MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE  
MEETING MINUTES  
October 8, 2008

Finance, Facilities and Technology Committee Members Present: Thomas Renier, Chair; Clarence Hightower, Vice Chair; Trustees Duane Benson, Ruth Grendahl, Allyson Lueneburg, Dan McElroy, Scott Thiss, James VanHouten.

Finance, Facilities and Technology Committee Members Absent: none

Other Board Members Present: Jacob Englund, Cheryl Dickson, David Olson, and David Paskach.

Leadership Council Committee Members Present: President Robert Musgrove, Vice Chancellor Laura King.

The Minnesota State Colleges and Universities Finance, Facilities and Technology Committee held its meeting on October 8, 2008, at Wells Fargo Place, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Chair Renier called the meeting to order at 1:05 p.m.

Chair Renier informed the body that this meeting’s sole agenda item is the scheduled Public Hearing on the 2010-2011 Biennial Operating Budget, and that there will be additional hearings on the budget in the spring of 2009. The challenge is to develop a budget that reflects the strategic directions determined and advanced by the Board of Trustees.

Laura M. King, Vice Chancellor and Chief Finance Officer, provided a brief overview of the proposed operating budget request. She informed the Board that the report, FY2010-2011 Operating Budget Including Tuition and Fees, provided at their last meeting has been updated and re-distributed. She is looking forward to hearing public testimony regarding this important issue. Board members are encouraged to reflect on the testimony heard today as they think about the motion they wish to consider for adoption at the next Board meeting. Please also reflect on the strategy regarding tuition. It is the Chancellor’s recommendation that the Board postpone its tuition recommendation until after the Legislature does its work.

The Power of You, presented by:

President Donovan Schwichtenberg, Saint Paul College
Charlie Weaver, Executive Director, Minnesota Business Partnership
Michael Christenson, Director, Community Planning & Economic Development
Mayor Chris Coleman, City of St. Paul

The Power of You program is intended to increase participation and success of underrepresented students in higher education. This is the 3rd year of the project, which
is supported primarily through community funding. Community support continues to be significant, as demonstrated by the presence of the Mayor of Saint Paul, a representative from the Mayor of Minneapolis and the Director of the Minnesota Business Partnership. Current evaluation of the program demonstrates its success—the number of targeted students at Power of You institutions has doubled, and retention rates are excellent.

**President Ann Valentine, MN State Community and Technical College (MSCTC)**
President Valentine is in support of the System budget as proposed. Reallocations have been common at MSCTC to balance the budget, and they promise continued commitment to responsible stewardship in these economically challenging times. Many students are dislocated workers, non-traditional and first generation students (examples). Critical to keep tuition and educational options open to address poverty and challenges in rural Minnesota as well as the inner city.

**President Sue Hammersmith, Metropolitan State University**
The ultimate goal of Metropolitan State University is to grow to meet the needs of the Metropolitan area. Growth goal is 20,000 students by 2020. They are working in partnership with the multiple 2 year colleges in the metro area to provide extended post-secondary options. Bringing students into higher education important, but also important to retain students to completion. Also, Metropolitan “re-claims” students who left higher education at some point in order to provide them with increased professional skills. Need for greater capacity to address this growing population of students with increased faculty and staff positions. Partnerships with colleges and universities within our system allow for greater financial efficiencies.

**State Chair Chris Frederick, Minnesota State University Student Assn. (MSUSA) and Co-President Ryan Schwingler, Bemidji State University (BSU)**
State Chair Frederick: MSUSA supports a request that asks only for inflationary funding in the full amount needed for the System—this is not the time to ask for increased funding given the current economic situation. The System’s first priority should be to sustain current activity. Students support the goals of new initiatives but any new initiatives should be funded through re-allocation and re-prioritization. Additionally, the System should expand its efforts to seek outside funding sources for initiative efforts and increase collaboration with the Office of Higher Education to revise the State Grant Program to adequately address the needs of part time students. The current request assumes tuition increases—students would prefer a request that fully supports inflationary needs, and make it clear to the legislature that tuition increases and cuts to academic programming will be necessary if they choose not to fully fund our request.

President Schwingler: BSU has been working to trim budget through a number of reallocations and program changes. In spite of the difficult decisions, BSU has come through the process as a strong institution. The current economic situation suggests there will be additional difficult decisions to make. Student leaders would like the Board to consider a request that includes inflation only.
President Jacob Littler, President and Vice President Kary Bowser, Minnesota State College Student Association (MSCSA)
Vice President Bowser: Overall, students believe the System request is modest, strategic and well-thought out. Students would like to see some changes aimed at improvement. College student leaders would like to see the System ask for a 3% inflation increase for operations with only a 2% tuition increase. Students think we should not talk about reallocation prior to the end of session. We should request all that we need to address inflation, and be prepared to reallocate if we are required to do so.

President Littler: Re-stated that overall, students are pleased with the straightforward recognition of inflation in the proposed budget. College students are also pleased that the board and Chancellor McCormick recognize the special tuition challenges faced by community and technical college students. Students support the part-time student grant program in theory, but now may not be the time to begin such a program within the System—we would be better served to work with the Office of Higher Education to address concerns.

President Rod Henry, Inter-Faculty Organization
Faculty are concerned that the legislature is not being asked to pick up the statutory share of inflation—the state historically committed to students bearing one third of the cost with the state bearing two thirds. In recent years, state university faculty salaries have fallen with respect to their peers. The faculty appreciate the efforts made in the last contract to address this problem, but the problem is not yet solved—this is a moving target. The faculty also support the tuition buy down, however the IFO does not agree with a greater tuition buy down for 2 year students than 4 year students. Rate of tuition increase is greater for 4 year students and greater numbers of them take on student debt: 74% of 4 year students as compared to 52% of 2 year students. Reallocation should be used for new initiatives. The IFO believes the System’s central office should be involved in reallocation as well. Given the uncertainty of the current economic situation, we should ask for what we need—other agencies will be doing this, so should we.

Associate Vice Chancellor Leslie Mercer, Minnesota State Colleges and Universities
Speaking specifically to Workforce 2020.
1. Request is consistent with the Board’s strategic plan and priorities
2. While there are many pressing needs, focus is on a few items—Manufacturing and Healthcare, STEM, Customized Training and Business Partnerships/Entrepreneurship
3. This proposal builds on successes we have achieved to date
4. The request has built into it specific, measureable outcomes

Director Susan Heegaard, MN Office of Higher Education
Director Heegaard commended Board and System for leadership in several areas including tuition buydowns (particularly for college students), online learning, STEM efforts, Centers of Excellence, and the Accountability Dashboard. Concerns and questions: Centers of Excellence need to be evaluated for effective operations before growing the number of centers, and hope that there is some flexibility in how the
determination of new centers are arrived at. Also of concern is the part-time grant program proposal that is MnSCU specific. MOHE administers the current state grant program, and believes it works. MOHE has met with System staff, and is willing to work with the System to address concerns without initiating a new program. Additionally, MOHE has questions regarding the Power of You—is there data supporting the expansion of this program? Teacher preparation is of key importance to Governor Pawlenty. Online learning is also a high priority for Governor Pawlenty, who has an interest in making sure the System utilizes its resources to support growth in this area through allocation of existing resources. The budget situation is very difficult, and this Board is encouraged to be strategic in how it prioritizes and presents the System’s needs.

Bill Collins, Interstate Truck Driving School
Wants to provide the Board with an opportunity to better understand how competitive the Truck Driving training industry is. Various colleges are expanding their programs and/or instituting new programs—not certain there is a need to spend the funds to do this. Tuition reimbursement from companies employing drivers is an industry standard. He questions the need to expend marketing dollars in direct competition with private sector providers.

President Robert Musgrove, Pine Technical College
The Board has been offered a broad variety of advice today. His observation is that this process has been collaborative and reflects the collective wisdom of campus and System office leadership and staff. The presidents do appreciate the Board’s willingness to postpone decision on tuition until the legislative session plays out.

Sector Representative Karen Foreman, American Federation of State, County and Municipal Employees (AFSCME)
AFSCME is concerned that the System request does not reflect the reality of the anticipated economy in fiscal year 2010. We do not take issue with specifics of the proposal—they appear to be well thought out and planned. The projected state deficit is extremely large, and the impact of national and worldwide economic difficulties makes it unlikely that there will resources available for an increased request.

President Anne Weyandt, Anoka Technical College and President Terry Bray, Anoka Technical College Student Senate
President Weyandt: She appreciates the request for inflation—it is necessary to support continued efforts to meet the mission to provide quality technical education to Minnesota students. She is also very supportive of the Power of You program, and hope that in time the program can be expanded. A part time grant program is critical to assisting students who cannot attend full time. Campus initiatives are critical, and your support within this request is important. Metropolitan State University’s growth is also an important piece of the Metropolitan area service to students. At a campus level, reallocation is a key piece. Anoka Technical College (ATC) is committed to involving all constituency groups in this process. She would like to keep tuition as low as possible, and is willing to wait until a later date to set tuition.
President Bray: Tuition is of great concern—students are willing to pay their fair share, but are asking the Board to keep tuition down. The textbook rental program at ATC has helped students significantly to keep their costs down. Students would like the Board to limit tuition increases at 2%.

**President Greg Mulcahy, Minnesota State College Faculty (MSCF)**
This request talks a lot about economic engine drivers—the two year colleges produce these people. Unfortunately, there is no mention of the 2 year faculty who play a significant role in this production. Cautions against reallocation discussions because they often lead to the impression that there are already sufficient funds available for the work. The 2 year faculty take issue with the state university special that is included in the request when there work is not highlighted in the request. Therefore, MSCF membership cannot support the budget proposal.

**President Patrick Johns, Anoka Ramsey Community College**
Themes today were related to workforce, access, opportunity and affordability—this is aligned well with our strategic plan. But there has not been a lot of discussion about innovation—we cannot forget about innovation in spite of the challenges we face economically. Even though inflation is our highest priority, it is important that we support the entire request as presented—there is significant innovation contained within, and we cannot regress. Additionally, the cost of higher education has been soaring, and it is important to try to contain these costs. We hope that tuition decisions are made later in the process, and that you allow some flexibility in this process. Finally, the Leadership Council supports this request.

The meeting adjourned at 3:55 p.m.

Respectfully submitted,

Kathy Hanon, Recorder