

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE  
MEETING MINUTES  
December 17, 2007**

*Finance/Facilities Policy Committee Members Present: Clarence Hightower, Chair; Tom Renier, Vice Chair; Trustees, Duane Benson, Michael Boulton, Ruth Grendahl, Dan McElroy, Scott Thiss, and James Van Houten*

*Other Board Members Present: Caleb Anderson, Cheryl Dickson, David Paskach, and Christine Rice*

*Leadership Council Representatives Present: Vice Chancellor Laura King; Vice Chancellor Ken Niemi; President Judith Ramaley, Winona State University*

The Minnesota State Colleges and Universities Finance/Facilities Policy Committee held its meeting on December 17, 2007, 4<sup>th</sup> Floor, Board Room, 30 East 7<sup>th</sup> Street in St. Paul. Chair Hightower called the meeting to order at 12:40 pm.

**1. MINUTES OF NOVEMBER 14, 2007**

The Finance/Facilities Policy Committee meeting minutes of November 14 2007 were adopted as presented.

**2. FINANCE/FACILITIES DIVISION UPDATE (*Information Item*)**

There were no update items.

**3. 2010-2015 CAPITAL BUDGET PROCESS DESIGN (*Information*)**

Associate Vice Chancellor Allan Johnson reviewed the capital budget timeline noting that the Board will be asked to approve new capital budget guidelines for the FY2010-2015 round of capital projects in May 2008. The "bonding" year is usually the even-year legislative session and the colleges and universities are currently promoting their 2008 projects with legislators. Over 75 campus visits were made by legislators.

The capital budget process employed to date has been well regarded by college and university presidents, as well as legislators, the Department of Finance and other stakeholders. Earlier this fiscal year the committee undertook a discussion of several process changes for implementation for the 2010-2015 decision making. The foundation of the capital budget is the System Strategic Plan. One possible change would be the establishment of four or five specific criteria for capital priorities (e.g. improved science facilities, improved technology lab spaces, improved energy and sustainability, reduction of the Facilities Condition Index (FCI), etc.). These focused, specific criteria would then receive higher points in the scoring process. The committee declined to support this suggestion.

The current process required all projects to be evaluated and re-evaluated each budget cycle. The committee agreed that if a project hasn't materially changed in scope or cost and if market/external factors have not significantly changed it would not be required to go through the process a second time and projects would simply retain their relative position on the list. Institutions could retain the option to re-present if they wish. This process will allow more time for reviewing new projects. Vice Chancellor King noted that a new process would be developed so new Board members would be familiarized with projects that had been approved before they became members of the Board. The first reading of the FY2010-2015 Capital Guidelines will be at the March committee meeting.

4. **FY2009 OPERATING BUDGET PLANNING (Information)** Vice Chancellor King noted that at its November 2007 meeting, the Board discussed limiting tuition increases to 2 percent for both colleges and universities and replacing the \$12.4 million of revenue with a combination of base and one-time funds. After considerable discussion, the Board expressed interest in limiting tuition increases to 2 percent at colleges and 3 percent at universities for a cost of \$9.5 million. The Board was concerned about the use of one-time funds and suggested that the base initiative funds be allocated to the colleges and universities. In the future, system wide initiatives could be supported from the use of one-time funds such as extraordinary interest earnings or budget savings/carry forward.

There are several unknowns concerning the operating budget in the next biennia. Vice Chancellor King commented that the state economic forecast looks difficult for the next biennia. Students are also very sensitive about tuition at the two year institutions as compared with other states. The unknown cost of unsettled faculty contracts adds additional pressure to institutional budget planning.

The FY2009 Operating Budget Including Tuition and Fees will be presented to the committee at the January 2008 meeting for its first reading. Because Vice Chancellor King needed direction for preparation of the operating budget for that meeting Chair Hightower polled the committee. Trustee Grendahl suggested increases could go as high as 4%. Trustee Van Houlton suggested no increase for colleges and a 4% increase for the universities. The majority of the trustees (Dickson, Boulton, Thiss, and McElroy) suggested 2% tuition increases for colleges and 3% tuition increases for the universities. The report will be based on that feedback. The Board is scheduled to adopt the final FY2009 operating budget at the March 2008 meeting.

5. **INFORMATION TECHNOLOGY ENTERPRISE INVESTMENT PLAN REPORTING FORMAT (Information)**

Vice Chancellor Ken Niemi reviewed a more thorough reporting oversight process for monitoring the progress of the Enterprise Technology Investment Plan. Using a series of color coded charts Vice Chancellor Niemi was able to note how projects were tracking. If a project was "green" there were no significant resource, timing, or scope issues. If a project was "yellow" or "red", the Enterprise Investment Committee (EIC) will discuss the key issue or risk, communicate action items, mitigation activities, revised budget numbers and discuss overall project impact. One of the primary reasons for project delays has been key staff resources being unavailable. Chair Hightower asked committee members if this reporting process was satisfactory. After further committee discussion it was suggested that a technology work group or ad hoc committee be formed to clearly define the role trustees will have in project oversight.

Efforts are being made to tell the Enterprise Technology Investment story to our constituent groups and the legislature. Vice Chancellor Niemi also presented a revised Enterprise Investment Management Process which includes a Cross-Functional Review Committee, consisting of students, faculty, campus staff and channel representatives. This group will provide feedback to the Enterprise Investment Committee (EIC) which consists of the four senior vice chancellor/vice chancellors and five college/university presidents. The EIC recommends prioritization of Enterprise Initiatives to the Leadership Council and Chancellor McCormick.

The meeting adjourned at 3:05 pm.

Respectfully submitted,  
Nancy Lamden, Recorder