

**MINNESOTA STATE
BOARD OF TRUSTEES
COMMITTEE OF THE WHOLE**
March 20, 2018
McCORMICK ROOM
30 7TH STREET EAST
ST. PAUL, MN

Finance and Facilities Committee Members Present: Chair Jay Cowles, Trustees Basil Ajuo, Robert Hoffman, Jerry Janezich, Roger Moe

Absent: Trustees AbdulRahmane Abdul-Aziz, Ann Anaya

Other Board Members Present: Trustees Alexander Cirillo, Dawn Erlandson, George Soule, Louise Sundin, Cheryl Tefer, Michael Vekich

Cabinet Members Present: Chancellor Devinder Malhotra, Senior Vice Chancellor Ron Anderson, Vice Chancellor Laura King

The Minnesota State Committee of the Whole held its meeting on March 21, 2018 in the 4th Floor McCormick Room, 30 East 7th Street in St. Paul, MN.

Chair Vekich called the meeting to order at 1:10 p.m. There was a quorum.

1. National Trends in Higher Education

Senior Vice Chancellor Ron Anderson presented.

At its retreat in September, the board engaged in discussion about the work of its committees during fiscal year 2018. During that discussion, the board stressed the need to ensure that committees and the board as a whole are focusing on the most important local and national strategic issues that are impacting higher education and the work of Minnesota State's colleges and universities. There were similar discussions at the Leadership Council retreat in September. The organizing principles that guide the system's work were reaffirmed. They are: 1) the success to students, 2) commitment to diversity, equity, and inclusion, and 3) the financial sustainability of the colleges and universities.

Subsequent planning and discussion underscored the need for a broad scanning of the national education landscape in order to identify the current and emerging issues and themes, and to ensure that our system priorities continue to address the most salient issues facing our students, communities, and the state. This included:

- A January joint session for the Board of Trustees and Leadership Council led by George Mehaffy, Vice President for Academic Leadership and Change with the American

- Association of State Colleges and Universities (AASCU),
- As well as a review of more than a dozen higher education professional associations, advocacy organizations, and key publications to identify key policy issues and national initiatives.
 - This work will be augmented this spring with an additional joint session for the Board of Trustees and Leadership Council in May which will be led by Sylvia Stout, President of Achieving the Dream initiative.

As a result of this work over the last 6-7 months, the Academic and Student Affairs division identified key themes and an organizing framework for considering current and future board and committee work. An initial version of this organizing framework was shared with the Board of Trustees Executive Committee on January 10, 2018. During discussions at that meeting it was recommended that there be broader committee discussion of the framework, and that the scope of the initial review be broadened to include additional organizations and updated to reflect the emerging priorities for 2018.

The six national trends and issues that emerged from our initial scanning:

1. The value and purpose of higher education
2. Student success, enrollment, and changing student demographics
3. Innovation and quality in curriculum, programming, services, and operations
4. Campus climate
5. Disinvestment in public higher education
6. Affordability and student debt

Additional issues of national concern emerging in 2018 include:

1. Federal policy
 - Includes issues of regulation, accreditation reform, the reauthorization of the Higher Education Act, and
2. Leadership and change
 - Includes issues of leadership development, change leadership, and support for presidents

There were different sources that were reviewed and themes were identified. In some instances, these source organizations explicitly enumerate top trends and issues. Trustee Hoffman commented that reducing cost to post-secondary was not included in the national trends and issues list. Senior Vice Chancellor Anderson responded that they fall under #3 Innovation and quality in curriculum, programming, services, and operations.

The organizing framework offered in the board material is an example of how the board may consider the salient national issues in relation to its committee work moving into next year.

Within that context a few observations are:

1. There is significant overlap and interconnectivity between the work of the committees, there is an opportunity for greater integration and cross-committee planning and discussion.
2. Some of the themes are addressed more fully in this year's work than others. This framework provides greater visibility into that alignment, and suggests a discussion about whether or not additional work or emphasis within a specific area is warranted.

It helps at the system level for vice chancellors to think about how the divisions' align. The following questions were posed to the board for discussion:

1. Does this framework provide a useful structure for organizing current and future board and committee work?
2. Are there additional issues or themes that the board would like to see added to the framework?
3. How might this organizing framework engender new discussion and work planning for the coming year?

There were questions on the National Issues and Trending Themes in Higher Education chart that was provided in the board material:

Trustee Cirillo commented that the target could be used for the system in order to take a look at what is happening around the country, then bring solutions for consideration. This should teach new ways of behaving and should be giving new ideas for innovation.

Trustee Hoffman commented that the two things which are two important issues across the country that should be included are: 1) reduce to cost and 2) driving competency driven outcomes.

Trustee Erlandson commented on the value and purpose of higher education. There was a survey that came out which shows the partisan difference in the view of the value of higher education. There is some overlap in areas that interact with students like developmental education redesign. If a better job is done it makes college more affordable and takes less time, therefore demonstrating greater value of higher education. Trustee Erlandson asked for an explanation on the column. Senior Vice Chancellor Anderson responded in placing the indicator (x) and aligning the agenda items to the columns, the theme is about the public narrative of higher education and the public's understanding of the value of higher education.

There are connections to different initiatives. There is a need for us to be explicit in the value of education that we bring beyond private education.

Trustee Erlandson agreed and asked about the response of the survey data and whether it is known that the respondents see a public and private good. If the students see it they will talk about the value. On the public narrative, what is the ROI for the State of Minnesota.

Vice Chancellor King responded that the economic impact analysis engagement is about to get launched. The information will be updated and refreshed from five years ago at the system and campus level for the next legislative session. Chair Vekich asked what the previous number used was and whether an economist was engaged. Vice Chancellor King responded that she recalled \$7 or \$8 to one. Noelle Hawton, Laura Urban, Jaime Simonsen and Vice Chancellor King reviewed proposals from a variety of firms that use the same basic econometric instrument and are all able to provide desired data.

Trustee Erlandson asked whether the report is looking at the multiplier at short-term. Vice Chancellor King responded the consultants are being asked to provide an activity value. It won't be just a short-run. Chancellor Malhotra responded to Trustee Erlandson's question about methodology and the multiplier effect that is used. The study will measure both the dollar that is spent for education by the students and the spending of our employees. The student's expected life cycle earnings are compared to the educational costs for the student. These are fairly highly returns; there is nearly a 30% premium in earnings for individuals who obtain an associate's degree as compared to high school graduates, and up to a 50-60% premium for those who earn a bachelor's degree. This explains in part why the value of higher education traditionally has been viewed as a catalyst for upward social and economic mobility. In recent years there has been significant national attention given to quantifying this mobility. Under Senior Vice Chancellor Anderson's leadership, we are participating in a national study being undertaken by economists at Brown University, examining the impact of degree attainment on the economic mobility of Minnesota State students.

Chair Vekich asked whether there is a ranking that will illustrate the economic impact of our system compared to others. Vice Chancellor King indicated that she would search for that information but is not aware of it.

Returning to the main presentation, Trustee Tefer asked whether the Minnesota Alliance for Nursing Education can be listed under the sub sections under academic and student affairs for review. Senior Vice Chancellor Anderson responded yes. A presentation around the nursing education model can be provided to the board, in relation to the ongoing discussion about

collaborative campus and regional planning. This project is producing guidelines/principles and tools for collaborative academic and facility planning, program development, and delivery.

Trustee Cirillo asked whether or not there were other issues of importance to the system that are not captured in the themes identified in the board materials. Senior Vice President Anderson responded the topics are broad and cover the most salient issues facing higher education nationally. The important upcoming work for the system is determining how to best address the changes necessary to respond to these issues. This work is closely tied to issues of culture, leadership and change management, understanding our history and culture relative to these themes, and determining how to effectively pivot and move to the next stage of maturation as a system.

Trustee Moe commented that greater attention is needed in the area of meeting the state's needs for a trained workforce. Doing so will address financial sustainability, student success, and inclusion and diversity in the workforce. The business community, which benefits from an educated workforce, needs to be more involved and integrated into the process. Chancellor Malhotra agreed with Trustee Moe and noted that as institution of higher learning, the focus has been on regular programming but not always on its relevance to work life efforts. That is the kind of work that is needed as we think of innovation and quality in curriculum design and programming.

Trustee Hoffman asked how we will work into the framework issues of competition and the legislature, which will play a significant role our future. Senior Vice Chancellor Anderson responded that there are a number of strands that cut across these topics, and that we will work to identify those strands within the proposed framework.

Trustee Cirillo commented when this was discussed at the retreat, the purpose was to get aligned with recognizing what's happening on a global basis. Economic development, workforce development are important aspects of our work, but are not themselves emerging issues or themes as defined in this context.

In examining the theme areas, Trustee Cowles questioned whether or not board should reconsider its current committee structures, noting that current committees are aligned with operational functions and compliance rather than critical issues in higher education. He noted that the columns of the proposed framework represent the most salient issues facing leadership and suggested that the board consider restructuring committees around the themes as a means of ensuring cross-functional conversation and considerations across each issue area.

Chancellor Malhotra made closing remarks that the premise of the work is to develop a framework to add focus and intentionality to the work and recognize the overlap which exists among the focus and work of the committees. The purpose of presenting this item is to see if the framework can be used as a guide to organize work for the upcoming year. Chancellor and Senior Vice Chancellor Anderson will follow up on the discuss ideas from this meeting.

Senior Vice Chancellor Anderson commented that this is very exciting conversation on how to get out of the traditional ways of functioning and thinking about our work. This offers a new way of looking at how we can best transform our work to better serve our students and communities across the state.

2. Next Gen Update

Vice Chancellor Padilla was accompanied by Senior Vice Chancellor Anderson, Vice Chancellor King, and Presidents Angelia Millender, Century College and Scott Olson, Winona State University.

Vice Chancellor Padilla introduced the topic focusing the discussion on Next Gen project management and board oversight. The discussion will cover:

- Project Objective – to provide and enhance student experience, and future-proof technology investment
- Project Design summary
- Review of dashboard template
- Communication plan/ frequency of communication

The project objective is to “Provide an enhanced student experience and “future proof” our technology investment. Vice Chancellor King spoke on the project budget. The project is in Phase 1 which is financed with assistance received from the legislature last session. They provided \$4 million a year in base funds beginning in FY2018It is anticipated that Phase 1 will be finished next May. Phase 2 involves installing the new product. That will start in FY2020 when the full finance plan is in place.

The Governor recommended \$8.5M for Next Gen in FY2019 to be added to the \$4M approved as of FY2018. The staff will come back to the board in the fall to discuss FY2020 and FY2021 funding.

Senior Vice Chancellor Anderson provided highlights on the discussion at the board level over the last several years. New since the last board presentation is the formation and initiation of the campus based working teams. The teams will kick off in May and are focused on defining current practices. It is anticipated that 200 campus people will be involved in the Phase 1 business process review over the next nine months.

The Phase 1 project organizational structure was reviewed with the committee including the special attention to the reporting and analytics role which is becoming increasingly important. The project will provide reporting and feedback to the board with a monthly status report.

Trustee Erlandson asked whether the reference to student success and admissions and recruitment on the organizational structure include retention. Vice Chancellor Padilla responded yes. They tend to align with the modules in a typical ERM package. Each area will get more granular.

Trustee Cowles commented that the board should remain apprised on how the reporting and analytics and information technology might drive functional change in the system office and on the campuses. This is a critical skill set. It is hoped that data access and privacy will also be reviewed.

Chancellor Malhotra commented that there is a broader discussion around data and analytics. Strategy was informed by data. Vice Chancellor King commented that there will be changes across the organizational structure. Jobs, skill sets and the way the work gets done will change.

Chair Cowles commented on the status report. Time compression was recognized. Maybe there is an opportunity for building cross-functional team coordination and education. Vice Chancellor Padilla responded that is part of the change management strategy and the coordinating committee is made up of leads so that as decisions are made, they are heard across the organization.

Trustee Tefer asked whether there is multi-campus participation and whether the project management team are faculty and staff. Vice Chancellor Padilla responded that the team leads will be made up of subject matter experts from across institutions.

Trustee Soule asked how many commercial software vendors are in the market that would fit our needs. Vice Chancellor Padilla responded that we have not started looking at software. That will be at the end of Phase 1. He expects there may be six or less software vendors capable of supporting an organization our size.

Senior Vice Chancellor Anderson provided the key milestones that will be updated regularly.

Vice Chancellor King commented that there will be quarterly board presentations and monthly email communications of updates. There will be a participant SharePoint site as well as a SharePoint site for employees with information as the project advances.

The project's next milestones are:

- June 2018: Current State definitions complete
- September 2018: Future State Workshops underway
- January 2019: Future State definitions complete

Chair Vekich commented that it would be helpful if the SharePoint site was made available to the trustees and asked for a clear definition of what will be reported to the trustees on a monthly basis.

Trustee Cowles asked about the work continuing during the summer and what aspects will continue throughout the year. Vice Chancellor King responded that there will be continuous work being done between June and September.

Chair Vekich asked about the timeline on the system office and campus project contribution and asked for more explanation of how that allocation will work. Vice Chancellor King responded that the campus contribution will occur in FY2019 if the 2018 legislative request is not successful and the allocation information has been provided to the campuses. The allocation methodology will be detailed in the May board report when the system's 2019 operating budget is brought forward to the board.

Trustee Vekich asked whether there are accountability details that haven't been addressed at the meeting. Vice Chancellor Padilla reminded the board that internal audit is also actively engaged in the Steering committee and will be reporting from a risk and ERM standpoint.

Trustee Cirillo asked whether there will be project cost accounting by function or campus. Vice Chancellor King responded the only campus cost will be loaned labor. The project cost will be carried at the project level.

The Presidents were asked to comment. President Olson commented the steering committee is advantaged because President Millender has been through a system implementation. The request for team members went to the campuses a few weeks ago. At the moment, people who work with student records are highly motivated to work on this change. This is the biggest thing that the system will do together over the next five years. There may be moments when processes have to change and people may get discouraged but there is no choice in order to avoid the collapse of the ISRS system.

President Millender concurred with President Olson. The high end users are welcoming the change. Some of the other college constituents who don't use it often will need to be bought into the change. Faculty will need to understand a lot more about the system and there will be some resistance to the time and costs of the project. It is hoped that there is a lot of momentum going into the project. There should be communication on value and need. In speaking from experience, the Minnesota State approach to this project is much better than her past experience

at two systems which were much smaller. The change management process or Phase 1 process was not engaged in her prior experience. It will be a challenge, but there has been many successful implementations of an ERP change at institutions across the nation.

Trustee Janezich referred to the charts and pointed out that the faculty wasn't part of the first group. Senior Vice Chancellor Anderson had a conversation with two of the state wide faculty leaders last week about the project.

There were no further comments.

The meeting adjourned at 2:10 p.m.

Respectfully submitted

Maureen Braswell, Recorder