.

**Agenda Item 3: Contracts Requiring Board Approval**

Committee Chair Cowles invited Vice Chancellor Bill Maki along with Associate Vice Chancellor Brian Yolitz to present the seven contracts that required board approval as detailed in the meeting materials. The meeting materials for this item begin on page 46.

Committee Chair Cowles asked committee members to consider the following recommended committee motion for **Agenda Item 3a: Student Health Services Contract, Minneapolis Community and Technical College**

*The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor's designee to enter a contract with Boynton Health, not to exceed \$2,250,000.00 and with a term of five (5) years for the purpose of providing health care services to students. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.*

Trustee Sheran made the motion and Trustee Vekich seconded. A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Cowles    | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Rodriguez | Yes |
| Trustee Sheran    | Yes |
| Trustee Vekich    | Yes |

The committee voted to approve the recommended motion.

Committee Chair Cowles asked committee members to consider the following recommended committee motion for **Agenda Item 3b: Student Affairs Renovation Construction Contract, Minneapolis Community and Technical College:**

*The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor's designee to enter a contract not to exceed \$1,650,000 for student affairs phase 5 renovation in the T-Building of Minneapolis Community and Technical College. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.*

Trustee Rodriguez made the motion and Trustee Janezich seconded. A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Cowles    | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Rodriguez | Yes |
| Trustee Sheran    | Yes |
| Trustee Vekich    | Yes |

The committee voted to approve the recommended motion.

Committee Chair Cowles asked committee members to consider the following recommended committee motion for **Agenda Item 3c: Strategic Retention Tool Contract Extension, North Hennepin Community College:**

*The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor's designee to enter a contract with EAB Navigate, not to exceed \$1,524,658 over a five (5) year extension for the purpose of providing a strategic retention tool. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.*

Trustee Janezich made the motion and Trustee Ayemobuwa seconded. A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Cowles    | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Rodriguez | Yes |
| Trustee Sheran    | Yes |
| Trustee Vekich    | Yes |

The committee voted to approve the recommended motion.

Committee Chair Cowles asked committee members to consider the following recommended committee motion for **Agenda Item 3d: Campus Bookstore Operation Contract, St. Cloud State University:**

*The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor's designee to execute an amendment to the current contract with Follett Corporation to operate the St. Cloud State University Campus Bookstore and other Academic Retail Services for up to one (1) year through June 30, 2024. The new total term will be for up to thirteen (13) years. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.*

Trustee Janezich made the motion and Trustee Rodriguez seconded. A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Cowles    | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Rodriguez | Yes |
| Trustee Sheran    | Yes |
| Trustee Vekich    | Yes |

The committee voted to approve the recommended motion.

Committee Chair Cowles asked committee members to consider the following recommended committee motion for **Agenda Item 3e: Graduate Center Lease Extension, St. Cloud State University:**

*The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor's designee to enter into a Lease Extension not to exceed \$750,000 with a term of two (2) years from January 1, 2022, through December 31, 2023, providing St. Cloud State University continued operation of their Twin Cities Graduate Center. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.*

Trustee Janezich made the motion and Trustee Rodriguez seconded. A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Cowles    | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Rodriguez | Yes |
| Trustee Sheran    | Yes |
| Trustee Vekich    | Yes |

The committee voted to approve the recommended motion.

Committee Chair Cowles asked committee members to consider the following recommended committee motion for **Agenda Item 3f: External Auditing Services Contract – Amendment #10, System Office:**

The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor’s designee to amend the contract with CliftonLarsonAllen, not to exceed \$2,421,700 and a term of six (6) years for the purpose of providing External Auditing Services. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.

Trustee Vekich made the motion and Trustee Janezich seconded. A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Cowles    | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Rodriguez | Yes |
| Trustee Sheran    | Yes |
| Trustee Vekich    | Yes |

The committee voted to approve the recommended motion.

Committee Chair Cowles asked committee members to consider the following recommended committee motion for **Agenda Item 3g: ISRS Hardware Platform Upgrade, System Office:**

*The Finance and Facilities Committee recommends that the Board of Trustees authorize the chancellor or the chancellor’s designee to enter a contract with Oracle, not to exceed \$6,500,000 and for a term of four (4) years with an anticipated start date of January 2023 and with the option*

*of three (3) one (1) year extensions for the purpose of continuing to provide the database platform for Minnesota State's ERP, ISRS. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.*

Trustee Vekich made the motion and Trustee Rodriquez seconded. A roll call vote was conducted. The vote was as follows:

|                   |     |
|-------------------|-----|
| Trustee Ayemobuwa | Yes |
| Trustee Cowles    | Yes |
| Trustee Janezich  | Yes |
| Trustee Nishimura | Yes |
| Trustee Rodriguez | Yes |
| Trustee Sheran    | Yes |
| Trustee Vekich    | Yes |

The committee voted to approve the recommended motion.

#### **Agenda Item 4: FY2023 Operating Budget Update**

Committee Chair Cowles invited Vice Chancellor Maki, Steve Ernest, System Director for Financial Planning; Edward Inch, President, Minnesota State University, Mankato; and Joe Mulford, President, Pine Technical and Community College, to present an analysis of the FY2023 Operating Budget as detailed in the meeting materials. The meeting materials for this item begin on page 59.

This being an informational item, there was no vote taken.

#### **Agenda Item 5: FY2024-2025 Biennial Budget Request (First Reading)**

Committee Chair Cowles invited Vice Chancellor Bill Maki to present the first reading of the FY2024-2025 Biennial Budget Request as detailed in the meeting materials. The Vice Chancellor was joined by Satasha Green-Stephen, Senior Vice Chancellor for Academic and Student Affairs; and Larry Lundblad, Executive Director for Workforce and Economic Development. The meeting materials for this item begin on page 81.

This being an informational item, there was no vote taken.

#### **Adjournment**

The committee chair adjourned the meeting at 12:41 p.m.



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Finance and Facilities Committee

**DATE:** November 16, 2022

**TITLE:** Contracts Requiring Board Approval

- a. 100 Wing Nursing Education Suite Renovation, Minnesota State College Southeast
- b. Library Building Renovation Design, Normandale Community College
- c. Social Sciences Building Lease, Southwest Minnesota State University

Proposed New Policy or  
Amendment to Existing Policy

Approvals Required by  
Policy

Other Approvals

Monitoring/Compliance

Information

**PRESENTERS**

Bill Maki, Vice Chancellor for Finance and Facilities

Brian Yolitz, Associate Vice Chancellor for Facilities

Marsha Danielson, President, Minnesota State College Southeast

Amy Schmidt, Vice President of Finance and Administration, Minnesota State College Southeast

Joyce Ester, President, Normandale Community College

Jill Boldenow, Vice President of Administration, Normandale Community College

Patrick Buhl, Associate Vice President of Operations, Normandale Community College

Kumara Jayasuriya, President, Southwest Minnesota State University

Deb Kerkaert, Vice President of Finance and Administration, Southwest Minnesota State University

**PURPOSE**

Board Policy 5.14, Contracts, Procurements, and Supplier Diversity, requires Board of Trustees approval of any procurement, lease agreement, or professional, technical, or consulting service contract with a value in excess of \$1,000,000 or contract amendment that would increase the total value of a contract to more than \$1,000,000.

**Contract Requiring Board Approval: 100 Wing Nursing Education Suite Renovation,  
Minnesota State College Southeast**

**BACKGROUND**

Minnesota State College Southeast seeks board approval for a construction contract not to exceed \$2,250,000 to renovate approximately 6,000 square feet of the original 100 Wing of the Red Wing campus to create a new Nursing Education Suite. The renovation supports one of the largest programs on campus and will include a nurse station, patient rooms, medication room, a high-fidelity simulation lab, control room, clinical skills lab, storage, and faculty offices. New finishes, doors and hardware, acoustic controls, mechanical infrastructure, and lighting are planned to reflect modern nursing education environments.

The project leverages federal grant funding and aligns with goals identified in the most recent comprehensive facility plan.

**FINANCIAL TERMS**

This construction contract will be funded with a combination of approximately \$450,000 in federal grant funds and \$1,800,000 in Higher Education Asset Preservation and Replacement (HEAPR) funds totaling up to \$2,250,000. Subject to board approval, the construction contract will be publicly advertised via QuestCDN, our electronic bidding system and awarded to the lowest responsible bidder.

**RECOMMENDED COMMITTEE MOTION**

The Finance and Facilities Committee recommends that the Board of Trustees authorizes the chancellor or the chancellor's designee to enter into a construction contract not to exceed \$2,250,000 to renovate the 100 Wing and create a Nursing Education Suite at Minnesota State College Southeast. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.

**RECOMMENDED BOARD MOTION**

The Board of Trustees authorizes the chancellor or the chancellor's designee to enter into a construction contract not to exceed \$2,250,000 to renovate the 100 Wing and create a Nursing Education Suite at Minnesota State College Southeast. The Board of Trustees directs the chancellor or his designee to execute all necessary documents.

*Date Presented to the Finance and Facilities Committee:* 11/16/2022  
*Date Presented to the Board of Trustees:* 11/16/2022  
*Date of Implementation:* 11/16/2022

**Contract Requiring Board Approval: Library Building Renovation Design Contract, Normandale Community College**

**BACKGROUND**

Normandale Community College seeks board approval of a design contract not to exceed \$2,500,000 as part of a two phased plan to renovate and upgrade the campus Library Building.

The Library Building was originally constructed in 1967 and was added to in 1979. The building includes the college’s library, seven (7) classrooms, staff, and support areas for their information technology (IT) functions including a TV studio, faculty offices, the college human resources department, Office of Student with Disabilities, TRIO, Equity & Inclusion, and testing services.

The project is a complete renovation of the Library Building (62,000 sq. ft.) to include relocation of major circulation paths and removal of physical barriers to accessibility, replacement and extension of the elevator, revitalizing the learning commons, upgraded building infrastructure to enhance energy efficiency and sustainability, and expansion of the interior mezzanine floor plate (4,190 square feet). The project would be delivered in two phases over a period of at least three years through multiple funding avenues at an estimated total project cost of \$32,800,000.

This project was identified in the 2016 Normandale Comprehensive Facilities Plan (CFP) and has been a priority in their financial planning. The college has been allocating funds towards this project since then. The college is in the process of updating their CFP and the project has been elevated to a short-term priority. The college is now in a position to finance the project utilizing several sources of revenue including federal funds, savings from their 2020 state general obligation (GO) bond capital project transferred to Higher Education Asset Preservation and Replacement (HEAPR) funds complemented with additional HEAPR funds, designated college operating funds, and future GO funds results of the state.

**PHASE 1 – INFRASTRUCTURE UPGRADES AND ACCESSIBILITY**

**Scope of work:** Designs all of Phase 1 and includes the design of Phase 2 through Design Development documents with improvements to the exterior envelope and mechanical, electrical, and plumbing (MEP) infrastructure. On the lower level, classroom and student services are reorganized, and restrooms are upgraded. The main elevator and stairs are reconfigured to eliminated barriers to accessibility at the entry connecting the Library Building to the main campus.

**Costs and Funding:** Phase 1 is estimated to cost \$18,000,000 and is being funded through multiple funding avenues:

| <b>Source of funds</b>                        | <b>Amount</b>       |
|-----------------------------------------------|---------------------|
| Designated college operating funds – Design   | \$2,500,000         |
| HEAPR Funds – 2020 Capital Project            | \$4,400,000         |
| HEERF Funds                                   | \$1,400,000         |
| Designated college operating funds            | \$9,700,000         |
| <b>Phase 1 – Total Estimated Project Cost</b> | <b>\$18,000,000</b> |

## PHASE 2 – RENOVATION

**Scope of work:** Completes the design of Phase 2 and completes the renovation of the main level while expanding the mezzanine level. Phase 2 represents the most visually transformational change to the existing brutalist library interior. Significant interior improvements encompass new, reduced collection stacks, dedicated single, quiet, and group student study spaces, new furniture and finishes, circulation, and reference desks. Renovations extend to include library support spaces with offices for human resources, equity and inclusion, and faculty. Two classrooms serve to support library and general instruction.

**Costs and Funding:** Phase 2 is estimated to cost \$14,800,000 and has been submitted as a candidate capital project for consideration as part of the Minnesota State capital budget request for 2024.

| Source of funds                                                     | Amount              |
|---------------------------------------------------------------------|---------------------|
| State of Minnesota Capital Budget/General Obligation Bonding – 2024 | \$14,800,000        |
| <b>Phase 2 – Total Estimated Project Cost</b>                       | <b>\$14,800,000</b> |

## PROJECT DELIVERY AND TIMELINE

Given the complexity of the project, the college, subject to board approval, will solicit through the State Designer Selection Board (SDSB) a design team under the Construction Manager at Risk (CM@R) delivery method. Through CM@R, the construction manager (CM) is selected during the early design phase to provide input and recommendation on the design based on their experience. The CM establishes a Guaranteed Maximum Price (GMP) for construction prior to bidding. Subcontractors are prequalified prior to bidding on the project. Major project processes and milestones are:

| Project Process                        | Milestone     |
|----------------------------------------|---------------|
| Designer Selection                     | December 2022 |
| Phase 1 Guaranteed Maximum Price (GMP) | May 2023      |
| Occupancy Phase 1                      | June 2024     |
| Phase 2 Guaranteed Maximum Price (GMP) | October 2024  |
| Occupancy Phase 2                      | August 2025   |

## BOARD APPROVAL AND REPORTING

The board is requested to approve a contract to design all of Phase 1 design and Phase 2 through Design Development documents. The rationale for designing through Phase 2 is to ensure building infrastructure improvements completed in Phase 1 are sized appropriately and aligned with the layout and intent of the future Phase 2.

The college will seek board approval for the CM@R construction contract associated with Phase

1 Guaranteed Maximum Price (GMP) in mid-2023. Additional board approvals will be sought should there be additional contracts estimated to exceed \$1,000,000. Phase 2 construction contract approval will be subject to inclusion in a Minnesota State capital budget request and funding by the State of Minnesota.

**RECOMMENDED COMMITTEE MOTION**

The Finance and Facilities Committee recommends that the Board of Trustees authorizes the chancellor or the chancellor’s designee to enter into a contract not to exceed \$2,500,000 for the design of the Library Building Renovation project at Normandale Community College. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.

**RECOMMENDED BOARD MOTION**

The Board of Trustees authorizes the chancellor or the chancellor’s designee to enter into a contract not to exceed \$2,500,000 for design of the Library Building Renovation project at Normandale Community College. The Board of Trustees directs the chancellor or his designee to execute all necessary documents.

*Date Presented to the Finance and Facilities Committee:* 11/16/2022  
*Date Presented to the Board of Trustees:* 11/16/2022  
*Date of Implementation:* 11/16/2022

**Contract Requiring Board Approval: Social Sciences Building Lease, Southwest Minnesota State University**

**BACKGROUND:**

Southwest Minnesota State University (SMSU) seeks Board approval to enter into a long-term lease of their Social Science (SS) building to more effectively utilize campus facility space while addressing a regional educational need.

Under this agreement, SMSU will enter into a long-term lease agreement (20 years) of the SS building with the Foundation for Innovation in Education, a 501(c)(3) organization. The Foundation for Innovation in Education serves students in southwest and west central Minnesota with innovative and learning-rich educational opportunities so they can be positioned to learn, grow and find success through opportunities that help students discover their passion in life, provide opportunities to learn critical skills, and build local connections that lead to a rewarding future in the region's rural workforce and communities.

Foundation for Innovation in Education would in turn sublease the SS building to the Southwest West Central Service Cooperative (SWWC) and the Marshall Public Schools (MPS) to enable a collaboration called the Marshall Learning Center to serve two distinct student populations. The SWWC Marshall Educational Learning Center (ELC) will provide a full range of educational service alternatives designed to meet the needs of special education students with severe disabilities with a diagnosis of Autism Spectrum Disorder or behavior issues (specifically Setting IV) in their resident school district. Students will receive individualized attention from teachers and other staff who can tailor educational programs to meet their individual education challenges and objectives. The MPS Alternative Learning Center (ALC) will include classrooms, collaboration, group and individual learning spaces to meet the unique needs and circumstances of learners who require an alternative to the traditional school setting. Most ALC students are high school age. The location of the SS building across State Highway 23 from the Marshall High School will allow easy access to and participation at the high school.

The proximity of ELC and ALC services will expand field and practicum experiences currently available to students in the SMSU Department of Education. Students in special education, in particular, and those seeking secondary education certification, will be able to study, observe, and learn about the needs of these populations. Upon graduation, these students will be better prepared to meet these needs within the community and region.

Interior renovations of the SS building to support the ELC and ALS functions are being financed through a collaboration between the City of Marshall and Bremer Bank and the issuance of conduit revenue bonds and requires that the institution receiving the financing be a 501c3, in this instance, the Foundation for Innovation in Education.

**FINANCIAL TERMS**

The requested term of the lease is for twenty years to match the renovation financing term of the conduit revenue bonds. These bonds will be issued by the City of Marshall to the Foundation for Innovation in Education for the interior renovation of the SS building and incur no financial

obligation to the university. The financial terms of the twenty-year lease is \$5,389,163.12 paid by the Foundation for Innovation in Education to the university. The lease proposal includes provisions for rent adjustments in event utility costs exceed the built-in 2% yearly escalator and for four (4) 5-year renewal options at the discretion of the university and subject to board approval. The \$5,389,163.12 is income to SMSU.

**RECOMMENDED COMMITTEE MOTION**

The Finance and Facilities Committee recommends the Board of Trustees authorize the chancellor or the chancellor’s designee to enter into a lease of the Social Sciences building to the Foundation for Innovation in Education with a term of 20 years with the provision for four (4) 5-year options for the creation of the Marshall Educational Learning Center. The Finance and Facilities Committee further recommends that the Board of Trustees direct the chancellor or his designee to execute all necessary documents.

**RECOMMENDED BOARD MOTION**

The Board of Trustees authorizes the chancellor or the chancellor’s designee to enter into a lease of the Social Sciences Building to the Foundation for Innovation in Education with a term of 20 years with the provision for four (4) 5-year options for the creation of the Marshall Educational Learning Center. The Board of Trustees directs the chancellor or his designee to execute all necessary documents.

*Date Presented to the Finance and Facilities Committee:* 11/16/2022  
*Date Presented to the Board of Trustees:* 11/16/2022  
*Date of Implementation:* 11/16/2022



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Finance and Facilities Committee

**DATE:** Nov. 16, 2022

**TITLE:** FY2023 Capital Program Recommendation

- Proposed New Policy or Amendment to Existing Policy       Approvals Required by Policy       Other Approvals
- Monitoring/Compliance       Information

**PRESENTERS**

Brian Yolitz, Associate Vice Chancellor for Facilities

**PURPOSE**

To gain board approval of a recommendation for capital investment funding from the state of Minnesota during the 2023 legislative session.

**BACKGROUND INFORMATION**

In June 2021, after a full, formal capital program development process, the Board of Trustees approved a \$292.9 million capital budget request of the State of Minnesota for investment in Minnesota State college and university academic facilities for consideration during the 2022 legislative session. This request included \$150 million for Higher Education Asset Preservation and Replacement (HEAPR) and \$142.9 million for design and construction of major capital projects at 20 colleges and universities. It included thirteen (13) projects that were part of earlier board capital bonding requests of the state, including four (4) projects that received \$3.0 million for design in prior bonding bills and seven (7) new projects. Unfortunately, no bonding bill was passed and signed into law during the 2022 legislative session.

While there has been some rhetoric around a ‘lame duck’ bonding bill emerging prior to the next legislative session, we are turning our attention to the 2023 legislative session. Odd year legislative sessions primarily focus on policy and state agency operating budgets. With no bonding bill passing during the 2022 legislative session, there is an expectation that a bonding bill will also be considered during the 2023 session.

**RECOMMENDATION FOR 2023**

In preparing for the 2023 legislative session, facilities staff reviewed the 2022 request along with the candidate projects being requested for the formal legislative bonding session in 2024.

After consultation with individual institution leaders and the chancellor, one project has been amended and one has been removed from the recommended 2023 request as campus plans and priorities have changed since these projects were originally conceived. The scope of work and strategy for Lake Superior College's Integrated Manufacturing Workforce Lab has been amended to fund new construction and renovation of existing campus space to accommodate program currently in leased spaces off campus. The leased space is no longer available after June 30, 2024. The design funding request for North Hennepin Community College's Center for Innovation and the Arts has been removed from consideration at this time.

As a result, the recommended capital budget request for the 2023 legislative totals \$291.6 million based on 2022 project budget estimates, \$150.0 million for HEAPR and \$141.6 million for design and construction of nineteen (19) individual college and university projects. The state would fund \$244.4 million or 83.8% of the program and Minnesota State would be responsible for \$47.2 million or 16.2%.

In recent discussion with Minnesota Management and Budget (MMB), facilities staff has expressed concerns with relying on project funding estimates from the 2022 request as these projects cost estimates were originally prepared in 2021 and Minnesota and the nation have experienced significant inflationary pressures and supply chain issues within the construction sector. In their recent [report](#) for the second quarter of 2022, the Mortenson Cost Index showed a single quarter increase in construction costs of 3.3% both nationally and here in Minneapolis and increases of 11.8% nationally and 10.8% in Minneapolis over the last twelve months. We understand MMB is developing a strategy to make global adjustments to project costs in preparation for the 2023 legislative session, especially around construction costs.

### **PATH TO THE 2024 CHANCELLOR'S RECOMMENDATION**

Formal capital program development planning is underway for the next regular bonding request for the 2024 legislative session. This process started with the board passing [capital program guidelines earlier this year](#). These strategic guidelines included:

#### **Adapting and modernizing academic and support spaces critical to student success.**

Acknowledge the importance of physical campus spaces for our students by modernizing and adapting existing space that directly contributes to student and faculty recruitment, retention, and success. Create flexible spaces that support changing teaching and learning strategies and demographic needs.

**Facilitate fulfilling the vision of Equity 2030.** Prioritize facility improvements that directly support student success at Minnesota State colleges and universities by supporting inclusive educational opportunities, growing programs, and improving campus climate and culture. Prioritize projects that support closing equity and opportunity gaps to address workforce and employment challenges in Minnesota. Prioritize contracting and procurement strategies and practices that encourage diversity in suppliers of project design, consultation, and construction services as well as their workforces.

**Advancing resilience and environmental sustainability.** Strive to reduce campus facility impacts on the natural environment by updating infrastructure and facility spaces to reduce

energy and resource use, prioritizing sustainable and efficient construction, utilization, and operating practices. Actively pursue and create renewable energy infrastructure and encourage institutions to incorporate environmental, climatic, and other risks in their institutional plans and projects.

**No net increase in academic footprint.** Invest in maximizing the potential of existing academic space through renovation, retrofit, or replacement with smart, flexible, and wherever possible, a smaller footprint. Increasing campus footprint may be considered in rare and extraordinary circumstances.

The 2024 guidelines also call for first addressing the stewardship and asset preservation responsibilities in the existing academic facilities and the associated growing backlog of maintenance. From here, the process is to be more zero-based. All candidate projects will be evaluated and prioritized for funding based on the Strategic Guidelines from above, as well as campus enrollment trends and composition; program and course offerings; campus workforce posture; existing academic space, its utilization and configuration; project size and scope and position within the Comprehensive Facilities Plan; and other institutional factors. Prior state funding for a project will be considered and prioritized where appropriate and conditions dictate seeking further state investment. Priority will be on projects that are quickly deliverable and focused on improving specific programmatic or student support needs. Planned future requests (project phases and construction tails) would be limited to the potential of \$75 million in the next biennial request.

Projects included in past requests may not be automatically included in future requests. The total FY2024 program request is to be approximately \$350 million including HEAPR and major capital projects. The specific project list will be modeled to ensure projects can be fully delivered in 6 years (3 biennia) or less, given delivery strategies and trends in state support. Given the combined effects of these criteria, projects from past requests may not be included in the 2024 request.

The first reading to the board of the chancellor's recommendation for the 2024 program will be in May 2023 with approval being sought after a second reading in June 2023. Given the timing of the 2023 legislative session and the board's schedule there may be adjustments from the first and second readings to take into account legislature action during the 2023 session.

#### **RECOMMENDED COMMITTEE MOTION**

The Finance and Facilities Committee recommends the Board of Trustees approve the 2023 capital program recommendation as presented in **Attachment A**, specifically the projects and priorities for the 2023 legislative session. The chancellor is authorized to make cost and related adjustments to the request including those required by Minnesota Management and Budget. In addition, as funding is authorized and appropriated by the legislature and approved by the governor, the chancellor or the chancellor's designee is authorized to execute contracting actions necessary to deliver on the scope and intent of the projects.

**RECOMMENDED BOARD MOTION**

The Board of Trustees approves the 2023 capital program recommendation as presented in Attachment A, specifically the projects and priorities for the 2023 legislative session. The chancellor is authorized to make cost and related adjustments to the request including those required by Minnesota Management and Budget. In addition, as funding is authorized and appropriated by the legislature and approved by the governor, the chancellor or the chancellor’s designee is authorized to execute contracting actions necessary to deliver on the scope and intent of the projects.

|                                                                |                   |
|----------------------------------------------------------------|-------------------|
| <i>Date Presented to the Finance and Facilities Committee:</i> | <i>11/16/2022</i> |
| <i>Date Presented to the Board of Trustees:</i>                | <i>11/16/2022</i> |
| <i>Date of Implementation:</i>                                 | <i>11/16/2022</i> |

## 2023 Capital Program Recommendation

| Institution                                    | Project Title                                                                                                | 2022 Request<br>(\$000) | Recommended<br>2023 Request<br>(\$000) |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------|
| System wide                                    | Higher Education Asset Preservation and Replacement (HEAPR)                                                  | \$150,000               | \$150,000                              |
| Minnesota State University Moorhead            | Weld Hall Renovation and Accessibility Additions<br>(Construction)                                           | \$19,048                | \$19,048                               |
| Inver Hills Community College                  | Technology and Business Center Renovation<br>(Construction)                                                  | \$18,087                | \$18,087                               |
| Minneapolis College                            | Management Education Center Metro Baccalaureate Initiative<br>(Construction)                                 | \$16,938                | \$16,938                               |
| Pine Technical and Community College           | Technical/Trades Lab Addition and Renovation<br>(Construction)                                               | \$13,906                | \$13,906                               |
| Saint Paul College                             | Academic Excellence Renovation<br>(Design)                                                                   | \$1,392                 | \$1,392                                |
| Minnesota North College – Vermilion/Ely Campus | Classroom Building Renovation<br>(Design and Construction)                                                   | \$3,019                 | \$3,019                                |
| Central Lakes College                          | Brainerd Student Services Renovation<br>(Design and Construction)                                            | \$9,519                 | \$9,519                                |
| Northland Community and Technical College      | Effective Teaching and Learning Labs<br>(Design and Construction)                                            | \$2,710                 | \$2,710                                |
| Minnesota State University, Mankato            | Armstrong Hall Replacement<br>(Design)                                                                       | \$7,083                 | \$7,083                                |
| Winona State University                        | Center for Interdisciplinary Collaboration, Engagement, & Learning<br>(Design)                               | \$4,240                 | \$4,240                                |
| Lake Superior College                          | Integrated Manufacturing Workforce Labs<br>(Design)                                                          | \$1,055                 | \$7,355                                |
| North Hennepin Community College               | Center for Innovation & the Arts*<br>(Design)                                                                | \$7,598                 | \$0                                    |
| Metropolitan State University                  | Cyber Security Lab<br>(Design and Construction)                                                              | \$4,292                 | \$4,292                                |
| Alexandria TCC                                 | Transportation Center Construction, Student Services Renovation, and Selective Campus Demolition<br>(Design) | \$832                   | \$832                                  |
| Riverland Community College                    | Student Services Renovation<br>(Design and Construction)                                                     | \$9,924                 | \$9,924                                |

|                                                                                                                         |                                                                                                |                         |                  |                  |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------|------------------|------------------|
| Southwest Minnesota State University                                                                                    | Wellness and Human Performance Center (Design)                                                 | \$1,156                 | \$1,156          |                  |
| St. Cloud State University                                                                                              | Education and Learning Design Complex (Design)                                                 | \$4,487                 | \$4,487          |                  |
| Rochester Community and Technical College                                                                               | Heintz Center Renovation: Reimagining Education for a Diverse Workforce (Design)               | \$1,347                 | \$1,347          |                  |
| Minnesota West CTC                                                                                                      | Nursing, Law Enforcement, and Student Service Renovation (Design)                              | \$1,963                 | \$1,963          |                  |
| Ridgewater College                                                                                                      | Healthcare, Construction, Student Services, and Classroom Renovation (Design and Construction) | \$14,280                | \$14,280         |                  |
| <p>* Requires \$40 million in community matching funds</p> <p><b>BOLD</b> – included in 2020 capital budget request</p> |                                                                                                | <b>Total Program</b>    | <b>\$292,876</b> | <b>\$291,585</b> |
|                                                                                                                         |                                                                                                | <b>Project Requests</b> | \$142,876        | \$141,585        |
|                                                                                                                         |                                                                                                | <b>State Funding</b>    | \$245,251        | \$244,390        |
|                                                                                                                         |                                                                                                | <b>User Financing</b>   | \$47,625         | \$47,195         |



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Finance and Facilities Committee

**DATE:** November 16, 2022

**TITLE:** FY2024-2025 Biennial Budget Request (Second Reading)

Proposed New Policy /  
Amendment to Existing  
Policy

Approvals Required by  
Policy

Other Approvals

Monitoring/Compliance

Information

**PRESENTERS**

- Bill Maki, Vice Chancellor for Finance and Facilities
- Satasha Green-Stephen, Senior Vice Chancellor for Academic and Student Affairs
- Larry Lundblad, Executive Director for Workforce and Economic Development
- Edward Inch, President, Minnesota State University, Mankato
- Joe Mulford, President, Pine Technical & Community College
- Steve Ernest, System Director, Financial Planning & Analysis

**PURPOSE**

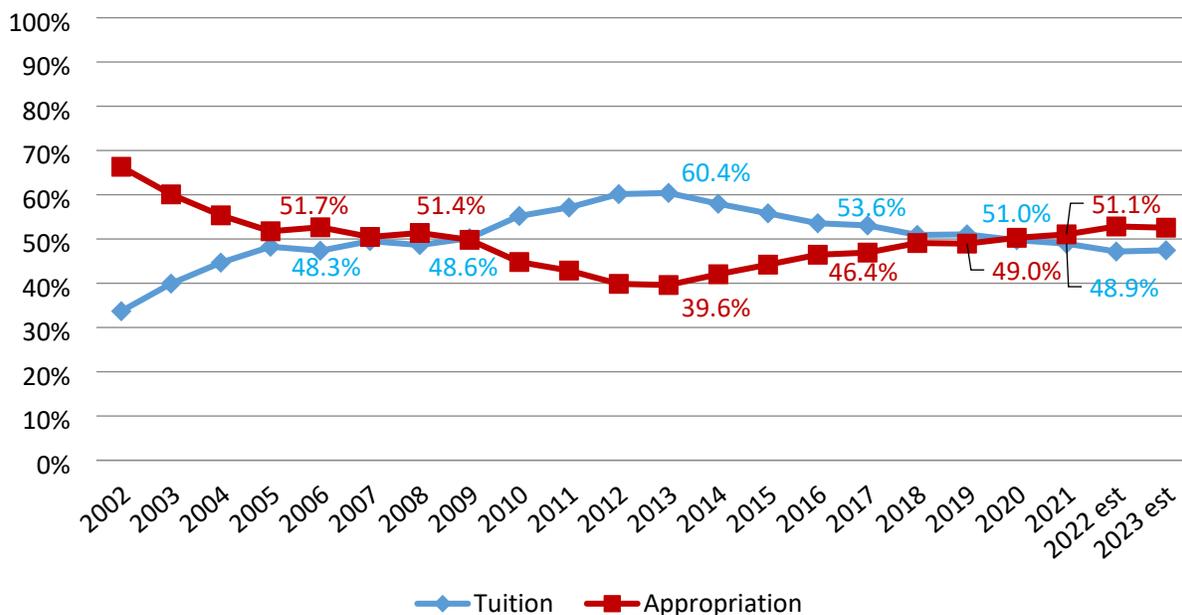
Every two years the Board of Trustees submits its biennial operating budget request to the governor and the state legislature for their review and consideration. Board Policy 5.9, Biennial and Annual Operating Budget Planning and Approval, requires the Board of Trustees to approve the system’s biennial request. This is the second reading of the request for the FY2024-FY2025 biennium.

**CONTEXT AND HISTORY**

Minnesota State is the nation’s third largest system of colleges and universities, with 54 campuses in 47 communities across the state. Roughly 300,000 students are provided credit and non-credit education each year. Approximately 63 percent of all Minnesota residents pursuing an undergraduate credential do so at a Minnesota State college or university. The seven universities and 26 colleges offer over 4,000 academic programs and provide the bulk of the state’s health care workers, peace officers, teachers, welders, plumbers, etc., by awarding over 36,000 degrees, certificates, and diplomas each year. Fourteen thousand faculty and staff across the state account for over a third of all State of Minnesota employees, and actively partner with local business and industry to provide educational opportunities that fit the community, including almost 10,000 customized training, occupational, and professional classes.

State appropriation is one of two primary sources of funding for our colleges and universities, the other main source being tuition. At the system level, the relationship between tuition and appropriation was nearly a 1/3 tuition and 2/3 appropriation split in fiscal year 2002, which is the goal set by the legislature in Minnesota Statute. In recent years, the relationship has generally been around 50 percent tuition and 50 percent appropriation. Currently, the relationship is roughly 47 percent tuition to 53 percent state appropriation. The mix of tuition and appropriation differs at individual colleges and universities, with colleges generally more reliant on state appropriation and universities generally more reliant on tuition revenues. Appropriation percentages of total funding have decreased as the higher education portion of the overall state budget has decreased. When Minnesota State was created in 1995, higher education’s share (including the University of Minnesota and the Office of Higher Education with the state grant program) totaled over 12 percent of the state’s general fund budget. Since 1995, higher education’s share has been cut nearly in half (to 6.5 percent) due to competing priorities such as health and human services and E-12 education.

**Chart 1: Appropriation and Tuition Relationship**



Tuition revenues have also experienced downward trends as system enrollment has decreased over many years. Fiscal year 2011 was the apex in the system’s enrollment of 157,903 full-year equivalent (FYE) credit students. Since that peak, the system has over 53,000 (34 percent) fewer FYE in fiscal year 2023 budgets compared to fiscal year 2011. This decline has negatively affected the tuition revenue at our colleges and universities.

Further complicating the relationship between appropriation and tuition have been legislative limitations and freezes on tuition rate increases. While appropriation amounts have received increases over the years, those increases have not always offset tuition rate limitations that have been included in legislation since fiscal year 2014. For institutions that rely more on tuition or have historically low tuition rates, these limitations make financial planning more difficult.

Comparing the amounts the system has requested for campus operations and strategic initiatives to the amounts ultimately allocated, the average success is around 13.5 percent of the requested amounts. Most recently, for the FY2022-FY2023 biennium, the amount requested totaled \$120 million (\$75 million for campus support; \$45 million for equity and affordability), and the amount appropriated totaled \$56.4 million. For FY2020-FY2021, \$246 million was requested and \$80.3 million was appropriated. For FY2018-FY2019, \$178 million was requested and \$106.2 million was appropriated.

### **BIENNIAL BUDGET DEVELOPMENT PROCESS**

During the month of September 2022, the Chancellor, Board of Trustees Chair, and the Chairs of the Academic and Student Affairs, Audit, and Finance Committees participated in a series of listening sessions held across the state. A total of twelve listening sessions were held on campuses of the Minnesota State system.

More than 550 students, faculty, staff, business and community leaders, including 14 legislators, attended the listening sessions. Participants provided valuable insights and specific ideas for the biennial budget request.

At the October board meeting, the Finance & Facilities Committee heard how the information collected in the statewide listening sessions contributed to the development of a \$350 million biennial budget request focusing in the areas of Student Support, Minnesota State Stabilization, and Workforce & Economic Development.

Following the Board meeting, consultation continued on campuses, including budget-specific conversations with the statewide college and university student associations and statewide bargaining units. This consultation was supported by local campus discussions, including conversations with students, faculty, staff, and campus leadership. Informed by consultation sessions and campus discussions, the Presidents reviewed and provided feedback on programmatic aspects of the proposed biennial request.

Feedback strongly supported a large request along with the three components: Student needs, inflationary funding, and specific workforce needs. Some of the key themes included the following.

- The request may not be large enough to cover inflationary costs and provide competitive compensation.
- Increases in system base funding are crucial to ensure that institutions can address pressures in ongoing costs and maintain strength in classroom and non-classroom resources that students and communities rely on. The word “stabilization” may not fully capture the significance of this need.
- Financial support for students, including scholarships, higher student worker wages, and an efficient, sufficiently funded emergency grant system are necessary for students to be able to afford higher education.
- Student services are essential to student success and completion.

## LEGISLATIVE BIENNIAL OPERATING BUDGET REQUEST

The proposed FY2024-FY2025 legislative operating budget request focuses on protecting Minnesota State’s commitment to inclusive excellence and ensuring all Minnesotans receive an extraordinary, affordable, accessible education and provide our businesses the workforce they need. The proposed request totals \$350 million in additional funding over the biennium, with \$140 million in FY2024 and \$210 million in FY2025. The request includes \$125 million over the biennium for student support investments, \$125 million over the biennium for Minnesota State stabilization, and \$100 million over the biennium for workforce and economic development investments. Table 1 provides a summary of the components of the request by year.

**Table 1: Proposed FY2024-25 Biennial Budget Request**

| <b>Proposed 2024-25 Biennial Budget Request</b> | <b>FY2024</b> | <b>FY2025</b> | <b>Biennium</b> |
|-------------------------------------------------|---------------|---------------|-----------------|
| Student Support                                 | \$50          | \$75          | \$125           |
| Minnesota State Stabilization                   | \$40          | \$85          | \$125           |
| Workforce & Economic Development                | \$50          | \$50          | \$100           |
| <b>Total</b>                                    | <b>\$140</b>  | <b>\$210</b>  | <b>\$350</b>    |

*(dollars in millions)*

The request is designed to support students, strengthen communities through workforce and economic development, and provide the system resources necessary to maintain programs and services to support the success of the first two areas.

### STUDENT SUPPORT

In this area we will focus on access, student success, and equitable educational outcomes. Many of our students have challenges outside the classroom that can be barriers to completion even if they are progressing in the classroom. We need to ensure that all Minnesotans accomplish their educational goals no matter their background or socioeconomic status.

This request focuses on four priority areas to support students:

- (1) Freezing tuition and reducing cost of attendance (\$77 million)
- (2) Expanding student support services (\$26 million)
- (3) Transfer scholarships (\$12 million)
- (4) Emergency grants (\$10 million)

#### **Tuition Freeze and Cost of Attendance Reductions (\$77 million)**

This request will allow colleges and universities to freeze tuition rates where they currently are. Freezing tuition costs provides an across-the-board cost reduction to students by replacing the revenue that would have come from normal tuition rate changes with state appropriation dollars. According to provisions of the FY2022-FY2023 biennial appropriation law, the assumption is that tuition rates would increase by 3.5 percent without this funding.

Also included in this proposal is funding to reduce students' total cost of attendance by seeking out and expanding free offerings for a wide range of course materials and resources. Additional open educational resources (OERs) will be provided or developed for high-demand fields of study, transfer pathways, and gaps in the existing marketplace. Extending OERs to Z-degrees, degrees that have zero costs for textbooks, will be expanded.

### **Expanded Student Support Services (\$26 million)**

One broad need expressed by students is for support in figuring out how they can fit their educational goals within the broader complexities of their lives. Students do not just come to our campuses right after finishing high school, but at many different ages, different points in their personal and professional lives, with different family needs, with different financial needs, with different emotional and mental health needs. Student support services help students plan how their educational efforts will fit into their other life activities, coordinate educational concerns with other concerns, navigate requirements, take advantage of opportunities, and manage complex activities made more difficult by a student's personal challenges. This initiative will provide funding directly to campuses for services such as student advisors, social workers, basic needs coordinators, community resource connectors, and mental health support staff. Each college or university will have different specific needs based on the makeup of its student body and existing staffing and programming. Each campus will have the flexibility to apply these funds as needed.

Electronic connections for peer support and professional clinical support for mental health will be enhanced. These electronic platforms will be available online, via phone and text, 24 hours a day, seven days a week. They are customized for each college and university to include campus-specific information, including crisis response as well as referrals to campus-based and community-based mental health providers and resources, supplemental clinical therapy resources, and telepsychiatry. Support will be personalized to support the needs of each individual student, with heightened focus on inclusive and culturally relevant practices. Data reporting from the platform, including trend data, will be available for each institution to use to help improve local conditions.

Mental Health Education and Training is another component of this request. Experiential education and training opportunities will be provided, focusing on mental health and wellbeing, including mental health first aid and other evidence-based training. Training will be available to students, faculty, and staff, designed to increase understanding of mental health concerns, health and wellness support resources, and techniques for promoting positive mental health and wellbeing. Experiential training components will include bystander intervention training.

Access to the Basic Needs Resource Hub will be expanded and sustained. This hub has been established through a partnership with United Way 211 to provide students with access to basic needs resources on their campus and in their community, available via text and phone 24 hours a day and 7 days a week. The system became available on August 22, 2022, as classes began on our campuses this fall, and within the first two weeks received 50-75 calls. Basic needs resources may assist with challenges in areas such as housing and food insecurity, child and family care, transportation, and access to technology.

All of the above activities will continue to be coordinated at the system-wide level, facilitating use of the various assessment tools, assuring the data is being used to improve programs and address local needs in the best way possible, and promote additional related collaboration to continue to improve value to students and efficiency at the same time.

### **Transfer scholarships (\$12 million)**

Transfer scholarships help students continue towards completion of their educational goals when they might otherwise have to cut their education shorter than they wanted or at least delay it, often making eventual completion more difficult. Annually, over 5,000 students have transferred from a system college to a system university in recent years. Two different transfer scholarship options will be offered to support students transferring from a Minnesota State college to a Minnesota State university. Both options would be a last dollar scholarship program meaning they would be in addition to all other financial aid without reducing eligibility from other sources. Awards will start at the college attended and finish at the university attended.

The Transfer Pathways option targets students who complete any one of the 26 Transfer Pathways associate degree programs at a Minnesota State college. Completion of one of these programs guarantees junior year status to students admitted to a Minnesota State university and that all 60 associate degree credits will count toward the related bachelor's degree. This saves students time and money by not losing credits or taking extra courses.

The Transfer Guarantee option targets students who complete any Associate of Arts, Associate of Science or Associate of Fine Arts degree at any Minnesota State college. Completing one of these degrees guarantees admission to every one of the seven Minnesota State universities. This also helps students to be admitted into the university program of their choice and to achieve greater success once they are in those university studies. This collaboration ensures that students can seamlessly and reliably transfer from Minnesota State colleges to Minnesota State universities and saves students money by taking advantage of the lowest tuition rates in Minnesota at Minnesota State colleges and universities.

### **Emergency grants (\$10 million)**

Over the past several years, federal Higher Education Emergency Relief Funds (HEERF) provided a temporary source of funding for emergency grants. At least ten percent of the approximately \$300 million in HEERF student grants awarded since fiscal year 2020 were awarded as emergency grants. Beginning in fiscal year 2024, HEERF funding for emergency grants will no longer be available, but many of our students will continue to experience unexpected emergencies and need immediate access to additional financial support.

Almost of all of this requested funding would be distributed to students through our colleges and universities, but it would also provide support to improving emergency grant application processes that are administratively streamlined, easy to use, customized by each college and university, and focused on need and equity in decision making. A mobile application will be used that includes the entire application process. Access to live support functionality for students who

require assistance navigating the mobile application will also be available. Regular data reports would also be provided to institutions to indicate utilization, student needs, requested and awarded amounts, and other relevant data.

### MINNESOTA STATE STABILIZATION

Our colleges and universities rely on state appropriation to cover a significant portion of their general fund operating budgets. An increase in state appropriation is needed for Minnesota State colleges and universities to continue to provide an exceptional education and ensure there are adequate programs and services to serve our students. Without increases in general fund revenues, campuses will need to reduce the breadth of academic programs and student services that are available to students at the same time that demands have increased. Past biennial appropriations have often provided a smaller increase or even a decrease in the second year of the biennium, as shown in Table 2. This structural imbalance makes it more difficult for colleges and universities to plan for the second year of the biennium.

**Table 2: State Appropriation History**

| fiscal year | appropriation in<br>\$millions | change from previous year |
|-------------|--------------------------------|---------------------------|
| 2014*       | 587.9                          | 7.7%                      |
| 2015*       | 622.1                          | <b>5.8%</b>               |
| 2016**      | 672.9                          | 8.2%                      |
| 2017        | 673.5                          | <b>0.1%</b>               |
| 2018**      | 731.0                          | 8.5%                      |
| 2019        | 721.9                          | <b>-1.2%</b>              |
| 2020        | 758.7                          | 5.1%                      |
| 2021        | 765.7                          | <b>0.9%</b>               |
| 2022        | 792.0                          | 3.4%                      |
| 2023        | 789.5                          | <b>-0.3%</b>              |

\*colleges and universities received funding for tuition freezes

\*\*colleges received funding for tuition freezes

Among the side effects of the pandemic have been a resurgence of inflation due to supply and demand issues and increases in labor costs due to shifts and shortages in labor market participation. Colleges and universities reassess and reallocate spending on a continual basis to maintain focus on student success and other priorities while preserving affordability. In order to maintain academic programs and keep tuition affordable, however, additional resources are required. This portion of the request includes \$125 million, \$40 million in fiscal year 2024 and \$85 million in fiscal year 2025, to address these needs. This request will increase the state appropriation by roughly 5 percent each year to address inflationary needs. This will include an increase of over 6 percent for the amount allocated directly to colleges and universities each year, and an increase of approximately 3 percent each year for systemwide technology (including the NextGen project and the PALS library system) and system office operations.

## **WORKFORCE AND ECONOMIC DEVELOPMENT**

The proposal includes \$100 million to address the challenges associated with current and future workforce needs for Minnesota. All \$100 million of the state funds requested will be matched one-to-one with \$100 million of non-state funds in-kind or cash. Succinct goals will be established to demonstrate the return on investment in strengthening the workforce. These strategic investments will provide Minnesota with the talent it needs for its continued economic development.

This request focuses on three priority areas:

- (1) Upgrade college and university equipment and learning environments (\$49 million)
- (2) Increase workforce development scholarships (\$25.5 million)
- (3) Develop and expand industry sector programming (\$25.5 million)

### **Upgrade college and university equipment and learning environments (\$49 million)**

Minnesota State will enhance state-of-the art skill and applied research laboratories using interactive, hands-on, and multi-disciplinary approaches in science, technology, and career or technical programs. State-of-the-art equipment and learning environments are defined as those that are the best available because they represent the most modern techniques and technology. Minnesota is at risk of falling behind investments made by neighboring states in learning environments that attract and retain students and workers.

Solving complex problems in the modern world requires collaboration across many fields, including social, behavioral sciences, and technical fields. Colleges and universities will utilize funding to enhance stand-alone equipment, technologies or learning environments, such as: labs for applied research, data visualization spaces, and spaces for collaboration. For example, this program will permit sharing equipment across our institutions, such as highly-technical and high-powered tractors equipped with precision ag software and equipment that can be used by our agricultural programs. Shared spaces will be encouraged; for example, regionally-based simulation “hubs” for nursing and allied health programs. Simulation laboratories are an essential part of student learning that provide a foundation for critical reasoning, synthesis, and analysis of increasingly complex health care situations. Labs are complete with simulated patient care equipment and video cameras for analysis of student learning.

Technical fields may focus on artificial intelligence, automation/mechanization, and data sciences to enhance students’ preparation for the future. Faculty and industry, in partnership, will enhance our capacity and support for expertise and exposure to new technologies. Whether plant or water sciences, advanced construction or energy production, Minnesota State’s laboratories and equipment are where students become the scientists, engineers, technicians, makers and builders of the future.

### **Increase workforce development scholarships (\$25.5 million)**

This request is to expand the Workforce Development Scholarship program to enhance access and to increase affordability for college and university students and to encourage enrollment in high-demand fields to meet the state’s workforce needs.

The program is currently funded with \$4,500,000 annually, with a 10 percent hold-back of funds matched 1:1 with private dollars. Scholarships may be awarded in the following areas: healthcare, information technology, agriculture, transportation, manufacturing, and early childhood education. Colleges may also select an additional area based on regional workforce needs. Current funding provides approximately 2,100 scholarships each year.

Additional funding of \$25,500,000 over the biennium is requested to:

- Add three new degree fields for scholarship eligibility: construction, education, and peace officers and public safety.
- Expand eligibility to state university students for the first two years of their education either as 1<sup>st</sup> year freshman or as a transfer student in all eligible degree fields. Increase annual award amount to \$3,500 for students in university programs (college students will be eligible for \$2,500 per year in line with the current program). This difference is in recognition of the difference in tuition and fees paid at a college versus a university.
- Add select credit and non-credit certificates and short-term stackable credentials for full cost of instruction (up to \$1,500) and eligible credit-for-prior learning (CPL) fees. Completion must result in a certificate per federal Workforce Innovation and Opportunity Act (WIOA) guidelines.
- Funding will be provided to colleges and universities on a basis that is proportional to enrollment in the eligible programs.

This funding level will provide more than 12,000 scholarships over the biennium, helping roughly three times as many students get workforce training than the current funding does.

### **Develop and expand industry sector programming (\$25.5 million)**

Industry sector program development will focus on high-demand occupations that are experiencing extraordinary changes in occupational skills due to technological changes in Minnesota's increasingly advanced and diverse economy. Focusing on industry partnerships, these program developments will build capacity and adequate support for new and re-designed curricular options. As a growing number of students pursue certificates or industry-recognized credentials, engaging with students over their career by addressing emerging skills, rather than solely focusing on traditional degrees, is vital to the relevance of our college and university programs.

Many of the exciting new fields of study are inherently multi-disciplinary, and often do not fit neatly into past models of 2+2 pathways. New programs or curricular changes must address education and career pathways that overlap occupations and allow students to build a resume of degrees, certificates, licenses, and other skill-based credentials. Industry research reflects that students value customization to prepare for the hybrid jobs of the future – the ability to design an education that fits an individual's unique career goals.

In addition, students take many paths into higher education, and our high school students face particular challenges in understanding advanced technology jobs and accessing career and technical education in high school. By offering more program pathways through post-secondary

enrollment options (PSEO) and concurrent enrollment, we can build a more efficient K-12 pipeline into career and technical occupations with students who are prepared for an increasingly technological job market.

With a focus on Minnesota's key industry sectors in healthcare, information technology, agri-business/agri-science, transportation, manufacturing, engineering and energy, this request will support development of new or multi-disciplinary programs at colleges and universities. In addition, funding preference will be given to programs that include work-place experiences, such as "earn & learn"; micro-credentials; internships; or applied research.

Examples include:

- Manufacturing and cyber-physical systems credential (credit or non-credit). Cyber-physical systems integrate sensing, computation, control and networking into physical objects and infrastructure, connecting them to the Internet and to each other to protect computer-controlled manufacturing processes.
- Regenerative precision agriculture. Today's agriculture is about building soil health, water quality, and carbon sequestration while using precision technology to support producer financial viability. This sophisticated balance requires graduates who are well-trained in all aspects of environmental impact and efficient food production from the crop planning phase to the store shelf and beyond.
- The transportation industry has seen recent and rapid changes to vehicle technology in autonomous (self-driving), connected, computer controlled, and electric drive technology. This program will add non-credit and credit options for certifications to address each of these emerging technologies.
- Development of a solar photovoltaic technician certificate through a unique schedule and a customized learning environment and offered to all electrical program students in the Minnesota State system.
- To grow the nursing and allied health workforce, new pathways will be created to allow, for example, high school students to become practical nurses or a nursing student to become a college nurse educator through a streamlined pathway from an associate's to master's degree. Re-envisioning curriculum built on simulation scenarios and hands-on experiences will benefit students in their preparation for future healthcare occupations.

Minnesota State hosts eight Centers of Excellence (Northern Agriculture, Southern Agriculture Energy, Engineering, HealthForce, Information Technology, Advanced Manufacturing, and Transportation), collectively funded at \$3.9 million per year currently, which play an important role with program development to fulfill the state's goal to support a diverse workforce and that offers equitable employment outcomes for our students. Centers partner with industry, secondary schools, community, and our colleges and universities to carry out three strategies: (1) guide students to meaningfully expand their knowledge and selection of careers, (2) engage industry to create informed and up-to-date college programs, and (3) ensure college and university programs offer innovative and high-quality education and training. This request seeks funding to support two additional Centers of Excellence in: (1) Public Safety (peace officers, first responders, and firefighting) and (2) Construction/Building Trades.

## Goals

The focus of this proposal is to provide the highest quality, most relevant educational experiences to prepare students for the complexity of technology-oriented workplaces and jobs. In addition, students must have access to high-value, short-term credentials that allow for immediate entry into the workforce or retraining for another job or career. Minnesota State currently reports a high rate of related employment to students' academic degree fields, so our measures will focus on increasing enrollment and credential attainment in Minnesota's high-growth employment sectors of healthcare, manufacturing, information technology, and others. Our goal positions our colleges and universities to meet employers' needs for skilled workers in career and technical education and STEM disciplines.

### Career, Technical, and STEM Education

- Five percent annual increase in the number of awards in career and technical education\*
- Licensure exam passing rate (increases year over year)\*
- Forty percent of CTE students complete industry-recognized or micro-credential in both credit and non-credit programs
- A measure of median wage growth of CTE students (longitudinal data)\*

### System-level goals

- Employer satisfaction with skills of graduates or employer satisfaction with the quality of Minnesota State's instructional facilities
- Increase in student satisfaction with preparation for career opportunities and new technologies
- Increase in number of employer-sponsored educational opportunities for students, e.g., internships, applied research, earn and learn, etc.
- Increased retention and graduation in STEM (science, technology, engineering, and math) fields; diversity of STEM graduates

### Non-Credit Workforce Courses

- Ten percent increase in non-credit workforce course enrollments\*
- Twenty new or re-designed industry-recognized credentials offered annually
- At least ten percent of non-credit CTE students transition from non-credit to credit courses\*

\* These measures are part of the Voluntary Framework of Accountability (VFA), which is the first comprehensive national accountability system created by community colleges and facilitated by the American Association of Community Colleges (AACC). South Central College and Minnesota State Community and Technical College currently participate in the VFA.

Goals will also be established by assessing supply and demand in key industries and occupations. For example, potential goals for enrollment, completion, and exam rates in Nursing could include increasing enrollment by 1,400 students (a 65 percent increase) with an 80 percent graduation rate within five years. A goal for the RN licensure exam pass rate could be increasing to 86 percent (currently 82 percent).

**RECOMMENDED COMMITTEE MOTION**

The FY2024-FY2025 legislative request strengthens the state’s commitment to inclusive excellence and ensuring our students receive an extraordinary, affordable, and accessible education. It further strengthens communities and the State or their continued economic and workforce viability. The Finance and Facilities Committee recommends that the Board of Trustees approve the FY2024-FY2025 biennial budget request in the amount of \$929,611,000 in FY2024 and \$999,611,000 in FY2025 for a total of \$1,929,222,000. This includes \$125 million for Student Support efforts, \$125 million for Minnesota State Stabilization, and \$100 million for Workforce & Economic Development efforts.

The Board of Trustees has been granted the authority in state statute to govern and operate Minnesota State. The board, after full consultation with Minnesota State constituencies, will make final budget decisions, including setting tuition rates, at the conclusion of the legislative session.

**RECOMMENDED BOARD MOTION**

The FY2024-FY2025 legislative request strengthens the state’s commitment to inclusive excellence and ensuring our students receive an extraordinary, affordable, and accessible education. It further strengthens communities and the State or their continued economic and workforce viability. The Board of Trustees approves the FY2024-FY2025 biennial budget request in the amount of \$929,611,000 in FY2024 and \$999,611,000 in FY2025 for a total of \$1,929,222,000. This includes \$125 million for Student Support efforts, \$125 million for Minnesota State Stabilization, and \$100 million for Workforce & Economic Development efforts.

The Board of Trustees has been granted the authority in state statute to govern and operate Minnesota State. The board, after full consultation with Minnesota State constituencies, will make final budget decisions, including setting tuition rates, at the conclusion of the legislative session.

*Date Presented to the Finance Committee:* 11/16/22  
*Date Presented to the Board of Trustees:* 11/16/22  
*Date of Implementation:* 11/16/22



**Workforce and Organizational Effectiveness Committee**  
**November 16, 2022**  
**3:30 p.m.**  
**McCormick Room, 4<sup>th</sup> Floor**

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*Times are tentative – meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of previous meetings.*

- 1. Approval of October 18, 2022 Meeting Minutes**
- 2. Appointment of General Counsel**

Committee Members

George Soule, Chair  
Kathy Sheran, Vice Chair  
Dawn Erlandson  
Tim Huebsch  
Javier Morillo  
Cheryl Tefer

President Liaisons

Carrie Brimhall  
Robbyn Wacker

**Bolded items indicate action required.**





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**Workforce and Organizational Effectiveness Committee  
Meeting Minutes  
October 18, 2022**

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A meeting of the Workforce and Organizational Effectiveness Committee of the Board of Trustees was held on October 18, 2022.

Committee members present: George Soule, Chair; Kathy Sheran, Vice Chair; Dawn Erlandson, Rudy Rodriguez, Cheryl Tefer

Committee members absent: Javier Morillo

Other board members present: Victor Ayemobuwa, Alex Cirillo, Jay Cowles, Jerry Janezich, Roger Moe

Staff present: Devinder Malhotra, Chancellor; Eric Davis, Vice Chancellor

The meeting materials for this meeting are available [here](#), starting on page 22. An audio recording of the meeting is available [here](#).

Committee Chair Soule called the meeting to order at 11:46 a.m.

**Agenda Item 1: Approval of the Meeting Minutes for June 21, 2022**

Committee Chair Soule asked if there are any changes or amendments to the minutes then asked for a motion to approve. Trustee Rodriguez made the motion and Trustee Erlandson provided a second.

A roll call vote was conducted, and the minutes were approved unanimously.

**Agenda Item 2: Approval of the Meeting Minutes for June 21, 2022 Joint Meeting of Workforce and Organizational Effectiveness and Diversity, Equity, and Inclusion Committees**

Committee Chair Soule asked if there are any changes or amendments to the minutes then asked for a motion to approve. Trustee Rodriguez made the motion and Trustee Erlandson provided a second.

A roll call vote was conducted, and the minutes were approved unanimously.

**Agenda Item 3: FY2023 Committee Workplan**

Committee Chair Soule invited Vice Chancellor Davis to present the FY2023 Committee Workplan, as detailed in the meeting materials.

The meeting materials for this item begin on page 28.

This being an informational item, there was no vote taken.

**Agenda Item 4: Executive Search Process Overview**

Committee Chair Soule invited Vice Chancellor Davis along with Human Resources Director Deb Gehrke to present the Executive Search Process Overview, as detailed in the meeting materials.

The meeting materials for this item begin on page 30.

This being an informational item, there was no vote taken.

**Adjournment**

The committee chair adjourned the meeting at 12:10 p.m.



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Workforce and Organizational Effectiveness Committee      **DATE:** November 16, 2022

**TITLE:** Appointment of General Counsel

- Proposed New Policy or Amendment to Existing Policy
- Approvals Required by Policy
- Other Approvals
- Monitoring/Compliance
- Information

**PRESENTERS**

Devinder Malhotra, Chancellor

**PURPOSE**

The committee will recommend the appointment of General Counsel.

**BACKGROUND INFORMATION**

It is anticipated that Chancellor Malhotra will recommend an individual to appoint as General Counsel.

**RECOMMENDED COMMITTEE MOTION**

The Workforce and Organizational Effectiveness Committee recommends that the Board of Trustees adopt the following motion.

**RECOMMENDED BOARD MOTION**

The Board of Trustees, upon recommendation of Chancellor Malhotra, appoints \_\_\_\_\_ as General Counsel, with the anticipated effective date of \_\_\_\_\_, 2022, subject to the completion of an employment agreement. The Board authorizes the chancellor, in consultation with the chair of the board and chair of the Workforce and Organizational Effectiveness Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the Minnesota State Colleges and Universities Personnel Plan for Administrators.

*Date Presented to the Workforce and Organizational Effectiveness Committee:*    11/16/22

*Date Presented to the Board of Trustees:*    11/16/22

*Date of Implementation:*    11/\_\_\_/22



**Board of Trustees Meeting  
November 16, 2022  
4:00 p.m.  
McCormick Room, 4<sup>th</sup> Floor**

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*Times are tentative – meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of previous meetings. Interested parties can listen to the live stream of the proceedings from the [Board website](#).*

Call to Order, Roger Moe, Chair

Chancellor’s Report, Devinder Malhotra

Chair’s Report, Roger Moe

Consent Agenda

- 1. Minutes of the Board of Trustees Meeting, October 19, 2022**
- 2. Minutes of the Board of Trustees Special Meeting, November 3, 2022**
- 3. Contracts Requiring Board Approval**
  - a. 100 Wing Nursing Education Suite Renovation, Minnesota State College Southeast**
  - b. Library Building Renovation Design, Normandale Community College**
  - c. Social Sciences Building Lease, Southwest Minnesota State University**
- 4. Review Audit Results and Approve Release of Audited Financial Statements and Federal Student Financial Aid Audit**
- 5. FY2023 Capital Program Recommendation**

Workforce and Organizational Effectiveness Committee, George Soule, Chair

- **Appointment of General Counsel**

Finance and Facilities Committee, Jay Cowles, Chair

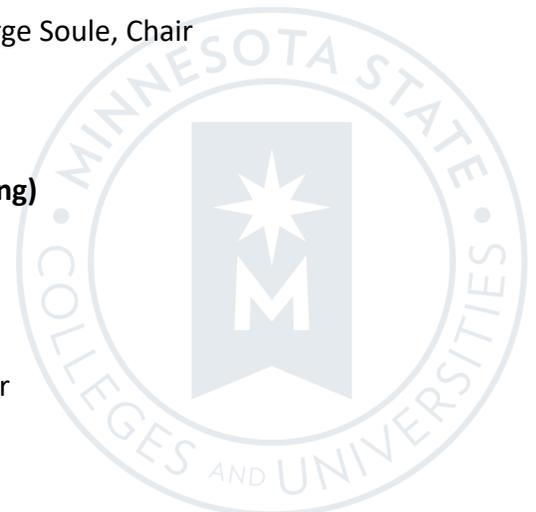
- **FY2024-2025 Biennial Budget Request (Second Reading)**

Audit Committee, Alex Cirillo, Chair

- Report of the Committee

Outreach and Engagement Committee, Dawn Erlandson, Chair

- Report of the Committee



Closed Session: Joint Meeting of Audit and Finance and Facilities Committees, Co-Chairs Alex Cirillo and Jay Cowles

- Report of the Committees

#### Student Associations

1. Lead MN, Ali Tomashek, President
2. Students United, Kaileigh Weber, State Chair

#### Minnesota State Colleges and Universities Bargaining Units

1. American Federation of State, County, and Municipal Employees Council 5, Minnesota State Policy Committee, Jennifer Erwin, President
2. Inter Faculty Organization, Jenna Chernega, President
3. Middle Management Association, Gary Kloos, Executive Director
4. Minnesota Association of Professional Employees, Nicole Emerson, Regional Director
5. Minnesota State College Faculty, Matt Dempsey, Acting President
6. Minnesota State University Association of Administrative and Service Faculty, Alex Kromminga, President

#### Trustee Reports

#### Adjournment

**Bolded items indicate action is required.**



**Consent Agenda  
November 16, 2022**

- 
- 1. Minutes of the Board of Trustees Meeting, October 19, 2022**
  - 2. Minutes of the Board of Trustees Special Meeting, November 3, 2022**
  - 3. Contracts Requiring Board Approval**
    - a. 100 Wing Nursing Education Suite Renovation, Minnesota State College Southeast**
    - b. Library Building Renovation Design, Normandale Community College**
    - c. Social Sciences Building Lease, Southwest Minnesota State University**
  - 4. Review Audit Results and Approve Release of Audited Financial Statements and Federal Student Financial Aid Audit**
  - 5. FY2023 Capital Program Recommendation**





**Board of Trustees  
Meeting Minutes  
October 19, 2022**

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A meeting of the Board of Trustees was held on October 19, 2022.

Trustees present: Roger Moe, Chair; George Soule, Vice Chair; Victor Ayemobuwa, Alex Cirillo, Jay Cowles, Jerry Janezich, Rudy Rodriguez, Kathy Sheran, Cheryl Tefer, Michael Vekich

Trustees absent: Asani Ajogun, Dawn Erlandson, Javier Morillo, April Nishimura, Oballa Oballa

Staff present: Devinder Malhotra, Chancellor

The meeting materials for this meeting are available [here](#), starting on page 92. An audio recording of the meeting is available [here](#).

Chair Moe called the meeting to order at 1:20 p.m.

**Chancellor's Report, Devinder Malhotra**

Chair Moe, Vice Chair Soule, and trustees:

I'd like to thank President Johnson, the Ridgewater College community, and the City of Hutchinson for hosting the board for the last few days. We've received a warm welcome and have enjoyed meeting so many faculty, staff, and students. We appreciated the opportunity to travel to Hutchinson High School to learn about the Tiger Path Academies, which is a wonderful example of private-public partnerships that provide hands-on experiences rooted in real-world workforce opportunities. It is this type of learning that provides strong pathways for the students of today to not only become our future students but the future workforce our state needs. Indeed, it's a model for others to emulate.

Chair Moe, at this time I would like to share some personal news. Serving as Chancellor of Minnesota State over the past six years has been a singular honor and the greatest privilege of my professional life. But, as the saying goes, all good things must come to an end. Today I am announcing that I plan to retire effective August 1, 2023, at the end of my current contract. My decision to retire was motivated by personal considerations. It was a tough call and, I must say, bittersweet. It is very hard to walk away while we are in the midst of leading and redesigning a higher education system for the 21st century. However, my partner Laura and I are absolutely convinced this is the right decision for

us to move on to our next adventures. However, I will be running hard through to the finish line.

There is much work to do in the coming year to deliver on our commitments to our students and to our great state. Although the work ahead is challenging and difficult, I am enthusiastically looking forward to our collective efforts. As we discussed earlier today, we need to craft a bold legislative budget request and then build a strong coalition of internal stakeholders and external partners to mount an aggressive advocacy for the request. We need to work hard to ensure that the NextGen project is appropriately resourced and positioned for successful culmination. And, most importantly, we need to continue to deepen and enhance the infrastructure to accelerate progress to meet our Equity 2030 goals, enable our institutions to pursue programmatic and financially sustainable paths, and provide Minnesota the leaders, talent, and workforce for today and tomorrow.

I am humbled and inspired by the grit, determination and resilience of our students, who, as you all know, often must overcome many challenges to persist and complete their educational journey. And I find it exhilarating to work alongside 14,000 committed faculty and staff who provide exceptional stewardship for the educational experience of our students, and for the communities our colleges and universities serve. Their ingenuity, creativity, and innovative spirit never ceases to amaze me as they continually adapt to the everchanging landscape of higher education and are always ready to meet the challenges of the day. They ensure our colleges and universities are the doors of hope and opportunity for ALL Minnesotans, and are the major driver of social and economic vibrancy of the State.

In addition, I have a deep sense of gratitude to the presidents and other campus leaders of our 33 colleges and universities. They position our institutions to deliver on their potential and promise. I am grateful for their leadership and for their continued support and guidance. They make my work easier and joyful. And, I am indebted to my cabinet colleagues and other leaders and staff at the Minnesota State system office for their steadfast focus on appropriately supporting and promoting the success of our colleges and universities. I thank them for their continued support. It is an honor to work with them and learn from them. And to the Board of Trustees – my 15 bosses – thank you for your unwavering support.

And with that Chair Moe, that concludes my remarks.

### **Chair's Report**

Thank you, Chancellor Malhotra.

Let me begin by saying that this announcement is bittersweet for all of us as well. We will miss your warmth, compassion, and stewardship of the Minnesota State system. But we are also happy to see you transition into a well-earned retirement after 43 years of service in higher education. Under Chancellor Malhotra's leadership, Minnesota State

has navigated tremendous challenges. The system has emerged stronger and more committed than ever to providing an opportunity for all Minnesotans to create a better future for themselves, for their families, and for their communities.

With an unwavering commitment to higher education, Chancellor Malhotra's vision, authenticity, communication skills, and warm personal manner provide a critical touchstone for the 54 communities in which our campuses reside. A courageous and compassionate leader, he has been exceptional in meeting the moment – uniting our resolve and purpose, leading with heart, while providing impeccable crisis leadership. He has been at the forefront of leading systemic change and has maintained steadfast focus on the potential and future of Minnesota State.

Among his many achievements, Chancellor Malhotra was instrumental in the Board's adoption of Equity 2030 in 2019 – an aspirational goal of our system to close the educational equity gaps across our institutions by the year 2030. In the wake of George Floyd's murder, in August 2020, Dr. Malhotra convened a statewide taskforce on law enforcement education reform, bringing together a wide, diverse cross section of stakeholders to provide recommendations pertaining to an anti-racist law enforcement education. In October 2020, he joined community leaders with the 3M Community Coalition to help steer a \$50 million investment in higher education and workforce development. Attesting to a career of achievements, the Twin Cities Business magazine named Chancellor Malhotra a 'Notable Leader in Higher Education' in 2021.

Chancellor Malhotra has championed student success, educational equity, and a strong, diverse workforce to secure our state's long-term economic vibrancy. He has given us five years of outstanding leadership and his contributions to the system and the state of Minnesota are evident. His service has been nothing short of exemplary, and on behalf of the board, we are grateful for his service. The board remains committed to the current strategic priorities for our system and looks forward to working alongside the Chancellor, with the foot firmly on the pedal, to continue our path towards our Equity 2030 goals, sustainability in programming and finances, and assuring that our state remains economically vibrant. Devinder...I know I speak for many across the system and state when I say that I will miss your inspiration and your friendship and am glad that we still have you for another nine months. Please join me in congratulating the Chancellor on his decision and thanking him for his leadership.

Before moving on to other matters, I want to note that transition planning is already well underway and the timetable for next steps will be forthcoming. I would like to echo the Chancellor's gratitude to the Ridgewater College community. President Johnson and his team have worked to make us all feel welcome and our meeting successful, and I thank them for the hospitality and the opportunity to meet students, faculty and staff and to know this campus better. I was also pleased to be able to visit Hutchinson High School and their TigerPath program. It was wonderful to learn about this innovative program that allows students to explore career possibilities and find the right path for them. Lastly, I want to express appreciation to the Hutchinson business

and community partners that joined us earlier today. It was great to hear about the partnerships and the good work going on at Ridgewater.

Chair Moe asked if anyone wanted to remove an item from the Consent Agenda. Vice Chair Soule made the motion to approve the consent agenda and Trustee Rodriguez seconded. A roll call vote was conducted. The vote was as follows:

|                   |        |
|-------------------|--------|
| Trustee Ajogun    | Absent |
| Trustee Ayemobuwa | Yes    |
| Trustee Cirillo   | Yes    |
| Trustee Cowles    | Yes    |
| Trustee Erlandson | Absent |
| Trustee Janezich  | Yes    |
| Trustee Moe       | Yes    |
| Trustee Morillo   | Absent |
| Trustee Nishimura | Absent |
| Trustee Oballa    | Absent |
| Trustee Rodriguez | Yes    |
| Trustee Sheran    | Yes    |
| Trustee Soule     | Yes    |
| Trustee Tefer     | Yes    |
| Trustee Vekich    | Yes    |

The board voted to approve the consent agenda as follows:

1. **Minutes of the Committee of the Whole Meeting, June 22, 2022**
2. **Minutes of the Board of Trustees Meeting, June 22, 2022**
3. **Contracts Requiring Board Approval**
  - a. **Student Health Services Contract, Minneapolis Community and Technical College**
  - b. **Student Affairs Renovation Construction Contract, Minneapolis Community and Technical College**
  - c. **Strategic Retention Tool Contract Extension, North Hennepin Community College**
  - d. **Campus Bookstore Operation Contract, St. Cloud State University**
  - e. **Graduate Center Lease Extension, St. Cloud State University**
  - f. **External Auditing Services Contract – Amendment #10, System Office**
  - g. **ISRS Hardware Platform Upgrade, System Office**

### **Board Standing Committee Reports**

The board received reports from October meetings of the following committees:

- Academic and Student Affairs Committee, Cheryl Tefer, Chair
- Finance and Facilities Committee, Jay Cowles, Chair
- Workforce and Organizational Effectiveness Committee, George Soule, Chair

### **Student Associations and Bargaining Units**

Student associations and bargaining units were invited to submit written remarks and were given the opportunity to address the board in person. Written remarks were provided by IFO

and have been posted to the board website.

In person remarks were provided by:

- Students United: Kaileigh Weber, State Chair
- Inter Faculty Organization: Jenna Chernega, President
- Minnesota State College Faculty: Matt Dempsey, President
- Minnesota State University Association of Administrative and Service Faculty: Alex Kromminga, President

### **Trustee Reports**

There were no additional remarks by any others trustees this month.

The next board meetings are scheduled for November 15-16, 2022.

### **Adjournment**

Chair Moe adjourned the meeting at 2:09 p.m.



**Board of Trustees  
Meeting Minutes  
November 3, 2022**

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A special meeting of the Board of Trustees was held on November 3, 2022.

Trustees present: Roger Moe, Chair; George Soule, Vice Chair; Victor Ayemobuwa, Alex Cirillo, Jay Cowles, Dawn Erlandson, Jim Grabowska, Tim Huebsch, Jerry Janezich, Javier Morillo, April Nishimura, Kathy Sheran, Cheryl Tefer

Trustees absent: Asani Ajogun, Oballa Oballa

Staff present: Devinder Malhotra, Chancellor

The meeting materials for this meeting are available [here](#), starting on page 2. An audio recording of the meeting is available [here](#).

Chair Moe called the meeting to order at 12:59 p.m.

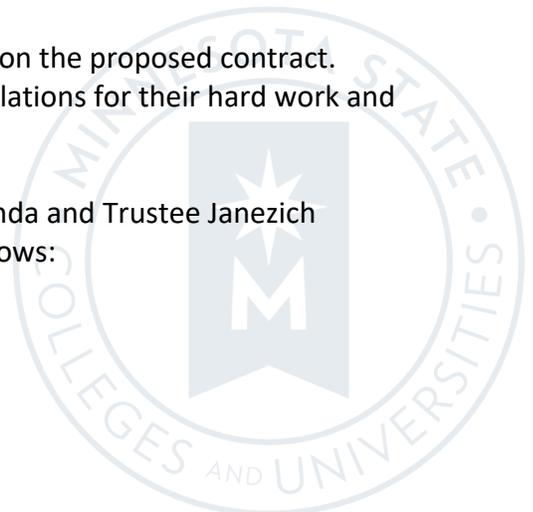
**Approval of 2021-2023 Minnesota State College Faculty Master Agreement**

Chair Moe welcomed everyone and stated the purpose of this special meeting was to approve the 2021-2023 Minnesota State College Faculty (MSCF) Master Agreement. Chair Moe invited Eric Davis, Vice Chancellor for Human Resources; Chris Dale, Senior System Director for Labor Relations; and Betsy Thompson, Director of Labor Relations to provide a summary of the Master Agreement.

Chair Moe then called on members of the Board to comment on the proposed contract. Several trustees expressed thanks to both MSCF and Labor Relations for their hard work and persistence.

Trustee Sheran made the motion to approve the consent agenda and Trustee Janezich seconded. A roll call vote was conducted. The vote was as follows:

|                   |        |
|-------------------|--------|
| Trustee Ajogun    | Absent |
| Trustee Ayemobuwa | Yes    |
| Trustee Cirillo   | Yes    |
| Trustee Cowles    | Yes    |
| Trustee Erlandson | Yes    |



|                   |        |
|-------------------|--------|
| Trustee Grabowska | Yes    |
| Trustee Huebsch   | Yes    |
| Trustee Janezich  | Yes    |
| Trustee Moe       | Yes    |
| Trustee Morillo   | Yes    |
| Trustee Nishimura | Yes    |
| Trustee Oballa    | Absent |
| Trustee Sheran    | Yes    |
| Trustee Soule     | Yes    |
| Trustee Tefer     | Yes    |

The board voted unanimously to approve the recommended motion.

**Adjournment**

Chair Moe adjourned the meeting at 1:13 p.m.