



**BOARD OF TRUSTEES
MEETING AGENDA
THURSDAY, JUNE 18, 2009
9:00 AM**

**WELLS FARGO PLACE
FOURTH FLOOR, BOARD ROOM
30 7TH STREET EAST
SAINT PAUL, MN**

Chair's Report: *David Olson, Chair*

- a. **Minutes of Board of Trustees Study Session of May 19, 2009** (pp. 1-3)
- a. **Minutes of Board of Trustees Meeting of May 20, 2009** (pp. 4-11)
- c. **FY 2010 Board Operating Budget** (pp. 12-13)
- d. Report of Closed Session on the Chancellor's Evaluation

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES STUDY SESSION
FY2010-2011 OPERATING BUDGET INCLUDING TUITION AND FEES
MAY 19, 2009**

Board of Trustee Members Present: Chair David Olson, Vice Chair Ruth Grendahl; Trustees Duane Benson, Cheryl Dickson, Jacob Englund, Clarence Hightower, Allyson Lueneburg, David Paskach, Thomas Renier, Christine Rice, Louise Sundin, Scott Thiss, Terri Thomas and James Van Houten.

Board Members Absent: Trustee Dan McElroy

Leadership Council Representatives Present: Vice Chancellor Laura King and President Ann Wynia

The Minnesota State Colleges and Universities Board of Trustees held a Study Session on May 19, 2009, at Wells Fargo Place, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Chair Olson called the session to order at 10.15 am. Chair Olson welcomed listeners via live audio streaming.

Vice Chancellor Laura King noted that a new version of the FY2010-2011 Operating Budget board report was handed out at this meeting. The material is the same from a policy standpoint but the numbers have been updated based on current events. Ms. King indicated particular goals for the Board's discussion. The first issue would be to get confirmation on the distribution of state resources (green sheet). Secondly, feedback is sought on the method distribution for federal stimulus funds. Tuition rates are the third topic. The fourth being guidance about prioritizing strategic initiatives and finally, perhaps the most important part of the discussion, will be feedback on the staff's strategy for FY2012 budgets. It is important to give campuses direction about how to plan for FY2012. .

Both the House and Senate passed the conference committee higher education bill for fiscal years 2010 and 2011, and the bill has been signed by the governor. The governor line-item vetoed three items contained in the final conference committee bill. Two vetoed items impact the System: \$1 million each year for the Power of You program and \$40,000 each year for the Cook County Higher Education Board.

Based on the final higher education bill, the System will receive a \$93.7 million general fund reduction and \$79.2 million in federal stimulus funds – a net reduction of \$13.5 million from forecast. The outlook for fiscal years 2012 and 2013 has the System's general fund base at \$654.9 million each year (\$63.0 million reduction from forecast).

Karen Kedrowski, System Budget Director, reviewed the final bill with the committee. She noted that the governor has announced his intention to exercise his "un-allotment" authority if the final conference committee reports are unacceptable to him. By law, the un-allotment is one-time and is expected to impact fiscal year 2011. The un-allotment to

higher education could potentially be somewhere around \$146 million, up to the limits dictated by the federal stimulus act.

Judy Borgen, Associate Vice Chancellor Budget, noted there is language in the higher education bill that limits tuition increases for Minnesota resident undergraduate students to five percent each year, using federal stimulus funds to buy down the tuition increase to no more than three percent in the first year for a net increase of eight percent.

In FY2010, tuition would increase 5 percent with federal stimulus funds paying 2 percent of the increase. The net increase to the student would be 3 percent. In FY2011 legislative language allows a tuition increase 5 percent. The cost for tuition mitigation would be approximately \$26 million over the biennium. The tuition mitigation funds would be distributed on the basis of enrollment.

There has been considerable interest in moving away from a percentage rate change to a dollar per student rate change. This will begin to address the disparity that results in setting a maximum percentage increase. This method will provide each college and university with the same amount of increased tuition on a full-year equivalent student, with a small variance in percent increase, if the college or university chooses to increase tuition at the maximum amount. For colleges, the maximum amount per full-year equivalent undergraduate resident student would be \$210.00 or \$7.00 per credit for FY 2010. For universities, the maximum amount per full-year equivalent undergraduate resident student would be \$285.00 or \$9.50 per credit for FY 2010.

Trustees discussed setting tuition rates for two years. Vice Chancellor King noted that besides the likely un-allotment, the November and February forecasts could have further bad news for the state's economy resulting in perhaps another un-allotment later. Trustee Renier felt that based on the unpredictability of the numbers it would not be wise to set tuition rates beyond one year. There was consensus among the trustees that this would be the best option.

The green sheet shows the distribution of financial resources to specific strategic priorities. Within the discretionary activities, the Chancellor's preliminary recommendation maintains serving the underrepresented at \$11 million, redirects approximately \$3.3 million that is currently available for awards of excellence to campus programs, and pro-rates the remaining activities. Trustee Sundin spoke in support of Power of You funding. Trustee Grendahl suggested that perhaps private funding could be found for the program.

The green sheet also shows FY2012 with total resources of \$660M. Vice Chancellor King will urge the presidents to focus their FY2010-2011 budget efforts on finding one time investments that they could tie to a part of their FY2011 program so if FY2012 does not perform as the bill suggests there won't be a lot of disruption going from FY2011 to FY2012. Members were comfortable with the FY2012 planning scenario.

Trustee Englund commented on the tuition scholarship program for unemployed Minnesota residents. He felt this was a very good idea. Trustee Englund is a student at Normandale Community College which offered a tuition scholarship program this past year. An inquiry was made to how many credits were completed under the various unemployed scholarship programs.

Vice Chancellor King reported that the Chancellor has undertaken budget planning reductions in the system office in the area of 10 to 15 percent. The Chancellor, Cabinet, and Leadership Council have had full and robust discussions over the past several months concerning the services and functions performed in the Office of the Chancellor. The presidents advised avoiding increasing or adding fees for service beyond what is currently being assessed; avoid transferring legally or contractually mandated activities to the institutions for execution; and to attempt to find specific areas for elimination rather than diluting all areas of service. Trustee Sundin asked if the projected cuts are proportional. Gail Olson, General Counsel, noted that state statutes require a balance of layoffs of faculty, other employees and administrators.

Chair Olson summarized the discussion noting that the consensus was to set tuition increases for one year and give presidents the discretion to increase their tuition up to 5 percent or go below it. He thanked the staff for their work during the legislative session.

The meeting adjourned at 11:45 am
Respectfully submitted,
Nancy Lamden, Recorder

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES MEETING MINUTES

MAY 20, 2009

SAINT PAUL COLLEGE

ST. PAUL, MINNESOTA

Trustees Present: Chair David Olson, Duane Benson, Cheryl Dickson, Jacob Englund, Ruth Grendahl, Dan McElroy, Thomas Renier, David Paskach, Christine Rice, Louise Sundin, Scott Thiss, Terri Thomas and James Van Houten

Trustees Absent: Clarence Hightower and Allyson Lueneburg

1. Call to Order

Chair David Olson called the meeting to order at 9:05 a.m. and reported that a quorum was present. Chair Olson reported that for the first time the Board meeting was being broadcast live with audio streaming accessible from a link on the Board of Trustees Web site.

2. Chair's Report

a. Minnesota Office of Higher Education, David Metzen, Director

Chair Olson welcomed Director David Metzen to the Board meeting. Director Metzen was appointed recently to the Office of Higher Education by Governor Pawlenty.

He has been an elementary school teacher, principal, assistant superintendent and a superintendent. He also served two terms on the Board of Regents for the University of Minnesota, where he earned his undergraduate and graduate degrees.

Director Metzen stated that it is a privilege to attend and address the Board of Trustees. He thanked Chancellor McCormick for his assistance and introductions to the college university presidents and to the Office of the Chancellor. Director Metzen announced that the Board members will receive the newly released *2009 Minnesota Measures* publication.

Director Metzen reflected on the merger of the system passed by legislation in 1995, remarking that fourteen years later the system produces most of the graduates in Minnesota and over 66,000 are online students. He commended the Board and Chancellor McCormick for the tremendous online programs and the effort to make it successful. Director Metzen spoke of the budget crisis noting that the challenges will continue to be extremely difficult. He added that he always prepares by planning for the worst and hoping for the best. He also commented on the challenges of Minnesota's changing demographics and closing the achievement gap.

Director Metzen stated that he will visit each of the campuses in the coming year and offered support for the system by the Office of Higher Education. Director Metzen thanked Chair Olson, Chancellor McCormick and the Trustees for the warm welcome and the invitation to address the Board.

b. Minutes of Board of Trustees Meeting of March 18, 2009

Chair Olson stated that the minutes were approved as written.

c. Minutes of Board of Trustees Study Session of March 18, 2009

Chair Olson stated the minutes of the Study Session were approved as written.

d. Proposed Amendment to Board Policy 1A.2 Board of Trustees

Trustee Scott Thiss moved that the Board of Trustees approves the amendment to Board Policy 1A.2, Part 4, Officers of the Board, Subpart B, Terms of Office. Trustee James Van Houten seconded and the motion carried unanimously.

e. FY 2010 Meeting Calendar

Vice Chair Ruth Grendahl moved that the Board of Trustees approves the FY 2010 meeting calendar. Trustee Thiss seconded and the motion carried unanimously.

f. Recognition of James H. McCormick, Chancellor

Chair Olson announced that Chancellor McCormick, the founding chancellor for the Pennsylvania State System of Higher Education, was named Chancellor *Emeritus* at a 25 year anniversary program for the system in April.

Chancellor McCormick was recognized at Bloomsburg University of Pennsylvania where he was president for ten years. The James H. McCormick Human Services Center was the focus for a 25-year anniversary event. Chancellor McCormick's son, David McCormick, was the commencement speaker.

Chancellor McCormick also received the 2009 Distinguished Service Award from the Minnesota Association of School Administrators. The award is a rare tribute by school administrators to a higher education system head. Chair Olson congratulated and thanked Chancellor McCormick for his significant service to higher education.

g. Other – Recognitions

Chair Olson congratulated Trustee Terri Thomas who was graduated from Rochester Community and Technical College with an Associate in Science Degree in Professional Studies. He also congratulated Trustee Jacob Englund who was graduated from Normandale Community College with an Associate in Arts with an emphasis in accounting.

h. Other – Board of Trustees Study Session

Chair Olson stated that the Finance, Facilities and Technology Committee will follow-up on the Study Session discussion focusing on additional dollars in the forecast; the 5 percent tuition cap; uniform pricing on tuition; and one-year rather than two year tuition. Chair Olson noted that the presidents are working diligently on their budgets.

3. Consent Agenda

- a. Desire2Learn Contract Approval**
- b. Microsoft Contract Approval**
- c. St. Cloud State University Facility Leases**
- d. South Central College Mission Approval**
- e. Hibbing Community College Mission Approval**
- f. Minnesota State University Moorhead Mission Approval**

Trustee Thomas Renier moved approval of the Consent Agenda. Vice Chair Grendahl seconded and the motion carried unanimously.

4. Board Policy Decisions

a. Revenue Fund Bond Sale (Second Reading)

Trustee Renier moved that the Board of Trustees authorizes a Revenue Bond sale for no more than \$40,000,000 for projects totaling about \$37,000,000, including advance design, and subject to the parameters as presented in Appendix C. The Board of Trustees approves the Series Resolution as described in Appendix B. Trustee Dan McElroy seconded and the motion carried unanimously.

b. Minnesota State College Faculty (MSCF) Bargaining Agreement

Vice Chair Grendahl moved that the Board of Trustees approves the terms of the 2009-2011 labor agreement with the Minnesota State College Faculty (MSCF) and authorizes the Chancellor to sign the agreement on behalf of the Board. Chair Olson called the question and the motion carried unanimously.

c. Minnesota State University Association of Administrative and Service Faculty (MSUAASF) Bargaining Agreement

Vice Chair Grendahl moved that the Board of Trustees approves the terms of the 2009-2011 labor agreement with the Minnesota State University Association of Administrative and Service Faculty (MSUAASF), and authorizes the Chancellor to sign the agreement on behalf of the Board. Chair Olson called the question and the motion carried unanimously.

d. Personnel Plan for Minnesota State Colleges and Universities Administrators

Vice Chair Grendahl moved that the The Board of Trustees approves the Personnel Plan for Minnesota State Colleges and Universities Administrators for 2009-2011, and authorizes the Chancellor and his designees to take all measures they deem appropriate to secure legislative approval to implement the Plan. Trustee Jacob Englund seconded and the motion carried unanimously.

e. 2010 Action Plan for the Minnesota State Colleges and Universities

Trustee McElroy moved that the Board of Trustees approves the FY 2010 System Action Plan. Trustee Cheryl Dickson seconded and the motion carried unanimously.

f. Proposed Partnership between the Minnesota State Colleges and Universities system and the Archibald Bush Foundation

Trustee Van Houten supported the motion noting that participating institutions will be specifically accountable with a clear line of responsibility in carrying out the Board's policy. He further commented on the importance of Board oversight as the participating institutions will be funded directly by the Bush Foundation. Trustee Benson stated that there will be implications for other institutions not participating. He noted the importance of the Leadership Council's active participation and in developing accountability. Chancellor McCormick remarked that this will be a focus of the Board and the Leadership Council's Academic and Student Affairs Committees and will be reported on a regular basis.

Trustee Louise Sundin moved the following motion: that in order to educate and support effective teachers for Minnesota:

The Minnesota State Colleges and Universities Board of Trustees will partner with the Bush Foundation to support the design, development and commitment to programs that produce effective teachers. These teacher education programs will prepare and assure the sustained effectiveness of new teachers that graduate and teach in Minnesota classrooms.

The Chancellor will work with the participating universities and the Bush Foundation to develop a plan by the fall of 2009 that will include proposals for:

- a) Measures of the effectiveness of the teacher education graduates.*
- b) Policies and procedures recommended to support effective teacher preparation programs.*
- c) Funding mechanisms and resources from the Board of Trustees that reward campuses for preparing and graduating effective teachers.*
- d) Key outcomes used to evaluate the success of the initiative.*

The Chancellor and the Bush Foundation will regularly report progress and recommend next steps to the Board. Trustee Van Houten seconded and the motion carried unanimously.

5. Board Standing Committee Reports

a. Finance, Facilities and Technology Committee, Thomas Renier, Chair

- (1) Finance, Facilities and Technology Update
Committee Chair Renier reported that the committee heard an update from Vice Chancellor Laura King on the activities of the Finance, Facilities and Technology division.
- (2) FY 2010-2015 Capital Budget Request (First Reading)
Committee Chair Renier reported that the committee heard a report on the FY 2010-2015 Capital Budget Request. Committee Chair Renier thanked Vice Chancellor Laura King and her staff for their diligent work and in keeping apprised of the budget issues.

Committee Chair Renier also recognized the Government Relations staff for the hard work through the legislative session. The FY 2010-2015 Capital Budget Request will be a second reading in June.

b. Human Resources Committee, Ruth Grendahl, Chair

(1) Appointment of Vice Chancellor for Human Resources

Chancellor McCormick stated that upon the announcement of Bill Tschida's retirement as vice chancellor for human resources in the Office of the Chancellor, a nationwide search was conducted with the assistance of an executive search firm. President Jim Johnson, Minnesota State College-Southeast Technical, chaired the search committee. Chancellor McCormick, along with members of the Board of Trustees and Cabinet from the Office of the Chancellor, interviewed three candidates. Also, public forums were held where employees from the Office of the Chancellor heard from each candidate. As a result of this process, Chancellor McCormick is recommending Loretta M. Lamb as the next vice chancellor for human resources.

Ms. Lamb has been serving as the chief human resources officer at Minnesota State University, Mankato since 2003. Previously, she was the university's affirmative action officer. She also served as associate vice president and assistant vice president for personnel and administration at Washington State University in Pullman and counsel in the Washington State Attorney General's Office. Ms. Lamb holds a bachelor's degree and a law degree, both from Gonzaga University.

Committee Chair Grendahl moved that the Board of Trustees, upon the recommendation of Chancellor McCormick, appoints Loretta M. Lamb as the vice chancellor for human resources effective July 1, 2009, 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 Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the Personnel Plan for Minnesota State Colleges and Universities Administrators. Trustee David Paskach seconded and the motion carried unanimously.

Ms. Lamb thanked the Trustees and Chancellor McCormick for their confidence. She added that she is honored and looks forward to working with the Board, the Chancellor and all of the presidents.

c. Diversity and Multiculturalism Committee, Duane Benson, Chair

(1) The Center for College Readiness – Minnesota State Community and Technical College

Committee Chair Benson reported that the committee heard a presentation on the Center for College Readiness – Minnesota State Community and Technical College. The presentation included the *Ready or Not* writing program and other instructional approaches.

- (2) Diversity and Multiculturalism Update
Committee Chair Benson reported that the committee heard an update from Executive Director Whitney Stewart Harris on the activities of the Diversity and Multiculturalism division.

d. Joint Advancement and Diversity and Multiculturalism Committees, Christine Rice and Duane Benson, Co-Chairs

- (1) Customer Service Survey Results
Committee Co-Chair Benson reported that the committees heard a report on the Customer Service Survey Results. The report provided a summary of research results in evaluating customer service as it relates to providing a welcoming environment to students in underrepresented groups.

e. Advancement Committee, Christine Rice, Chair

- (1) Advancement Update
Committee Chair Christine Rice reported that the committee heard an update from Associate Vice Chancellor Linda Kohl on the Public Affairs division.
- (2) Minnesota State Colleges and Universities Foundation
Committee Chair Rice reported that the committee heard an update on the Minnesota State Colleges and Universities Foundation. The report provided the Board of Trustees with information regarding a contract renewal of the Minnesota State Colleges and Universities Foundation.
- (3) State Legislative Update
Committee Chair Rice reported that the committee heard a report on the State Legislative Session. The report provided outcomes of the legislative session. Committee Chair Rice recognized and thanked Director Mary Davenport and her staff for their work.

Committee Chair Rice stated that Trustees Cheryl Dickson, Jacob Englund, Clarence Hightower, Allyson Lueneburg, Louise Sundin and Terri Thomas were confirmed by the full Senate. Trustee Cheryl Dickson added that Trustee David Paskach was recommended by the full Senate for approval in the 2010 session. Committee Chair Rice noted that language was adopted that amends the Board's membership so that a commissioner of a state agency may not serve as a member of the Board. However, the bill includes language that allows for a commissioner currently serving on the Board to continue serving the remainder of the term. The addition of a second labor representative to the Board of Trustees was not included in the final bill.

Committee Chair Rice reported that the Office of the Legislative Auditor will conduct a program evaluation of the Office of the Chancellor services. Trustee Benson commended Chair Olson and Chancellor McCormick for inviting the Office of the Legislative Auditor to study the Office of the Chancellor.

f. Academic and Student Affairs Committee, Dan McElroy, Chair

- (1) Academic and Student Affairs Update
Committee Vice Chair Rice reported that the committee heard an update from Senior Vice Chancellor Linda Baer on the activities of the Academic and Student Affairs division.
- (2) Accountability Framework
Committee Vice Chair Rice reported that the committee heard a report on the Accountability Framework. The report included recommendations for refinements in the Board's Accountability Dashboard and new measures.

g. Audit Committee, Scott Thiss, Chair

- (1) Review Preliminary Auxiliary Revenue Sources Report
Committee Chair Scott Thiss reported that the committee heard a report on the Auxiliary Revenue Sources. The report provided preliminary results on institutional practices for auxiliary revenues sources. The final report will be presented at the September meeting.

6. Joint Council of Student Associations

a. Minnesota State College Student Association (MSCSA)

Mr. Jacob Littler, President, addressed the Board of Trustees.

b. Minnesota State University Student Association (MSUSA)

Mr. Chris Frederick, State Chair, addressed the Board of Trustees.

7. Minnesota State Colleges and Universities' Bargaining Units

a. Minnesota State College Faculty

Mr. Greg Mulcahy, President, addressed the Board of Trustees.

b. Administrative and Service Faculty (ASF)

Mr. Shahzad Ahmad, President, addressed the Board of Trustees.

8. Trustees' Reports

Chair Olson noted that Trustees attended a record number of commencements this spring. He added that each member attended one or more commencements. He thanked the Board members for their time and efforts.

Trustee Benson reported that he participated in the commencements at Lake Superior College and Rochester Community and Technical College where Trustee Terri Thomas was graduating.

Trustee Rice reported that she and Trustees Englund and Thomas attended the Association of Governing Boards (AGB) National Conference on Trusteeship in San Diego. Trustee Rice remarked that she found the conference to be a valuable and worthwhile investment, and she reported on several of the topics that were presented. Trustee Englund also noted that he appreciated attending the AGB conference.

Vice Chair Grendahl reported that she participated in the commencements at Alexandria Technical College, Minnesota State University, Mankato and Minnesota West Community and Technical College in Granite Falls.

Trustee Sundin reported that she attended the Plumbers and Pipefitters commencements and she also participated in the commencements at Minnesota State College in Detroit Lakes and St. Cloud State University.

Trustee Dickson reported that she participated in the commencements at Century College, Minnesota West Community and Technical College in Canby and Saint Paul College.

9. Chancellor's Comments

Chancellor McCormick thanked the Board members for their participation at the spring commencements. Chancellor McCormick concluded stating that his remarks were made throughout the meeting.

10. Requests by Individuals to Address the Board

There were no requests to address the Board.

11. Other

Chair Olson thanked Vice Chancellor Ken Niemi for the first audio streaming of the Board meeting.

Chair Olson announced that the next Board of Trustees meetings will be on Wednesday and Thursday, June 17-18, 2009.

12. Other Business

There was no other business to come before the Board.

13. Adjournment

Chair Olson adjourned the meeting at 11:15 a.m.

Ingeborg K. Chapin
Secretary to the Board

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION

PROPOSED FY 2010 BOARD OPERATING BUDGET

BACKGROUND

1 The Executive Committee reviewed the proposed FY 2010 Board of Trustees Operating Budget at their
2 meeting on May 20, 2009. Trustee Scott Thiss, Treasurer, reviewed the proposed budget of \$212,500.
3 The Executive Committee approved the proposed FY 2010 Board Operating Budget and recommended
4 that it be forwarded to the full Board for approval.
5

6 The Board's FY 2010 Operating Budget will be included in the system's operating budget under the
7 Office of the Chancellor that will be presented to the Finance, Facilities and Technology Committee for a
8 first reading in June, and a second reading and approval in July.
9

10 **Recommended Board of Trustees Motion**

11 The Board of Trustees approves its FY 2010 Board Operating Budget of \$212,500.
12
13
14
15
16
17
18

Minnesota State Colleges and Universities
Board of Trustees
Proposed FY 2010 Operating Budget

	Approved FY 2009 Budget	Projected FY 2009 Year-end	Percent Used	Proposed FY 2010 Budget
Expenses:				
Per Diem	\$30,000	\$22,000	73%	\$30,000
Meeting Expense (1)	\$80,000	\$62,000	78%	\$64,000
Travel in-state (2)	\$35,000	\$36,000	103%	\$45,000
Development/National Conferences (3)	\$45,000	\$33,200	74%	\$15,000
Consultants	\$10,000	\$5,600	56%	\$6,000
Other Expenses (4)	\$33,000	\$26,000	79%	\$34,800
Contingency Fund				\$10,700
Chair Expense	\$7,000	\$1,000	14%	\$7,000
Total:	\$240,000	\$185,800	79%	\$212,500

<u>Budget:</u>	<u>\$240,000</u>	<u>\$212,500</u>
Unallotment(5)	(\$3,734)	
Budget:	\$236,266	

Notes:

The Board of Trustees approved the FY 2009 operating budget on May 21, 2008.

- (1) Meeting expense includes rent, printing, food, postal/delivery, audio services.
- (2) Travel in-state includes mileage, meals, lodging, parking, in-state registration fees.
- (3) Development/national conferences includes registration fees, airfares, lodging, mileage, etc.
- (4) Other expenses includes copier, insurance, long distance, memberships in national trustees' organizations, supplies and equipment.
- (5) Governor unallotment in December 2009. Budget reduced .04 % in third quarter FY '09.