

**MINNESOTA STATE
BOARD OF TRUSTEES
COMMITTEE OF THE WHOLE**

JANUARY 23, 2018
McCORMICK ROOM
30 7TH STREET EAST
ST. PAUL, MN

Committee Members Present: Chair Michael Vekich and Trustees Ann Anaya, Basil Ajuo, Alex Cirillo, Jay Cowles, Dawn Erlandson, Amanda Fredlund, Bob Hoffman, Jerry Janezich, Roger Moe, Rudy Rodriguez, George Soule, Louise Sundin, Cheryl Tefer, and Interim Chancellor Devinder Malhotra

Committee Members Absent: Trustee AdbulRahmane Abdul-Aziz

Leadership Council Members Present: Senior Vice Chancellor Ron Anderson, Vice Chancellors Laura King, and Ramon Padilla, Presidents Peggy Kennedy, Angela Millender, Joe Mulford, and Scott Olson

Guests: From Minnesota Precision Manufacturing Association partnership (MPMA), Peter Wielinski, Amy Walstein, and Tom Chacon

The Minnesota State Board of Trustees Committee of the Whole held its meeting on January 23, 2018 in the McCormick Room, 30 East 7th Street in St. Paul, MN.

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

Workforce Development Scholarship Pilot

President Mulford thanked the Board of Trustees, the Legislature, Minnesota Chamber of Commerce, Minnesota Business Partnership (MBP), and Higher Ed Committee for their investment in the Workforce Development Scholarship Pilot. The scholarships were initially funded by a legislative appropriation of one million dollars.

This is truly a private - public partnership that has brought together colleges, K-12 education, businesses and communities to develop key requirements for this scholarship program. Minnesota State is happy to announce the availability of 400 new scholarships of a minimum of \$2,500 each for students enrolling in academic programs at state colleges in fields with high employer demand including advanced manufacturing, agriculture, health care services, and information technology. Each Minnesota State institution received a minimum of fourteen scholarships with a maximum of twenty.

President Mulford shared examples of how Pine Technical and Community College (PTCC) approached implementing this scholarship program. PTCC formed a partnership with the fourteen surrounding high school districts in the East Central Minnesota Educational Cable Cooperative consortium to raise matching funds. This resulted in an increase in the total dollars

awarded to recipients for a total of three thousand five hundred dollars per scholar. The funds allow students to concentrate on studies, not finances. The goal of PTCC was to be the single largest scholarship awarded on scholarship night. This scholarship program sent a message about affordability of two-year education programs while engaging the local community and promoting local workforce development.

President Kennedy thanked the legislature for the funds and shared information on the approach of Minnesota State Community and Technical College (MState) to the scholarship program. MState was awarded twenty Workforce Development Scholarships. The MState Foundation is working to encourage both individuals and business and industry partners to contribute an additional fifty thousand dollars. So far, MState raised an additional twenty-six thousand dollars. The local chambers are involved in fund raising, as well as application review. The four chamber presidents as well as the campus career services person, and the Chief Executive Officer of Rural Minnesota Concentrated Employment Program Dan Wenner will select the awardees. The signing day at the local sixteen member high schools will generate press and awareness to this scholarship program as well. This scholarship has been, and will continue to be, recognized publicly through social media and other methods.

President Kennedy introduced Dr. Peter Wielinski, Chief Student Services Officer, to share more information about this scholarship program. Dr. Wielinski stated that MState worked to strengthen the partnership it had with the regional high schools in a way that promoted the unique value proposition, not only in the amount of money that students would save in accessing quality education or transfer pathways, but also to promote gainful employment in a number of occupational pathways that MState offers. MState reached out to regional high schools to help them increase graduate preparedness and college readiness. This work directly connects to the Workforce Development Scholarship to strengthen these partnerships with high schools and the communities as well.

President Mulford introduced guests from the Minnesota Precision Manufacturing Association (MPMA) President Tom Chacon, Treasurer and Vice President of the Education Foundation John Madison, and Executive Director Amy Walstein. Tom Chacon stated that the MPMA is a statewide manufacturing association that has been in existence for over sixty years and has over three hundred and twenty members, dedicated to driving success in precision and advance manufacturing industry. These members employ over one hundred and twenty-four thousand employees. The problem they face is an aging workforce and lacking pool of candidates seeking manufacturing jobs. The MPMA supports this initiative because it provides an alternative to high school students that are looking for other options who lack the funds needed to pursue jobs in these fields.

John Madison stated the MPMA Education Foundation has a long history of supporting manufacturing students through scholarships. This foundation provides on average twenty thousand dollars in scholarship as well as supporting high schools and technical schools by providing grant funding to purchase manufacturing equipment. The MPMA is providing thirty thousand dollars to Minnesota State students to enhance the Workforce Development

Scholarships. This funding will provide additional support for students that hopefully will result in employment in the manufacturing industry.

Amy Walstein thanked the Trustees for the opportunity talk about the Workforce Development pilot scholarship and this public private partnership. Minnesota has a strong manufacturing community that represents 14% of the state's gross domestic product and 19% of the state's workforce. As the labor market tightens and skill gaps continue to be an issue, training the next generation becomes more important than ever. Finding talent is a top priority for Minnesota manufacturers. Partnerships like these are an essential element in bringing new talent into the manufacturing industry. Throughout Minnesota manufacturers are offering tours through the Dream it Do it manufacturing program; they are speaking in classrooms, attending career fairs and bringing in young interns for apprenticeships and summer camps and apprenticeship programs. Creating that spark of interest is only the first step; students must also be prepared to embark in careers in this innovative field obtaining a strong technical education.

The MPMA is proud to be a long-time partner with Minnesota State Colleges and Universities in providing the technical education to ensure the success of new people coming into the manufacturing industry. This partnership also brings in new students, particularly students of color and women, by providing scholarships that will support them throughout their educational experience.

Trustee Cowles thanked the presenters, stating it is important for us to hear this and on behalf; Minnesota State Colleges and Universities receive such important strategic support in the form of a check and partnership in interests around workforce development. Trustee Cowles asked the MPMA to speak about how to address the adults and parents that may not be aware of the opportunities or the nature of the work itself and the changing conditions. Ms. Walstein responded that the parents are also included in the tours and information about the partnerships that are providing training and reducing the debt load shared by students with the parents.

Trustee Hoffman inquired if the MPMA representatives had recommendations of what could be done differently. Ms. Walstein recommended that Minnesota State continue to build relationships between the colleges and the manufacturing community. MPMA is one of many organizations that is involved in the manufacturing community, there are trade associations and local chambers that are ready to collaborate with education to ensure the training provided matches what the industry is looking for. The more relationships formed between business and education, the stronger it will be in delivery to the students.

Trustee Hoffman inquired if Minnesota State needs to reach out or this is best to leave this to the local industries. Ms. Walstein responded that this is a multifaceted effort. Local partnerships are powerful, a number of the presidents have formed these relationships with businesses.

Trustee Sundin stated that one of the initiatives in the Charting the Future was a one stop connection for the manufacturing industry, has that been created? Interim Devinder

responded that this is the Comprehensive Customized Training program. Interim Director Trent Janezich is working on implementing a statewide system to address customized training and continuing education. A group is working to create this clearinghouse of information and the contact points. Meanwhile, a regional approach is being used to address this area. The institutions are creating portfolios, sharing information, and coordinating activities on how to deliver customized training and continuing education regionally.

President Mulford stated this scholarship gave PTCC another reason to engage parents and students about the opportunities. It also led to open dialog between other influencers, teachers, counselors, principals, and local business leaders and manufacturers. Conversations like these are happening across the state.

Riverland Community College used this opportunity to connect with local organizations and formed partnerships that resulted in doubling the scholarships they will award from \$2,500 to \$5,000. Century Community College was able to increase the scholarships offered to \$3,000. This pilot has created opportunities to change the dialog in local communities and is resulting in stronger partnerships.

Chair Vekich thanked the MPMA presenters for their work on this partnership and the work they are doing for students. Thank you for being a valuable partner in the student success.

Next Gen Enterprise Resource Planning (ERP) Semi Annual Update

Chair Vekich introduced the Next Gen Enterprise Resource Planning (ERP) Semi Annual Update.

Senior Vice Chancellor Anderson presented the Next Gen ERP Semiannual Update for January 2018. This project has been under development and a topic on the board agenda for the past two years and is moving to an implementation phase. The phrase "Next Gen ERP" is used to acknowledge that Minnesota State is not only moving to a new system but to something that will be looking to the future. Selecting a solution that is future proof, means that it will offer iterations and development over time. This will be a significant difference from the product currently in use, which was developed internally and has been working successfully for the past twenty-two years. The goal is to look forward, not only to meet the needs of the students, faculty, and staff, but also to choose a tool that will allow adaption as the technology changes and as students' needs change as well.

The ERP Steering committee membership includes Presidents Scott Olson and Angela Millender; Vice Chancellors Ron Anderson, Ramon Padilla, and Laura King; and Interim Executive Director of Internal Audit, Eric Wion. This is the senior group, which is responsible for working with the executive sponsor Chancellor Malhotra, as well as the presidents, and the campuses on this project. This committee will provide oversight to the work, approve timelines, and trouble shoot any emerging challenges. The members recognize and acknowledge the commonalities and the uniqueness of the two-year and four year sectors, so presidential representation was an important factor in forming the executive committee.

Trustee Vekich inquired if having such an illustrious committee membership would mean that the trustees should expect that this project would finish early and on budget. Senior Vice Chancellor Anderson responded that the trustees could expect that this project will be managed and led as well as it possibly could be. The committee will do everything in their power to ensure that it is on schedule and within budget.

Vice Chancellor Padilla presented the objectives of phase one of the project, as shown in the power point. The organizational structure for phase one is in place; the roles under the coordinating committee may change as work with the vendor progresses. The coordinating committee will be made up of the leaders of the different teams listed lower on the chart. This reduces the risk of having a decisions made by one team without the consideration and input of the other teams.

Trustee Cirillo inquired if staff will be trained to do business process analysis. Vice Chancellor Padilla stated the vendor would do the analysis. Trustee Moe inquired if the leadership team is monitoring the rollout of the Motor Vehicle Licensing system. Senior Vice Chancellor Anderson responded that yes the team has been paying careful attention to that project.

Trustee Anaya inquired if the vendor will provide advice on change management in the amount and caliber of change and anticipating how individuals will cope and adapt with that amount of change. Vice Chancellor Padilla stated the vendor is supplying a change management specialist as part of the contract. In addition, an internal change manager will be assigned to this project. Change management will be a part of everything.

Trustee Erlandson inquired this process is going to take additional time and state funding, how do predictive analytics related to student success fit into this project? Is this taking place now or will this need to wait until later? Vice Chancellor Padilla stated that the system is engaged in predictive analytics to the capability that it can right now. If the system wants to be able to do predictive analytics for student success or any of the other areas, a strong core system is needed to do the analysis. The Next Gen ERP will be that core system; it will gather the key data for these types of analysis.

Vice Chancellor Padilla presented slides that provide information on the Business Process Reviews (BPR). The proposed approach for the Minnesota State NextGen Project is to take advantage of both the project team structure and retain inclusive engagement with the larger institutional community to foster feedback, buy-in, and communication.

The BPR and requirements gathering work teams will include the members of the NextGen project team, subject matter experts (SMEs) from the system office, and selected members of the institutional community who can offer insight, vision, and perspective on the current-state and provide vision and thoughtfulness to the designed future-state. The work teams will be responsible for filtering information/status back to the larger community and will participate/co-present in the regional meetings.

Winona State University President Olson stated that one of the processes that students are taught goes by AIDA and it stands for Attention, Interest, Desire and Action. The idea behind this is that first, you get folks attention, and then you spark interest to create a desire to do something. Then you mobilize people to do an action by campaigning to promote awareness throughout the system that this project is happening. Faculty, students, and staff awareness will be needed. This campaign will also be used to mobilize enthusiasm due to the long process and hard work as well as help maintain energy all the way to the end. The Leadership Council and ERP Steering Committee agree that it will be important to keep all constituents well informed. This will be accomplished by a variety of methods of communicating including having the chancellor send out communications to the community, conducting a series of introductory webinars to introduce the project team, and possibly a video that documents the project.

President Olson introduced Century Community College President Millender who has experienced the process of changing ERPs previously. President Millender stated that many levels of communication would be required in preparing for large-scale change, inherent in a project of this magnitude. To the end, the communications and change management plans must be built out and refined. Campus subject matter experts must be engaged to ensure broad-based involvement at each iteration of the change process. Leadership and communication will be required at all levels. Change management was a requirement within the RFP and the vendor will assist in creating change management plans.

Trustee Rodriguez thanked President Olson and Millender and stated that the efforts around change management was what the board needed to hear. With a project of this magnitude, it is important to market the project so that there is buy in and continued interest and action. Keep in mind the benefits and market the future state as well.

Trustee Hoffman shared appreciation in the background information presented, but does not see the detailed plan including the accountability in these documents. Minnesota State will be asking the legislature for an additional one hundred and forty-two million dollars. What are the specifics, measurements, and deliverables? Vice Chancellor Padilla stated that a high-level project plan has been provided, and he expressed willingness to put before the board a detailed plan.

Interim Chancellor Malhotra stated that this is really the preparation phase. The results of this phase will spawn other activities and actions that will take Minnesota State through the other phases until completion. The Trustees need this information and a more detailed presentation will be delivered before the legislative session. Chair Vekich responded that it might be possible to do a study session on this topic.

Trustee Cirillo inquired if the vendor was bringing the change management process and a Change Manager. Vice Chancellor Padilla stated that the vendor is bringing a change manager and Minnesota State will have an internal one as well. The project team and the ERP Steering Committee will work together to build the change management process.

Trustee Anaya stated that it would be helpful for the board to have a high-level view of the overall plan. Issues, Research, Analysis and Conclusions (IRAC) is one approach to sharing this information, which many of the board members may be familiar. What are the issues that need to be addressed? What were the research results used to develop the plan? What is the analysis of the plan? What issues with the roll out plan have been identified and how might they may be addressed? Finally, the conclusions that will lead to the legislative ask.

Vice Chancellor Padilla stated that it has taken two and a half years to get to this point and the information has been presented to the board. The preplanning phase included hiring a vendor to help research what it would take to change ERPs. This included an estimate of the cost. A detailed project plan can be presented to the board.

Trustee Anaya appreciates the research that has been done; a summary of the findings as well as the conclusions would bring the board up to speed on this project.

Chair Vekich recommended that an offline discussion take place on how to best approach a reporting process to the Board of Trustees and then the topic be brought back to the board. This is a massive change to the system. Most enterprises that enter a project like this have known funding. He would invite a discussion of what the plan would be if the funding does not occur at the level needed or if the progress on the project slows down or is paused. What are the enterprise risks?

Vice Chancellor King stated that what is presented here today is phase one; this information has been carefully encapsulated to only include the work for which the funding is available today. This sets the table for the next set of decisions, which would not come before the board until there is a funding plan in place. Phase one work has been packaged clearly and intentionally to use the resources that the legislature has provided. This will allow us to get through the legislative session and allow us to gather advice for the next phase of funding.

The board will discuss the funding model in the spring and about how to approach the biennial budget request. If Minnesota State gets through the 2019 legislative session and does not receive the funding, the topic of how to move forward will come before the board from a finance and a project deliverable standpoint. Phase one has been structured to deliver as much as possible while staying on budget.

Chair Vekich stated that the presentation needs to include information on the enterprise risks if the funding does not occur at the expected basis. Vice Chancellor King stated that this information could be brought back to the board in the spring. Vice Chancellor Padilla stated there is no doubt the enterprise risk is substantial today and doing something about the core systems is essential. This phase will answer the question of how to approach a solution.

Trustee Erlandson stated that in the past the board has talked about the difficulty in getting the legislature to fund this type of work. When the board first started talking about this, most of the board members around this table did not understand it, since it is technology and it is not glamorous. To succeed in a legislative request for funding, the information presented must

connect the investment to student success and student outcomes as well as getting people payed on time and such.

President Olson agreed on the need to communicate this continuously. Today's presentation started downstream and did not include a slide about the risks involved. The system currently in place uses a program language that is obsolete. Minnesota State is a few retirements away from not having programmers on staff whom can resolve issues in this language. What are the risks? If Minnesota State had a major system collapse, students would not be able to register, get transcripts, or grades; employees would not be paid; classrooms would not be able to be scheduled; this system governs all of that and more. The system leaders spend time worrying about a collapse. The University of Minnesota has made two ERP changes. The reason Minnesota State is late to the party is that ISRS has served us well over its lifespan and this life span is coming to an end. President Olson agreed that the focus needs to be about why this is important to students, faculty and staff and what the risks are if this project is not completed. Chair Vekich inquired if ISRS has enough gas to get through this transition. Vice Chancellor Padilla stated that IT would ensure that ISRS gets us through the process.

Interim Chancellor Malhotra stated that there are foundational risks with not going forward with this work, but more importantly, there are things that the system currently cannot do, which will be available with a new ERP. When this is fully in place, Minnesota State will be able to do predictive analytics and data analysis. Currently there are institutions involved in this work, but they had to use an outside vendor to do the data analytics and will resume control after. The expectation is that the new system will give us the capacity and ability to develop a solution that will gather the data for all institutions. This is particularly important to the smaller two-year institutions and is a core element of the foundational work on student success.

Trustee Tefer stated that everyone who has worked in this system knows this sounds like a lot of money, but this is the thread that can pull the system apart. Minnesota State rises and falls on this technology, it is the system keeps everything going. ISRS has been around a long time and Minnesota State cannot to survive without this change.

Trustee Soule stated that this topic has been on a majority of the agendas since joining the board and expressed appreciation on the level of reporting and detail that the board has received. The board can see that a lot of work has been completed in planning this project.

Vice Chancellor King noted that a copy of the legislative talking points had been placed in the trustees' documents. The work to gather the information for the document was generated as a part of Charting the Future. It is an attempt to capture the student-facing story. Many of the students who participated in Charting the Future became advocates and testified to the legislature in support of this request. Since then, the students have graduated and the next generation of student champions are being sought. The board members are right, the story about how an investment in replacing the ERP that Minnesota State uses will make a difference for the students and constituents will be more successful.

Vice Chancellor Padilla, introduced Interim Executive Director of Internal Audit Eric Wion to share information about the role audit will have to have in this process with the board.

Mr. Wion presented slides describing Internal Audit's role in the Next Generation ERP project. Mr. Wion will serve as an ex-officio member of the ERP Steering Committee to provide guidance on processes and controls. As well as staying up to date with project milestones. Internal Audit will conduct periodic project risk reviews at timeframes throughout the project. Baker Tilly, Internal Audit's partner, has an adaptable approach to conducting this kind of work based on industry standards, leading practices and methodologies, as well as lessons learned with similar projects. The final role that Internal Audit will play is to report the results and recommendations to the steering committee, leadership, and the board.

Chair Vekich confirmed that the Board of Trustees Audit Committee is in support of this plan and noted that Mr. Wion's presentation reflects in part in many of the questions the board members have been asking. It is appropriate that Mr. Wion will be a part of this project and be presenting to the board.

Interim Chancellor Malhotra stated that the project risk reviews and reports would serve the project well in providing the assurance that the board deserves and needs. The first risk review has begun for phase one looking at the governance and the communication structure associated with this phase. Mr. Wion confirmed that the overall approach to auditing this project has been developed. The first assessment will be an audit of the governance structure.

Vice Chancellor Padilla was happy to state that Minnesota State is starting phase one of the Next Gen ERP project. This is exciting, it took a long time to get here and within the next two years, a lot of work will occur in order to be ready to make decisions on and complete the new system. No matter what happens in the next two years, the work completed will be important. This includes developing and understanding the business practices, cleaning up and preparing the system's data for analytics, and so forth. This is a milestone day.

The meeting adjourned at 2:02 p.m.

Respectfully submitted
Christine Benner, Recorder