



FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE

NOVEMBER 17, 2009

1:00 p.m.

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

Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

Committee Chair Thomas Renier calls the meeting to order.

- (1) **Minutes of July 21, 2009** (pp 1-7)
- (2) **Minutes of September 8, 2009, Joint Meeting of the Academic and Student Affairs and finance, Facilities and Technology Committees** (pp 8-13)
- (3) Finance, Facilities and Technology Update
- (4) 2010-2015 Capital Budget Update (pp 14-22)
- (5) 2012-2017 Capital Budget Guidelines (pp 23-27)
- (6) The Role of Financial Aid in the Cost of Attendance (pp 28-43)
- (7) Risk Management Program (pp 44-48)

Members

Thomas Renier, Chair
Clarence Hightower, Vice Chair
Duane Benson
Ruth Grendahl
Allyson Lueneburg
Dan McElroy
Scott Thiss
James Van Houten

Bolded items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE
MEETING MINUTES
July 21, 2009**

Finance, Facilities and Technology Committee Members Present: Tom Renier, Chair; Trustees Duane Benson, Ruth Grendahl, Dan McElroy, Scott Thiss, and James Van Houten

Finance, Facilities and Technology Committee Members Absent: Clarence Hightower, Allyson Lueneburg

Other Board Members Present: David Olson, Cheryl Dickson, Jacob Englund and Terri Thomas

Leadership Council Representatives Present: Vice Chancellor Laura King, President Robert Musgrove

The Minnesota State Colleges and Universities Finance/Facilities Policy Committee held its meeting on July 21, 2009, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Chair Renier called the meeting to order at 1:04 pm.

1. MINUTES OF June 17, 2009

The minutes were approved as submitted.

2. MINUTES OF PUBLIC HEARING ON FY2010-2011 OPERATING BUDGET INCLUDING TUITION AND FEES

The minutes were approved as submitted.

3. FINANCE, FACILITIES AND TECHNOLOGY UPDATE *(Information)*

Vice Chancellor King introduced President Robert Musgrove, Pine Technical College, who is the new co-chair of the Finance and Administration Committee of the Leadership Council.

Ms. King reported that the inflation related adjustments have occurred and the 2010 Capital Budget numbers have been adjusted downward from \$403.6 million to \$396.8 million. The final numbers will be incorporated into the “bonding book” which is scheduled for distribution on September 1, 2009. There have been no changes in the scope of the program.

A memo was sent last week advising the Board of the Governor’s FY2011 operating budget unallotment action. Leadership Council planning is underway and discussion of the FY2011 operating budget will take place in the months ahead. Ms. King noted that FY2009 audit work is now underway. The OLA is auditing 8 colleges and has nearly completed fieldwork. The financial statement audit work has also begun.

Several significant ITS milestones were reported including the deployment of four new dashboards to support the Board of Trustees Accountability Framework reporting project. The dashboards monitor the performance of the Minnesota State Colleges and Universities system on selected key measures. ITS has converted 57 management reports to provide FY2010 summary system-wide and campus-level reports for student enrollment, employee payroll data, student demographic reports, facilities information, distance learning and student admissions data. The reports are updated nightly. The RFP process for Identity and Access Management tools was concluded and the contract was awarded to Sun Microsystems.

Other achievements include enabling the "authentication services layer" using new "starID" (MnSCU's global ID), a key step towards single sign on; delivery of the first phase of "thin client" model of computing using 100 low cost Sun Ray workstations which have enhanced security, cost savings, and have lighter green footprints; the ISRS web-based Accounting module (J2ee conversion plus new features) went into full production in June; the Information Security Office, in cooperation with the Center for Strategic IT and Security (CSITS), has developed self-paced online courses covering various information security-related areas; and final quality assurance testing of a new web-based Curriculum Module, incorporating new workflow features. The Module will be piloted later this month.

4. FY2010 OPERATING BUDGET REQUEST INCLUDING TUITION AND FEES *(Second Reading)*

Chancellor McCormick opened the discussion of the FY2010 operating budget by remarking on the extensive consultation that has taken place with Board members, presidents, students and faculty. He thanked faculty and staff for their cost saving contributions in the labor agreements for FY2010-2011. He also thanked students for the support they showed at the legislature. The college and university presidents and staff have shown their commitment to the highest quality services in tough economic times. Finally, he thanked the Board for their steadfast guidance and commitment to the people of Minnesota.

The Chancellor commented that the services of Minnesota State Colleges and Universities are in demand as people struggle with the weakened economy. Many students and their families know that higher education is the key to retraining laid off workers and preparing people to succeed in today's global market place. Strong enrollment performance this summer and early news about this fall indicates increased enrollment. The FY2010 budget received assistance from the federal government which enables a modest tuition increase. In FY2011 it will be harder to balance the budget. There are grave concerns about the system's economic outlook for FY2012-2013.

In recommending approval of the budget, Chancellor McCormick expressed that he believes it represents the best effort to respond to the three goals laid out last winter in seeking to make decisions which best serve students; support of the system's economic development mission in communities across the state; and the positioning of the system financially for long term viability.

Vice Chancellor King reported that today's presentation and additional materials provide the committee with the FY2010 operating budget including tuition and fees. The outlook for FY2011 was prepared before the Governor's unallotment. The FY2011 operating budget will be brought for committee discussion next winter/spring and the unallotment will be incorporated into the planning process.

Ms. King reported that enrollment at Minnesota's State Colleges and Universities has increased by 17,212 FYE or 13.6 percent grown from FY2002 to a projected 143,427 in FY 2009. The enrollment is projected to increase this biennium at a rate of 1 percent (1,600 FYE) in fiscal year 2010 and another 1 percent (1,400 FYE) in fiscal year 2011. Updated enrollment will be reported later this fall.

The System has a balanced FY2010 all funds budget, with an overall increase in new revenues of 1 percent, while expenditures are forecast to increase 1.1 percent. In solving budgetary gaps, colleges and universities are using a combination of strategies to position themselves for future years. These solutions vary among the colleges and universities, but include program closures or reductions; administrative reductions; reduction of service hours; instructional efficiencies; delaying of repair and replacement projects or equipment purchases; enrollment management; developing new programs in high demand areas or slowing down new program implementation.

Vice Chancellor King noted that reductions in personnel expenses have also aided in solving budget gaps. Employee contracts for the system have been approved with limited increases. In addition, colleges and universities began reducing their workforce starting in FY2009 in response to the FY2009 unallotment and in preparation for reduced resources in FY2010-FY2011. Colleges and universities reduced positions by slightly less than 200 FTE in FY2009 and plan to reduce positions by another 350 FTE in FY2010. Campus administrators are committed to providing resources in support of the goals of the Board and the Chancellor. Overall, the results indicate that the system is maintaining progress. Over 80% of colleges and universities are maintaining or increasing progress under each priority.

Technology investments of the past several years are also assisting college and university cost saving efforts. A merged student data base is easier for student services and administrative staff to support. Staff are also aided by electronic transcripts, employee tuition waiver tools, timesheets, online staff training tools, financial aid direct deposit tools, security improvements, efolio and ISEEK improvements and system wide deployment of GPS lifespan for all students.

The ARRA funds can be used for education and general expenditures, in such a way as to mitigate the need to raise tuition and fees for in-state residents or for modernization, renovation, or repair of facilities that are primarily used for instruction, research, or student housing. There is language in the higher education bill that limits tuition increases for Minnesota resident undergraduate students to five percent each year. The law further directs that ARRA funds be used to buy down the

tuition increase to no more than three percent in the first year. In this manner, students would experience a net increase of eight percent for the biennium.

Trustee Thiss asked if the system is having any difficulty getting the ARRA funds. Vice Chancellor King responded that no problem is anticipated as the Department of Education will submit weekly draw requests based on our rate of spending. However, she noted there are many reporting requirements that are being deciphered. Staff is working to make sure the money is used appropriately and the system complies with the certification process correctly.

Trustee Benson questioned if setting the tuition rates no more than \$7 per credit at the colleges and \$9.50 per credit at the universities will affect the gap in tuition between the institutions. Vice Chancellor King responded that this strategy should narrow the gap slightly. The ARRA contribution for tuition will not affect the gap.

Trustees emphasized that the press release about the tuition increase clearly informs students about the federal funds buying down tuition. Concern was expressed about the negative implication of what would then look like large tuition increases in FY2012. Trustee Van Houten also stated that the program offering free tuition to the unemployed should be revisited. Vice Chancellor King will inform the committee of the current status of the programs.

In response to Trustee McElroy's inquiry about student union facility fees, Sieglinde Bier (Director of Facilities Business Support) noted that the fees on Attachment 2C were an aggregate annual charge. The fees will be more clearly labeled in future presentations. Trustee Englund asked Vice Chancellor King for a more extensive study for FY2011 of the Student Union Fees for those students taking online courses. Trustee Van Houten asked to include technology fees in the study as well.

Trustee Van Houten moved that the Finance, Facilities, and Technology Committee recommend adoption of the following motion. Trustee Benson seconded the motion which carried with no dissent.

RECOMMENDED MOTION:

- a. Adopt the annual total operating budget and general fund budget for fiscal year 2010 in Tables 6 and 7. Per Board Policy 5.9, the Board will be periodically provided system wide budget updates for all funding sources on an exception reporting basis.
- b. Approve the proposed tuition structure recommendations for fiscal year 2010 as detailed in attachments 1A through 1D. The percentage impact of residence tuition rates represents the maximum amount that can be applied to other tuition rates charged by the college or university not impacted by reciprocity agreements such as nonresident and off campus rates.
 1. The tuition increase is effective Summer Term or Fall Term 2009 at the discretion of the president. The Chancellor is authorized to approve tuition

structures for new courses or programs proposed after this date, as well as any required technical adjustments, and is requested to incorporate any approvals at the time fiscal year 2011 tuition recommendations are presented to the Board. The Board continues the policy of market-driven tuition for closed enrollment courses, customized training, non-credit instruction, continuing education, distance learning, and contract postsecondary enrollment option programs.

- c. Approve the use of ARRA funds to mitigate tuition increases in fiscal year 2010.
- d. Approve the increase in the student union facility fee from a maximum of \$280.00 per year to \$300.00 per year.
- e. Approve the Revenue Fund fiscal year 2010 fees for room and board, student union, wellness centers/outdoor recreation facilities, and parking ramps/surface lots as detailed in attachments 2A and 2C through 2E.
- f. Approve the fiscal year 2010 fees for room and board for colleges who either own or manage student housing as detailed in attachment 2B.

5. MINNEOSTA STATE UNIVERSITY, MANKATO REVENUE FUND

PROJECT APPROVAL (*Action*)

Associate Vice Chancellor Allan Johnson requested approval for the use of Revenue Fund bond proceeds remaining from the 2005 bond sale to begin architectural design work for an additional new residence hall at Minnesota State University, Mankato.

The 2005 revenue bond sale included funding for the construction of Julia Sears Residence Hall. The project's original construction cost was estimated at \$27.5 million. The final construction cost was \$25.7 million. According to the Master Indenture governing the sale and use of revenue bonds, proceeds may be used for other purposes with Board of Trustees approval. As of June 1, 2009 the funds remaining and available in the Julia Sears project are approximately \$1,014,225.

These funds would be used to fund the architectural design of the next phase of the University's housing master plan. It is anticipated that construction funding for the 302 bed residence hall will be included in the next revenue bond sale schedule for early 2011. The project is estimated to cost approximately \$30 million. Occupancy is scheduled for the fall of FY2012.

Trustee McElroy questioned whether the use of the same architect or plans could result in design savings for the project. Mr. Johnson noted that the system owns the design and it can be used by any selected architect. The design firm will be chosen through an internal Request for Proposal (RFP) process rather than the State Designer Selection Board.

Trustee Grendahl moved that the Finance, Facilities, and Technology Committee recommend adoption of the following motion. Trustee Benson seconded the motion which carried with no dissent.

RECOMMENDED MOTION:

The Board of Trustees approves the use of approximately \$1,014,225 in proceeds from the FY 2005 revenue bond sale for architectural design of a new residence hall at MSU, Mankato.

6. UPDATE ON LEGISLATIVE AND POLICY BARRIERS (*Information*)

Vice Chancellor King noted that the purpose of this report is to provide the committee with an update on the barriers discussions that have occurred over the past few months. She noted that each Leadership Council committee participated in a series of focused discussions to identify specific law, policy or contractual barriers that should be changed or eliminated. Many of the barriers were addressed through the 2010-2011 operating budget process. The Board provided guidance on reserves and the allocation of state resources (“green sheet”). Guidelines were developed to provide basic requirements for course/program differential tuition rates. The maximum dollar per student tuition rate change begins to address the disparity that results in setting a maximum percentage increase.

The 2009 legislature enacted the Higher Education Omnibus Bill which temporarily exempted an associate of applied science degree from the 60-semester credit length limit. Legislation also was enacted that allowed the Board to develop and implement an early separation incentive program.

The Chancellor’s Cabinet is also having discussions about streamlining reporting and information requirements; using alternative meeting venues (i.e. conference calls, ITV); leveraging system purchasing, security, libraries, etc.; establishing regional service centers to produce cost savings; accelerating new program approval and hiring processes; and assessing the credentialing activity (centralization versus decentralization).

A number of the identified barriers are tied to the collective bargaining process. Vice Chancellor King commented that the discussions about the collective bargaining process will occur in the Human Resources Committee of the Board.

7. FY2010 FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE

WORK PLAN (*Information*)

Vice Chancellor King reported that it has been her practice to solicit input on the committee’s work plan each year. She asked committee members to review and let her know if there are items that they wish to discuss that aren’t scheduled. Vice Chancellor King noted that there is an extensive finance division work plan behind the calendar shown in the report. The division’s plans have been reviewed with the Leadership Council and will be reviewed with college and university CFOs.

Vice Chancellor King commented that the discussion on strategies/cost/desirability of narrowing per credit rate differentials scheduled for November, 2009 would include a discussion of differential tuition. Trustee Van Houten had expressed interest in further discussion of differential course and program tuition rates during the update on legislative and policy barriers.

The meeting adjourned at 2:10 pm.

Respectfully submitted,
Nancy Lamden, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
JOINT COMMITTEE MEETING OF ACADEMIC AND STUDENT AFFAIRS
AND FINANCE, FACILITIES AND TECHNOLOGY
MEETING MINUTES
September 8, 2009**

***Members Present:** Dan McElroy and Thomas Renier, Co-Chairs, Trustees Cheryl Dickson, Christopher Frederick, Clarence Hightower, Christine Rice, Scott Thiss, Dan McElroy, Thomas Renier, Duane Benson, James Van Houten and Jacob England*

***Other Trustees Present:** Ruth Grendal, David Olson, Louise Sudin, Terri Thomas, Gail Olson,*

***Others Present:** President Richard Davenport, President Patrick Johns, Vice Chancellor Laura King, Senior Vice Chancellor Linda Baer, Director Jim Dillemath, Director John O'Brien*

The Minnesota State Colleges and Universities Board of Trustees held a joint meeting of the Academic and Student Affairs and Finance, Facilities and Technology Committees on September 8, 2009, at Wells Fargo Place, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Chair Renier called the meeting to order at 9:10 a.m.

1. FINANCE, FACILITIES AND TECHNOLOGY UPDATE *(Information)*

Vice Chancellor King reported that the CFOs were surveyed as to their plans to use general or ARRA funds to offer scholarship programs for a specific student population (i.e., unemployed, etc.). Four colleges indicated plans to use a small portion of the funds for limited tuition relief/scholarship programs. Detail will be provided as a part of the Fiscal Year 2011 budget materials. Both Minneapolis Community and Technical College and Normandale have discontinued programs of "free tuition" for unemployed students.

The most recent Capital Improvement Program status report was sent on July 22, 2009 (after the July Board meeting) and is now available on the web site.

Legislative visits are now being planned, beginning with the Senate on September 1 at Rochester Community and Technical; September 2 at South Central College, Faribault, and September 3 at Dakota County Technical College and Metro State; these visits will continue to run through October. The House schedule begins on October 6.

The audit season is underway and going well. Board members should be aware that there have been reports of thin staffing at certain campuses and at the System Office.

The System All Hazards Steering Committee is meeting regularly and communicating with the colleges and universities about their plans in the event of an

H1N1 influenza outbreak. The Board can expect to receive regular communication about this issue in the months ahead.

Fall enrollment numbers are up above projections. The final enrollment increase cannot be accurately reported on yet because the drop/add period continues for 10 days after the start of the semester; but enrollment is expected to increase about 4%. Additional information will be available in a few weeks. Trustee Benson inquired if an estimate on the enrollment increase was available. Vice Chancellor King responded that the projected increase was fewer than 2%; however, a larger increase is expected. An enrollment report showing individual campuses the will be available in a few weeks.

Vice Chancellor King stated that the 2010 bonding book was sent out to the Board members. This document will be useful for preparing for the legislative campus visits. Trustee Von Houten responded that this document was well prepared.

2. **Students First Initiative**

Vice Chancellor King began the presentation with a reminder of the infrastructure commitment and plan that the Board adopted in the spring of 2006. The Enterprise Investment Strategic Plan contained a series of findings and recommendations based on three long range enterprise investment goals. The first was to achieve and sustain high levels of system availability, data security and user support; the second was to accelerate the enhancement, expansion and integration of enterprise systems and the third was to improve ITS and systemwide efficiencies by utilizing available IT resources. The first stage of this plan recognized the need for an investment in the system's infrastructure which includes increased storage and capacity, a strong statewide network, data conversion and identity and access management. Since this work began in 2007, the Board has paid close attention to the progress on these initiatives. Most of the major changes are nearly complete.

The second stage of the strategic plan (contemplated beginning in 2009) is represented by Students First. The targeted work is critical if the Minnesota State Colleges and Universities system is to remain competitive in the modern higher education market place. Vice Chancellor King expressed excitement about this effort and recognized that this is a daunting management effort. If is the projects are to succeed they will need Board support, along with the support of presidents, staff and students. The Students First presentation will include the principles that will guide this effort including the following:

- *Existing policies and procedures will be assessed for the capacity to support comprehensive, integrated services. The business and service design will lead. Application development will support the design. Requisite policies, procedures, guidelines, and management decisions will support design decisions.*

Time will be spent imagining the future and how technology will support it. Policy and procedures are needed to support this vision of the future and will be developed.

- *Operational efficiency will be achieved through shared services where effective and efficient.*

Opportunities will be identified to leverage the power of the system to share services to improve the experience of students and staff through effective development of technology. The infrastructure investments made in the last few years put the system in a position to move forward.

Everyone's best efforts are needed in order to achieve these objectives. When this is successful, transformational change will be achieved. This will be another step toward the vision that was contemplated when this organization was created fifteen years ago. With that Vice Chancellor King turned the discussion over to Senior Vice Chancellor Baer, who introduced Dr. John O'Brien.

Senior Vice Chancellor Baer stated that the challenge ahead is to balance using a systematic approach to leverage the power of a strategic system by building on the distinctive strengths of the campuses. The Board has requested that any policies or procedures that act as barriers for the students should be brought to them. Dr. O'Brien will serve as the project director for the Students First initiative. Dr. O'Brien who has both Office of the Chancellor and campus experience, including one year as the acting president at Century College, comes with the technical knowledge to direct this effort.

Dr. O'Brien stated that the idea of "students first" is not new; the Office of the Chancellor and Minnesota State Colleges and Universities have always put students first. In fact, a December, 1996 press release announced the Board of Trustees initiative called "putting students first. As things have changed in the last fifteen years the way we demonstrate our commitment to students might also change.

Dr. O'Brien presented the information from the PowerPoint presentation prepared for Board of Trustees noting the following:

- Academic and Student Affairs and Finance are the co-leaders of this effort given the inter-dependencies of the issues. Information Technology is also a key player in that improved infrastructure capacities and the related Students First action plan priorities rely on IT capacities.
- There invariably will be policy and procedure revisions to consider and implement.
- Students are engaged.
- There is a need for an engaged and supportive IT unit to help in implementation.

- There is a need for full discussion among stake holders.

Dr. O'Brien provided a high-level introduction to the six projects which comprise the Students First program:

- Single Search
- Single Application
- Graduation Planner
- Single Registration
- Single Bill/Single Payment
- Shared Services.

Minnesota State College Student Association (MSCSA) and Minnesota State University Student Association (MSUSA), the two statewide student organizations, are in strong support of "Students First." These groups are actively interested in staying involved in the projects.

When consulting with campus stakeholders at the Cross-Functional Advisory Group meeting in early August, concerns were raised about the natural tension between providing a more consistent experience for students while respecting individual campus traditions and culture. It will be important to be sensitive to this tension. On the other hand the students have very clearly expressed that they seek:

- Similar procedures related to financial aid, registration, and so on, at all colleges and universities.
- Easy access to curriculum from other colleges and universities from any system campus.
- Clear and accessible transfer and co-enrollment.
- Ability to receive and pay a single bill from multiple colleges or universities.

The students did not believe that achieving consistency would happen at the expense of the integrity of the "home" campus.

Dr. O'Brien noted that the Chancellor has expressed support for the Students First initiative. The Chancellor has also made clear that the completion of this initiative, as it is defined through the Enterprise Investment Committee approval process, is targeted for the the end of Fiscal Year 2011.

Dr. O'Brien has made a commitment to the Board and the campuses to communicate regularly on the status of Students First. Information is available at www.studentsfirst.project.mnscu.edu.

Dr. O'Brien thanked campus leaders, because in these tough times with thinning staff and increased enrollment, the system will be asking them to allow their best

and brightest staff to participate in this effort. It will be a challenge to get the right people together.

Dr. O'Brien has indicated that Frequently Asked Questions (FAQ) document will be developed to answer many of the questions raised by constituents. In addition to this, Students First will be a standing item on the Leadership Council Finance and Administration and Academic and Student Affairs Committee agendas.

Chair McElroy of the Academic and Student Affairs committee yielded time for further discussion of Student First because of its importance and suggested that the Board hear some initial questions and plan for further discussion.

Chair Renier indicated that the committee would take an additional five or ten minutes for questions and requested that the staff find the time for further discussion. It is understood that there are issues with the policies and procedures, but if these cannot move forward the system will be forever behind the students' expectations. Vice Chancellor King indicated that time for additional discussion will be arranged.

Trustee Hightower inquired if there is much intensity in the discussion relative to campus autonomy. Dr. O'Brien responded that the discussions at the Cross Functional Advisory group could be described as intense. At the Interfaculty Organization executive cabinet meeting Dr. O'Brien heard concerns about campus autonomy as well. As these projects move forward, campus participation will be critical in addressing the concerns about autonomy.

Trustee Sudin inquired if Students First can address the needs of Post Secondary Enrollment Options (PSEO) students. Dr. O'Brien responded that once the changes in policy and technology are made it will be possible to address PSEO as it will be a natural extension.

Trustee Hightower requested information on the types of policy changes that may be expected. Vice Chancellor King responded that an example can be found in the work that went into changing the policy involving drop for nonpayment dates which was a precursor to smoothing out the variances in campus policies, procedures and practices. The campuses had different dates that students were dropped which made registration and financial aid at multiple institutions impossible for students.

Senior Vice Chancellor Baer stated that currently the system does not recognize students who are enrolled at multiple institutions; this does not allow the students to have access to resources like library identification and copying rights. This issue has nothing to do with campus identity or the quality of the educational opportunities provided but instead aspects of back office processes.

Trustee Rice inquired if the delivery of courses should be discussed at a policy level. What would be the impact of a Minnesota State Colleges and Universities online campus? Would this credit awarding institution improve delivery and opportunities? Vice Chancellor King indicated that the Board has discussed this issue repeatedly in the past; however this topic can be brought back to the Board. Chair McElroy stated that it is important that when this issue comes before the Board that the trustees weigh in on the issue of the system and the autonomy of the institutions. The Chancellor and others need to be given a chance to create a strong system. This culture change is not about technology; it will not take place easily. Chair Reiner stated the reliability and the security portion of the IT advancements are not in play.

Trustee Hightower noted that if there is a need for a culture, change it might benefit the Board to meet in a joint committee or study session to help facilitate change. Trustee Reiner stated that joint sessions would be both helpful and advisable, and noted that the further discussion of Students First at the November Board meeting may be beneficial. Vice Chancellor King indicated that a study session could be added to the November agenda.

Trustee McElroy shared information from the US Department of Labor and the US Department of Education which weighed in on this issue in the form of a report on working learners. The report calls for greater integration including changes to registration to allow program rather than semester registration and recommended that the federal government allocate five hundred million dollars. This grant money would be available nationally to help implement program registration.

Trustee Reiner stated that this discussion on Students First has provided a course for future meetings and adjourned the meeting at 10:10 a.m.

Respectfully submitted,
Christine Benner, Recorder

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

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology **Date of Meeting:** Nov. 17, 2009

Agenda Item: 2010 - 2015 Capital Budget Update

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda: Board Policy 6.5.1, Capital Program Planning, requires the Board of Trustees to establish criteria for and approve a prioritized multi-year capital budget, approve capital project priorities and guidelines, and final capital projects lists.

Scheduled Presenter(s): Allan Johnson, Associate Vice Chancellor Facilities

Outline of Key Points/Policy Issues: This agenda item is to update the status of the 2010 Capital Budget Request.

Background Information: Capital budgets are presented to the legislature every two years in the even year of the biennium as part of a six-year capital plan.

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

INFORMATION ITEM

FY2010 - 2015 Capital Budget Update

BACKGROUND

In June 2009, the Board of Trustees approved the capital budget for submission to the governor and legislature. Legislators from both the House and Senate Capital Investment Committees, the Commissioner and staff from Minnesota Management and Budget, and a representative from the governor's office have since been touring locations around the state where capital projects have been proposed, including campuses of Minnesota State Colleges and Universities. The primary focus of these visits has been on the specific capital projects proposed for the 2010 legislative session.

FY2010 – 2015 CAPITAL BUDGET

Attachment A is the project and priority list for 2010. Project cost estimates have been adjusted downward since Board approval in June to reflect lower inflation guidelines published by Minnesota Management and Budget. The total amount of project authorization requested is \$396.8 million. User financing, i.e. the amount financed by the System and each college and university gaining a project, is \$95.5 million. Thus, the state is asked to finance \$301.3 million.

A snapshot of each project can be found in our biennial bonding booklet entitled *Concrete Investments; Building Jobs, Knowledge and Opportunity.* This booklet has been distributed to Trustees, the governor's office, legislators, colleges and universities, and a broad audience of stakeholders.

There are four major components of the capital budget proposal:

- Higher Education Asset Preservation and Replacement (HEAPR): \$110 million. These projects are positioned as first priority to improve conditions of existing facilities and reduce the level of deferred maintenance and repair. A detailed project listing by campus is contained at Attachment B.
- 2008, 2009 vetoed projects: \$45.7 million, priorities 2 through 7.
- Phased projects partially funded in 2008: \$192.9 million, priorities 8 through 23.
- New projects: \$48.2 million, priorities 24 through 31.

The Minnesota State Colleges & Universities System

2010 Capital Budget Request

Rank	Institution	Project Description	\$ Millions (rounded)
1	All Minnesota State Colleges & Universities	Repair & replacement	\$110.0
2	North Hennepin Community College, Brooklyn Park	Business & Technology addition & renovation	\$14.8
3	Seven campuses	Classroom renovations & demolition	\$3.9
4	Lake Superior College, Duluth	Health Science Center	\$12.1
5	Metropolitan State University, St. Paul	Classroom Center	\$5.9
6	Northeast Higher Education District - Mesabi Range Community & Technical College, Eveleth	Shop space addition & renovation	\$5.5
7	Dakota County Technical College, Rosemount	Property acquisition	\$3.5
8	Alexandria Technical College	Main Building renovation & addition	\$4.4
9	Minnesota State Community & Technical College Moorhead	Library & classroom addition	\$5.4
10	Anoka-Ramsey Community College, Coon Rapids	Fine Arts Building renovation	\$5.4
11	Hennepin Technical College, Eden Prairie, Brooklyn Park	Learning Resource Center & Student Service Center renovation	\$10.6
12	Minneapolis Community & Technical College	Workforce program renovation	\$13.0
13	Ridgewater College, Willmar	Technical instruction lab construction & renovation	\$14.3
14	Minnesota West Community & Technical College Worthington	Fieldhouse renovation & addition	\$4.6
15	South Central College, Faribault	Classroom renovation & addition	\$13.4
16	Anoka-Ramsey Community College, Coon Rapids	Bioscience & Allied Health addition	\$16.5
17	North Hennepin Community College, Brooklyn Park	Bioscience & Health Careers Center addition	\$26.6
18	Minnesota State University Moorhead	Livingston Lord Library & Information Technology renovation	\$14.9
19	Southwest Minnesota State University, Marshall	Science lab renovation	\$5.7
20	St. Cloud State University	Integrated Science & Engineering Laboratory Facility	\$42.3
21	Dakota County Technical College, Rosemount	Transportation & emerging technologies lab renovation	\$7.2
22	St. Cloud Technical College	Allied Health Center renovation	\$5.4
23	Rochester Community & Technical College	Workforce Center co-location	\$3.2
24	Nine campuses	Renovations for science, technology, engineering & math programs	\$4.8
25	Minnesota State University, Mankato	Clinical Science Building design	\$1.9
26	Normandale Community College, Bloomington	Academic Partnership Center & Student Services Building	\$23.0
27	Bemidji State University	Business building addition design & demolition	\$3.4
28	Metropolitan State University, St. Paul	Science Education Center design & property acquisition	\$3.4
29	Rochester Community & Technical College	Classroom renovation design	\$1.0
30	Eight campuses	Technical college library renovations	\$3.4
31	Bemidji State University and Minneapolis Community & Technical College	Property acquisition	\$7.3
Total			\$396.8
User financing			- \$95.5
State financing			\$301.3

**Minnesota State Colleges and Universities
Higher Education Asset Preservation and Renewal (HEAPR)
2010 HEAPR \$110 Million Request**

Institution	Campus	Project Title	110 Million List	System / Category
Alexandria Technical College	Alexandria	Repair electrical panels	\$25,000	Safety
Alexandria Technical College	Alexandria	Repair and replace exterior precast enclosures - Main Building	\$232,500	HVAC
Alexandria Technical College	Alexandria	Replace HVAC connection to purchase steam from Pope/Douglas	\$452,850	HVAC
Alexandria Technical College	Alexandria	Replace boiler and chiller systems (design only)	\$400,000	HVAC
Alexandria Technical College	Alexandria	Replace roof (Main Building areas N and Q)	\$659,000	Roof
Alexandria Technical College	Alexandria	Replace air handlers and one pipe system Phase 2 (Main Building 100 and 300 Wings)	\$842,060	HVAC
Alexandria Technical College Total			\$2,611,410	
Anoka Ramsey CC	Coon Rapids	Replace air handlers (Administration Building)	\$1,236,000	HVAC
Anoka Ramsey CC Total			\$1,236,000	
Anoka TC	Anoka	Replace windows and doors and tuckpoint (Main Building)	\$800,000	Exterior
Anoka TC	Anoka	Replace air handlers (Main Building)	\$1,100,000	HVAC
Anoka TC Total			\$1,900,000	
Bemidji SU	NTC	Renewal of restrooms and ADA code compliance	\$271,000	Plumbing
Bemidji SU	Bemidji	Repair plumbing in Physical Education Building	\$569,000	Plumbing
Bemidji SU	Bemidji	Replace entrance door and stairs (Physical Education Building)	\$250,000	Exterior
Bemidji SU	Bemidji	Replace roof (Education Arts Building)	\$786,000	Roof
Bemidji SU	Bemidji	Replace steam line to American Indian Resource Center	\$425,000	HVAC
Bemidji SU	Bemidji	Replace roof (Hagg Sauer Hall)	\$1,213,000	Roof
Bemidji SU Total			\$3,514,000	
Central Lakes College	Brainerd/ Staples	Replace chiller and three air handling units (Brainerd). Replace air handling unit and controls (Staples Robotics area)	\$829,250	HVAC
Central Lakes College	Brainerd	Replace science room air handling units and connect to three classrooms	\$481,500	HVAC
Central Lakes College	Brainerd	Replace multi-zone air handling units and controls (Business & Industry area)	\$1,016,500	HVAC
Central Lakes College	Staples	Replace air handling unit and controls (Diesel Shop)	\$214,000	HVAC
Central Lakes College Total			\$2,541,250	
Century College	East	Repair and replace exterior masonry walls (Main and Horticulture buildings)	\$989,000	Exterior
Century College	East and West	Repair and replace mechanical/electrical equipment (mechanical rooms and penthouses)	\$300,000	HVAC
Century College	East	Replace roof (Horticulture Building)	\$1,009,000	Roof
Century College	West	Repair and replace ductwork (mechanical rooms)	\$200,000	HVAC
Century College	East	Repair air quality problems (Industrial Fabrication Laboratories area)	\$325,000	HVAC
Century College	East and West	Replace main entrance	\$900,000	Exterior
Century College	East and West	Repair campus restrooms	\$200,000	Interior /Plumbing
Century College	West	Replace HVAC system and repair and replace ductwork	\$800,000	HVAC
Century College	West	Replace West Campus mechanical system (Phase I)	\$500,000	HVAC
Century College	East and West	Replace entry interior lock systems	\$250,000	Interior/Safety
Century College Total			\$5,473,000	

**Minnesota State Colleges and Universities
Higher Education Asset Preservation and Renewal (HEAPR)
2010 HEAPR \$110 Million Request**

Attachment B

Institution	Campus	Project Title	110 Million List	System / Category
Dakota County TC	Main	Replace cooling towers (Phase 2)	\$700,000	HVAC
Dakota County TC	Main	Replace facilities locks and hardware	\$800,000	Interior
Dakota County TC	Main	Replace air handlers for HVAC Indoor Air Quality Project (Phase 1)	\$852,200	HVAC
Dakota County TC	Main	Replace air handlers for HVAC Indoor Air Quality Project (Phase 2)	\$852,200	HVAC
Dakota County TC	Main	Replace air handlers for HVAC Indoor Air Quality Project (Phase 3)	\$852,200	HVAC
Dakota County TC	Main	Replace air handlers for HVAC Indoor Air Quality Project (Phase 4)	\$852,200	HVAC
Dakota County TC Total			\$4,908,800	
Fond du Lac Tribal & CC	Cloquet	Repair restrooms for ADA code compliance (housing)	\$145,000	Interior/ ADA /Plumbing
Fond du Lac Tribal & CC	Cloquet	Replace roof	\$1,488,000	Roof
Fond du Lac Tribal & CC	Cloquet	Replace chiller	\$165,000	HVAC
Fond du Lac Tribal & CC Total			\$1,798,000	
Hennepin TC	Eden Prairie	Replace boilers	\$2,701,345	HVAC
Hennepin TC	Brooklyn Park	Replace roof (Section A1)	\$1,551,836	Roof
Hennepin TC Total			\$4,253,181	
Inver Hills CC	Inver Grove Heights	Repair and replace interior walls, restrooms, and flooring (Activities Building Phase 1)	\$511,883	Interior
Inver Hills CC	Inver Grove Heights	Repair building envelope and foundation (Activities Building)	\$111,398	Exterior
Inver Hills CC	Inver Grove Heights	Repair building envelope and foundation (Science Building)	\$300,000	Exterior
Inver Hills CC	Inver Grove Heights	Repair building envelope and foundation (College Center Building)	\$543,657	Exterior
Inver Hills CC	Inver Grove Heights	Repair building envelope and foundation (Fine Arts Building)	\$253,443	Exterior
Inver Hills CC	Inver Grove Heights	Repair building envelope and foundation (Business Building)	\$425,451	Exterior
Inver Hills CC	Inver Grove Heights	Repair and replace campus pedestrian walkway	\$200,000	Exterior
Inver Hills CC	Inver Grove Heights	Replace roof (Library building)	\$1,145,000	Roof
Inver Hills CC Total			\$3,490,832	
Lake Superior College	Main	Replace HVAC (1986 Addition East End Cooling Phase 3)	\$450,000	HVAC
Lake Superior College	Main	Replace roof (1986 Addition areas C1 & C2)	\$789,000	Roof
Lake Superior College	Main	Repair exterior wall (Main Building Commons)	\$225,000	Exterior
Lake Superior College	Main	Replace roof and skylight (Main Building 1966 Area A3)	\$1,112,000	Roof
Lake Superior College	Main	Replace roof (Main Building 1966 Areas A2 & A4)	\$717,000	Roof
Lake Superior College Total			\$3,293,000	
Metro SU	St. Paul	Replace energy management system	\$340,000	HVAC
Metro SU	St. Paul	Repair sidewalks, pavers and curb cuts (Library building)	\$190,550	Exterior
Metro SU	St. Paul	Repair and replace wires and ballasts (New Main Great Hall)	\$126,500	Electrical/Safety
Metro SU	St. Paul	Repair and replace baseboard heating (New Main - Great Hall)	\$80,320	HVAC
Metro SU	St. Paul	Replace campus signage (Maria Street)	\$471,882	Other
Metro SU	St. Paul	Replace security locks (design only)	\$65,000	Safety
Metro SU	St. Paul	Replace site lighting (Courtyard area)	\$200,000	Exterior/ Landscape
Metro SU	St. Paul	Replace equipment, lighting and windows with energy efficient units (678 7th Street)	\$50,000	Electrical
Metro SU Total			\$1,524,252	

**Minnesota State Colleges and Universities
Higher Education Asset Preservation and Renewal (HEAPR)
2010 HEAPR \$110 Million Request**

Institution	Campus	Project Title	110 Million List	System / Category
Minneapolis C&TC	Minneapolis	Replace fire suppression system and repair kitchen to meet Life and Safety Codes (Technology Building)	\$2,305,000	Safety/ Fire
Minneapolis C&TC	Minneapolis	Repair leaking foundation, ADA code compliance, renew Plaza (Phase 2)	\$207,407	Exterior
Minneapolis C&TC	Minneapolis	Replace roof (Hennepin Skyway Areas A and B)	\$560,000	Roof
Minneapolis C&TC Total			\$3,072,407	
Minnesota West	All	Repair and replace HVAC systems	\$500,000	HVAC
Minnesota West	Worthington	Repair storm water retention pond	\$100,000	Other
Minnesota West	Pipestone	Replace roof (Areas A and G)	\$913,000	Roof
Minnesota West	Worthington	Replace fire suppression sprinkler system (Fine Arts building)	\$100,000	Safety/ Fire
Minnesota West	Worthington	Replace fire suppression sprinkler system (LARC)	\$100,000	Safety/ Fire
Minnesota West	All	Repair brick, tuckpoint, and caulk exterior envelope	\$250,000	Exterior
Minnesota West	Jackson	Replace fire suppression sprinkler system (Shop area)	\$100,000	Safety/ Fire
Minnesota West Total			\$2,063,000	
MSC-SETC	Winona / Red Wing	Replace HVAC reheat coils and VAV boxes (Winona Campus 100 and 200 wings and Red Wing Campus 100 wing)	\$545,000	HVAC
MSC-SETC	Winona	Replace hot water boilers	\$450,000	HVAC
MSC-SETC	Winona	Replace roof (Area C1 and C3)	\$2,532,000	Roof
MSC-SETC Total			\$3,527,000	
MSCTC	Fergus Falls	Replace roof (Main Building Area E)	\$1,100,000	Roof
MSCTC	Wadena	Replace building exterior windows and doors	\$606,000	Exterior
MSCTC	Moorhead	Replace HVAC Equipment (Culinary Arts/Diesel (areas E/F), Library/Learning Center (Areas D/E))	\$618,000	HVAC
MSCTC	Detroit Lakes	Replace and relocate HVAC (Main Building Areas F and G)	\$500,000	HVAC
MSCTC	Fergus Falls	Replace roof (Science Building 1968)	\$618,000	Roof
MSCTC	Moorhead	Repair and replace HVAC equipment (Auditorium/General Education (areas A/B))	\$352,000	HVAC
MSCTC	Wadena	Replace roof (Main Area C)	\$650,000	Roof
MSCTC Total			\$4,444,000	

**Minnesota State Colleges and Universities
Higher Education Asset Preservation and Renewal (HEAPR)
2010 HEAPR \$110 Million Request**

Attachment B

Institution	Campus	Project Title	110 Million List	System / Category
Minnesota State University, Mankato	Minnesota State University, Mankato	Repair HVAC infrastructure (Nelson Hall)	\$324,500	HVAC
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace HVAC units number 5 and 6 (Performing Arts)	\$197,591	HVAC
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace elevator (Memorial Library)	\$250,000	Elevator/ Code
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace burner on boiler number 1 (Utility Plant)	\$524,700	HVAC
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace HVAC (Highland North)	\$1,000,920	HVAC
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace HVAC (Morris Addition)	\$958,794	HVAC
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace campus HVAC control system (Trafton East and Wissink)	\$174,345	HVAC
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace HVAC Morris Hall (design only)	\$200,000	HVAC
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace perimeter steam radiation (Wiecking Center)	\$715,000	HVAC
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace roof (Wiecking Center Area B and C)	\$119,892	Roof
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace roof (Wiecking Center Area C)	\$226,980	Roof
Minnesota State University, Mankato	Minnesota State University, Mankato	Replace roof (Memorial Library Section A)	\$1,800,000	Roof
Minnesota State University, Mankato Total			\$6,492,722	
MSU - Moorhead	Moorhead	Replace curtain wall glazing and chiller (Livingston Lord)	\$1,800,480	HVAC
MSU - Moorhead	Moorhead	Replace roof (Flora Frick Hall Area A)	\$884,000	Roof
MSU - Moorhead	Moorhead	Replace low pressure boiler and critical sections of steam piping (Heating Plant)	\$2,173,547	HVAC
MSU - Moorhead	Moorhead	Replace field lights (Alex Nemzek Fieldhouse)	\$400,000	Other
MSU - Moorhead	Moorhead	Repair stone panels (Center for the Arts)	\$707,200	Exterior
MSU - Moorhead	Moorhead	Replace roof (Alex Nemzek Fieldhouse Areas A1 and A2)	\$324,000	Roof
MSU - Moorhead	Moorhead	Replace roof (Weld Hall - design only)	\$170,000	Roof
MSU - Moorhead Total			\$6,459,227	
NHED, Hibbing	Hibbing	Replace HVAC phase 2 (Science Building "D")	\$2,000,000	HVAC
NHED, Hibbing	Hibbing	Replace Fire Alarm System	\$125,000	Safety
NHED, Hibbing Total			\$2,125,000	
NHED, Itasca	Grand Rapids	Replace roof (Instructional Areas C and E)	\$1,286,000	Roof
NHED, Itasca Total			\$1,286,000	
NHED, Mesabi	Virginia	Replace HVAC (Fine Arts Addition)	\$900,000	HVAC
NHED, Mesabi	Eveleth	Replace roof (Main area F)	\$145,000	Roof
NHED, Mesabi Total			\$1,045,000	

**Minnesota State Colleges and Universities
Higher Education Asset Preservation and Renewal (HEAPR)
2010 HEAPR \$110 Million Request**

Attachment B

Institution	Campus	Project Title	110 Million List	System / Category
NHED, Rainy River	International Falls	Replace air handler, controls, and 21 HVAC univents	\$118,000	HVAC
NHED, Rainy River	International Falls	Tuckpoint (Humanities Building)	\$115,000	Exterior
NHED, Rainy River	International Falls	Tuckpoint (Gym Building)	\$95,000	Exterior
NHED, Rainy River Total			\$328,000	
NHED, Vermilion	Ely	Replace HVAC, air handling units, distribution system, sprinklers, ceiling, and lighting	\$1,200,000	HVAC
NHED, Vermilion Total			\$1,200,000	
Normandale CC	Bloomington	Replace 400 ton boilers with new condensate boilers; Complete Phase 2 hot water loop (College Services Building)	\$850,000	HVAC
Normandale CC	Bloomington	Replace air handlers (ISB Building)	\$120,000	HVAC
Normandale CC Total			\$970,000	
North Hennepin CC	Brooklyn Park	Replace roof (Center for Business and Technology)	\$1,400,000	Roof
North Hennepin CC	Brooklyn Park	Replace air handling units (Campus Center Building)	\$350,000	HVAC
North Hennepin CC Total			\$1,750,000	
Northland C&TC	TRF	Replace roof (Main Building Section F)	\$1,346,000	Roof
Northland C&TC	TRF	Repair electrical conduit (Main Building)	\$180,000	Electrical
Northland C&TC	TRF	Replace HVAC and ADA Compliance (Theater)	\$504,400	HVAC
Northland C&TC	EGF	Replace roof (Main Building Area A1)	\$427,000	Roof
Northland C&TC	EGF	Replace roof (Main Building Area A2)	\$423,000	Roof
Northland C&TC	EGF	Replace roof (Main Building Area A3)	\$885,000	Roof
Northland C&TC	EGF	Replace roof (Main Building Area A4)	\$355,000	Roof
Northland C&TC Total			\$4,120,400	
Pine TC	Pine City	Replace roof (Main 1997 Addition Areas E and F)	\$786,000	Roof
Pine TC Total			\$786,000	
Ridgewater College	Willmar	Replace central heating system (Phase 1)	\$2,639,000	HVAC
Ridgewater College	Willmar	Repair building envelope (Campus-wide)	\$530,000	Exterior
Ridgewater College	Willmar	Elevator code modifications	\$40,000	Elevator/ Code
Ridgewater College	Willmar	Replace roof (TC Main Area A)	\$720,036	Roof
Ridgewater College Total			\$3,929,036	
Riverland Community College	Albert Lea Campus	Replace HVAC and fire protection system (A Building)	\$1,798,000	HVAC
Riverland Community College	Austin West	Replace HVAC, air handler and distribution system (C Building)	\$1,297,203	HVAC
Riverland Community College	Austin East	Replace generators for campus heating and IT infrastructure	\$400,000	HVAC
Riverland Community College Total			\$3,495,203	
Rochester C&TC	Rochester	Replace main campus HVAC system to receive steam from Olmsted County Waste to Energy Plant (Green Pipes Project)	\$950,000	HVAC
Rochester C&TC	Rochester	Replace air handlers (Heintz Center and Co- location project)	\$2,000,000	HVAC
Rochester C&TC Total			\$2,950,000	
South Central College	North Mankato	Replace air handler, ductwork, 7 VAV boxes (Cafeteria, Kitchen, Heritage Halls, IT Server and Placement Office)	\$250,000	HVAC
South Central College	North Mankato	Repair and replace indoor air handlers and interior space	\$750,000	HVAC
South Central College	North Mankato	Repair and replace HVAC and interior space	\$750,000	HVAC
South Central College Total			\$1,750,000	

**Minnesota State Colleges and Universities
Higher Education Asset Preservation and Renewal (HEAPR)
2010 HEAPR \$110 Million Request**

Institution	Campus	Project Title	110 Million List	System / Category
Southwest MSU	Marshall	Elevator code modifications (Bellows, Fine Arts, Charter Hall, Individualized Learning, Science & Tech, Science & Math, and Social Science Buildings)	\$604,805	Elevator/ Code
Southwest MSU	Marshall	Replace 12 primary electrical switches (Science & Technology, Charter Hall, Individualized Learning, Fine Arts, Social Science, Science & Math, Bellows, Physical Education Buildings)	\$362,000	Electrical
Southwest MSU	Marshall	Replace lobby windows and abate ceiling (Founders Hall Building)	\$488,340	interior
Southwest MSU	Marshall	Replace air conditioning (Recreation Athletic Facility and Physical Education Buildings)	\$576,640	HVAC
Southwest MSU Total			\$2,031,785	
St. Cloud State University	St. Cloud State University	Elevator code modifications (Halenbeck Hall, Field House, Wick Science, Old Headley Hall, Engineering and Computing Center, Centennial Hall - Freight, Performing Arts Center - Freight, Performing Arts Center - Passenger, Stewart Hall - Handicap)	\$1,500,000	Elevator/ Code
St. Cloud State University	St. Cloud State University	Repair exterior (Stewart Hall)	\$3,851,338	Exterior
St. Cloud State University	St. Cloud State University	Replace Chiller Plant (design only)	\$200,000	HVAC
St. Cloud State University	St. Cloud State University	Replace roof (Headley Hall)	\$1,250,000	Roof
St. Cloud State University Total			\$6,801,338	
St. Cloud TC	St. Cloud	Replace electrical system phase 2 (Main Building)	\$925,250	Electrical
St. Cloud TC	St. Cloud	Replace roof - Main Building E Wing Areas I and K)	\$896,000	Roof
St. Cloud TC Total			\$1,821,250	
St. Paul College	St. Paul	Replace roof (Main Building Area A1)	\$1,172,000	Roof
St. Paul College	St. Paul	Replace roof (Main Building Area C1)	\$432,000	Roof
St. Paul College	St. Paul	Repair exterior walls for water intrusion (1984 Addition - West Wing)	\$500,000	Exterior
St. Paul College Total			\$2,104,000	
Winona SU	Winona	Replace fire alarm and HVAC (Performing Arts Center)	\$1,441,815	HVAC
Winona SU	Winona	Replace utility tunnel piping (Main Campus - Design only)	\$240,000	HVAC
Winona SU	Winona	Replace HVAC system (Gildemeister Hall Building)	\$1,593,000	HVAC
Winona SU Total			\$3,274,815	
Advance Design Roofs and Major HVAC			\$5,630,092	HVAC / Roof
Advance Design Roofs and Major HVAC Total			\$5,630,092	
Grand Total			\$110,000,000	

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

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology **Date of Meeting:** Nov. 17, 2009

Agenda Item: FY2012-2017 Capital Budget Guidelines

- Proposed Policy Action Approval Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda: Board Policy 6.5, Capital Program Planning, requires the Board of Trustees to establish criteria for and approve a prioritized multi-year capital budget, approve capital project priorities and guidelines, and final capital projects lists.

Scheduled Presenter(s): Allan Johnson, Associate Vice Chancellor for Facilities

Outline of Key Points/Policy Issues: Minnesota State Colleges and Universities expects to present a Fiscal Year 2012-2017 capital budget plan to the Minnesota Department of Finance, Governor and Legislature in June 2011 consistent with the state’s anticipated capital bonding program for the 2012 legislative session.

Background Information: The foundation of the capital budget is the Capital Budget Guidelines, approved each biennium by the Board, usually in the spring of the year that capital project submissions are due to the Office of the Chancellor, i.e. 2010. The purpose of this report and presentation is to get input from the Committee to help shape development of the Guidelines. The Guidelines will be presented for Board review in April 2010.

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

INFORMATION ITEM
FY2012-2017 Capital Budget Guidelines

BACKGROUND

As the FY2010 – 2015 capital budget request moves forward to the governor and legislature for deliberation in the 2010 legislative session, action must now begin on the development of the FY2012 –2017 capital budget. The foundation for this next capital budget will be the FY2012 – 2017 Capital Budget Guidelines which are scheduled to be published in May 2010. These Guidelines will shape the development of capital projects by colleges and universities for submission to the Office of the Chancellor in late 2010.

The purpose of this Board report is to solicit input from the Finance/Facilities/Technology Committee of the Board regarding the next capital budget cycle. Based on the process used for the FY2010 – 2015 cycle, and feedback received after Board approval of the current capital budget, the following main points are suggested as the beginning framework for development of the next cycle of capital budget guidelines.

MAJOR POINTS FOR DEVELOPMENT OF THE FY2012 – 2017 GUIDELINES

- Capital projects of Minnesota State Colleges and Universities must support the goals and objectives of the System’s Strategic Plan.
- Capital projects are preferred that directly and positively impact the state’s economy through development of a highly educated and trained workforce. Construction and renovation work should provide flexibility to address future workforce related programs.
- Projects in support of science, technology, engineering and math (STEM) programs should be a high priority. These may be single, stand-alone projects or several small renovation projects bundled together as a System-wide STEM initiative
- Projects should provide capacity to increase delivery of four-year baccalaureate programs in the Twin Cities metro area. Program delivery may be through Metropolitan State University or other state universities that partner with two-year colleges. This could take place through expansion or renovation of space at existing two-year campuses or through expansion of Metropolitan State University.
- Projects should reflect improved alignment between campus physical capacity and academic program requirements, community and public service, and appropriate stewardship of state buildings. Many campuses are overbuilt for current and forecasted regional populations. Efforts should be supported that lead to co-located programs, enhanced programs (i.e., adding or increasing baccalaureate programs), downsized campus space, mothballed buildings, demolition of obsolete space and revitalization of spaces to reflect the needs of future student enrollments and the regional/state workforce.
- Encourage creative use of space, particularly in support of technical programs. Some technical programs require a significant amount of space for relatively few students (e.g.,

diesel truck repair, agricultural equipment repair, etc.). New and renovated spaces should allow creative scheduling, multiple uses, flexible and appropriate construction and other space use strategies to maximize the benefit of limited project dollars.

In addition to the suggested points above, the capital budget must continue its focus on maintaining and renewing the existing buildings and infrastructure located state-wide on 54 campus sites. Accordingly, several additional items are suggested for the Guidelines:

- Encourage repair, renovation and modernization of existing facilities rather than construction of new space. Most of the System's building stock was built 30 to 40 years ago, is basically sound, but is in need of major renewal. The System focus on renovation and modernization over the past several capital budget cycles has resulted in a reduction of the backlog of maintenance and repair from \$685 million to \$655 million and a small improvement in the Facilities Condition Index (FCI). Continuing this trend should be encouraged. Considering space utilization and demographics, particularly in Greater Minnesota, improving existing yet aging facilities rather than build new seems a responsible approach. This approach to stewardship has allowed the system to be more efficient, increasing enrollment over 25% while only increasing square footage by 10% in the last several years.
- Continue a robust HEAPR (Higher Education Asset Preservation and Replacement) program as critical to the ongoing preservation of existing facilities. HEAPR appropriations, gained from state general obligation bond financing, do not require financing by the System or gaining institution.
- All projects must demonstrate improved energy efficiency. All projects are required to meet Minnesota State Colleges & Universities Design and Construction Guidelines as well as the state's B3 Guidelines. Implementation of our new Energy Benchmarking system should allow quantification of energy savings and reduction of the campus carbon footprint.
- Bundling a number of smaller projects for energy efficiency may be advantageous; similar to past initiative projects for STEM and classroom renovations. Note that the HEAPR appropriation is also a good source of funding for energy related projects.
- Advancing the use of alternative fuel sources should be encouraged, particularly as they relate to the region and economy, and link to academic programs.
- Improve space use. Each campus has unique building space constraints and academic offerings. Capital projects should specifically target improved space use, such as rightsizing, leasing out space to an appropriate tenant, development of multi-use space, collaborative use with campus partners, etc.

PROCESS

No major changes to the capital budget process are recommended. Specifically, the following major elements of the process will be maintained:

- Project review and scoring by teams from multiple campuses, regions and disciplines after campus submission of projects in the fall of 2010. Projects will be scored on the basis of Capital Budget Guidelines.
- Only new projects will be reviewed and scored. Projects that have received Board and/or legislative approval in the FY2010 – 2015 cycle need not be resubmitted for scoring unless there are material changes to the project scope and/or cost. (Actual

project documents, cost estimates, etc. must be updated for submission as part of the capital budget.)

- Project predesigns must be completed at the time of project submission to fully describe the project scope, cost and schedule. This will allow time for staff review and availability for the formal review by the Review Teams.
- A proposed project and priority list will be published prior to a Board public hearing on the capital budget in early 2011. At the public hearing, colleges and universities may present their project to the Board if desired.
- Past practice of funding the design of a project in one biennium and seeking construction or renovation funds in the next biennium is appropriate for most projects over \$5 million. This process allows a thoughtful and methodical development of the project. However, smaller projects (e.g., under \$5 million) that could be executed within 30 months would be appropriate for funding in a single biennium.
- Improvements to parking facilities should be funded through parking revenues and/or revenue bond proceeds unless a case can be made for partial funding through the capital budget process.

NEXT STEPS

The FY2012 – 2017 Capital Budget Guidelines will be presented to the Board in April 2010 as a first reading and in May 2010 for a second reading. At this point in time, campuses have been urged to proceed with predesign documents to ensure that academic and student interaction occurs before the spring 2010 semester ends, as final project predesigns are due in the fall 2010.

A detailed schedule of the FY2012 – 2017 capital budget is contained at Attachment A.

FY2012-2017 Capital Budget Schedule

November 2009	Review capital budget process; input from Board of Trustees and Leadership Council
March 2010	Campuses must have started work on predesigns; allow for input from faculty prior to end of semester in May
April 2010	Board and Leadership Council: review draft FY2012-2017 Capital Budget Guidelines
May 2010	Board action: FY2012 - 2017 Capital Budget Guidelines
June 2010	Campuses submit preliminary project titles and cost estimates
August 2010	Campuses develop predesign documents for 2012 capital projects; 50% to 70% submittals to Office of the Chancellor
September 2010	Draft project narratives and data spreadsheets submitted to Office of the Chancellor. Campuses analyze FRRM backlog and renewal data; begin engineering studies for significant HEAPR projects
October 2010	Master list of all campus requests for 6-year capital plan developed; all predesigns for 2012 must be complete
November 2010	Final capital project narratives and spreadsheets due
January 2011	Campus Review Teams evaluate and score capital projects
February 2011	Leadership Council reviews preliminary results from Campus Review Teams; HEAPR budget documents due; HEAPR engineering reports at 50%
February 2011	Project scoring results presented to Board of Trustees; public hearings on proposed capital projects and 6-year capital plan
April 2011	Leadership Council reviews preliminary FY2012-2017 Capital Budget
May 2011	Chancellor recommends FY2012-2017 Capital Budget to Board of Trustees
June 2011	Board action: FY2012-2017 Capital Budget Capital Budget forwarded to governor and legislature
August - October	Legislative committees conduct campus bonding tours using June project data
October 2011	Capital Budget requests frozen in the state's Budget Information System
January 2012	Governor's Capital Budget recommendations
February 2012	2012 Legislature convenes

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

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology **Date of Meeting:** Nov. 17, 2009

Agenda Item: The Role of Financial Aid in the Cost of Attendance

- Proposed Policy Action Approval Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda: The purpose of this report is to inform the Finance, Facilities, and Technology Committee about the role of financial aid in the cost of attendance. It is important that the Committee understands how financial aid interacts with tuition and fee rate increases as it begins tuition planning discussions in early spring 2010.

Scheduled Presenter(s): Laura King, Vice Chancellor – Chief Financial Officer
Judy Borgen, Associate Vice Chancellor Budget
Karen Kedrowski, System Budget Director
Mike Lopez, Associate Vice Chancellor for Student Affairs
Christopher Halling, System Director for Financial Aid

Outline of Key Points/Policy Issues: (1) Amount of financial aid received by students enrolled in the Minnesota state colleges and universities. (2) Student debt/borrowing trends. (3) Income distribution of dependent and independent students. (4) Illustration of determination of Pell and state grants. (5) Status of HR 3221 regarding direct lending program, Pell grant, Perkins loan program, and simplification of the federal aid application (FAFSA).

Background Information: Information will be provided that describes the Pell grant and State grant programs and the expected family contribution formula. This report will provide an update of House of Representatives 3221, Student Aid and Fiscal Responsibility Act of 2009.

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

INFORMATION ITEM
The Role of Financial Aid in the Cost of Attendance

BACKGROUND

The purpose of this report is to undertake a discussion with the Finance, Facilities, and Technology Committee about the role of financial aid in the cost of attendance and the implications for college and university enrollment and financial planning. Financial aid interacts with tuition and fee rate increases and family income. Pending changes in federal law could also substantially impact a broad portion of the system’s target student population. It is expected that these events will have consequences for fiscal year 2011 tuition planning discussions which will begin in early spring 2010.

Information will be provided that describes the Pell and State grant programs and the expected family contribution formula. This report will also provide an update of House of Representatives 3221, Student Aid and Fiscal Responsibility Act of 2009. No action is requested with this report. It is expected that the discussion will generate some guidance for 2011 operating budget planning.

TOTAL AND NET COST OF ATTENDANCE

A student’s total cost of attending a college or university includes tuition, fees, room and board, books, supplies, transportation, and miscellaneous expenses. The net cost of attendance is the amount a student pays after financial aid is subtracted from the cost of attendance. The net cost can vary depending on a student’s full-time or part-time status, institution of attendance, academic program choice, income, assets, and financial aid.

Financial aid determination takes into account the cost of attendance and any expected family and student contributions to determine “need.” After financial aid (i.e., grants, loans, work, etc.) is applied, the student may or may not have an unmet need. Information will be presented during the Committee meeting that explains the expected family and student contribution calculations, illustrates the distribution of state grants, shows the impact of state grant award calculation on a full- and part-time student, and identifies unmet need for dependent and independent students.

ESTIMATED NET IMPACT TUITION AND FEES AND STATE/PELL GRANT INCREASES

Annual tuition and fee rate increases are approved by the Board. These rates are considered the sticker price. When taking into account increases in state and Pell grants, many students experience a smaller increase or a net decrease in tuition and fees. The fiscal year 2010 average tuition and fee rate increase (after applying the tuition mitigation) for a full-year, full-time undergraduate student was \$130 at the colleges and \$182 at the universities. Table 1 shows the estimated net impact of tuition and fees when taking into account increases in state and Pell grants (as enacted by the Minnesota Legislature and the United States Congress).

Table 1

**Minnesota State Colleges and Universities
Estimated Net Impact of Tuition and Fees and State/Pell Grant Increases
Estimated Fiscal Year 2010**

	Average Tuition and Fee Increase	State Grant Recipients		Pell Grant Only	
		Average Grant Increase	Net Change in Tuition and Fees	Average Grant Increase	Net Change in Tuition and Fees
Colleges	\$130	\$500	(\$370)	\$619	(\$489)
Universities	\$182	\$528	(\$346)	\$619	(\$437)

Assuming the same proportion of students receiving grants based on fiscal year 2008 enrollments and financial aid, approximately 39 percent of students enrolled full-time for fall and spring terms in fiscal year 2010 would experience a net decrease in tuition and fees. Approximately 22 percent of students enrolled part-time or one term would experience either a net decrease or a small increase in tuition and fees.

FINANCIAL AID

Families are expected to bear the primary responsibility of paying for college. When they cannot pay all of the costs, need-based financial aid programs help with the difference between the cost of attendance and family resources. Financial aid comes in several forms: need-based federal and state grants which do not have to be repaid; loans from federal and state government or private banks that must be repaid with interest; scholarships and educational benefits for students with special circumstances (i.e., military benefits, child care assistance, and merit aid for academic achievement), and employment/ work-study jobs. Most financial aid is money provided to help students pay college costs that exceed the amount the federal government has determined they and their families can pay.

In fiscal year 2008 undergraduate students enrolled in the Minnesota state colleges and universities received \$793.2 million of financial aid. (Table 2) The financial aid data only includes the aid that flows through the system’s financial aid module; therefore, it would exclude private loans. Undergraduate students received a majority of financial aid through grants (\$246.0 million) and loans (\$491.5 million) with the balance in scholarships and employment/work study. Of the \$793.2 million in financial awarded in fiscal year 2008, students at the two-year colleges received \$450.8 million (57 percent) compared to \$342.4 million (43 percent) for undergraduate students at the four-year universities.

Table 2

**Minnesota State Colleges and Universities
Financial Aid by Type of Aid – Undergraduates
Fiscal Year 2008: End of Year Data**

(\$ in millions)	Amount	% of Total
Grants	\$246.0	31%
Scholarships	\$35.4	4%
Loans	\$491.5	62%
Employment/work study	\$20.4	3%
Total	\$793.2	100%

In fiscal year 2008, 52 percent (89,299) of the students enrolled at the colleges and 58 percent (46,149) of undergraduate students enrolled at the universities received at least one type of financial aid award (including loans that were accounted for in the system’s financial aid module). The average award for students enrolled at the colleges was \$5,053 and at the universities was \$8,087. Table 3 shows fiscal year 2008 average financial aid by type of aid for undergraduate students who received at least one type of financial aid award.

Table 3

**Minnesota State Colleges and Universities
Average Financial Aid Award by Type, by Sector – Undergraduates
Fiscal Year 2008**

(\$ in millions)	Colleges			Universities		
	# of Awards	% of Students Receiving Awards	Average Award	# of Awards	% of Students Receiving Awards	Average Award
Grants	59,961	35%	\$2,713	24,337	31%	\$3,669
Scholarships	15,018	9%	\$1,228	9,644	12%	\$1,827
Loans	52,824	31%	\$4,856	35,959	45%	\$7,192
Employment/work study	6,977	4%	\$1,894	3,550	4%	\$2,158
Average all awards	89,229	52%	\$5,053	46,149	58%	\$8,087

STUDENT BORROWING

The number of students enrolled in the Minnesota state colleges and universities who borrowed to pay for a portion of their higher education costs increased from 28 percent in fiscal year 2003 to 36 percent in fiscal year 2008. During that same time period, the average loan increased from \$4,441 to \$5,802; an increase of \$1,361 (31 percent). (Table 4)

Table 4

**Minnesota State Colleges and Universities
Borrowing Trends – System Totals**

	Fiscal Year 2003	Fiscal Year 2008	Change
Students borrowing	67,672	88,783	31%
Percent of all students borrowing	28%	36%	
Average loan	\$4,441	\$5,802	31%
Total loans	\$300,564,089	\$515,104,241	71%

During that same time period, the average cost of attendance for a full-time undergraduate student (12+ credits) increased from \$12,282 to \$16,645; an increase of \$4,363 (36 percent), as shown in Table 5.

Table 5

**Minnesota State Colleges and Universities
Trends in Average Cost of Attendance and Loan**

	FY2003	FY2008	\$ Change	% Change
Ave. Cost of Attendance	\$12,282	\$16,645	\$4,363	36%
Ave. Loan	\$4,475	\$5,802	\$1,327	30%
Ave. Loan of Cost of Attendance	36%	35%		

The above data indicates that although more students are borrowing, the average loan has remained proportionate to the cost of attendance (35-36 percent).

STUDENT INCOME DISTRIBUTION

A student income distribution analysis was conducted by the Office of the Chancellor Research and Planning Unit based on fiscal year 2006 data. The sample of undergraduate students that submitted a Free Application for Federal Student Aid (FAFSA) and for whom income was reported included 109,424 students or 51.4 percent of the population. Some of the findings of the analysis were:

- Approximately 48 percent of state college students and 59 percent of state university students applied for financial aid.
- A larger percentage of state university applicants were dependent students and a larger percent of state college applicants were independent students. Dependent students are students who parents have the primary responsibility to pay for their education, and family income is reported for dependent students which includes parental and student income. Independent students are students deemed to be independent of their parents for purposes of financial aid, and student income is reported for independent students which includes student and spouse income.

	<u>Percent Dependent</u>	<u>Percent Independent</u>
• State college	48.3%	51.7%
• State university	72.4%	27.6%

- The system’s dependent students had mean and median family incomes that were substantially higher than independent students.

	<u>Mean Income</u>	<u>Median Income</u>
• Dependent	\$69,669	\$64,542
• Independent	\$25,460	\$19,659

- The system’s independent students were concentrated in the three income categories ranging from <\$10,000 to \$29,999 while the dependent students’

family incomes were more widely distributed and resembled a normal distribution. The data below shows the cumulative distribution of the sample of undergraduate students by dependent and independent status and income clusters.

Dependent students: Total students with known income - 62,144

Income Level	Cumulative Student Count	Cumulative Percent
<\$40,000	14,804	23.9%
<\$70,000	34,737	56.0%
<\$90,000	46,655	75.2%

Independent students: Total students with known income - 47,280

Income Level	Cumulative Student Count	Cumulative Percent
<\$10,000	12,499	26.5%
<\$20,000	23,977	50.8%
<\$40,000	38,172	80.8%

Summary

The data indicates that the system's students are dependent on financial aid and increasingly independent, self supporting students. It further indicates that the student population is weighted toward middle to lower income households. These observations support the Board's commitment to low cost entry and a focus on access and opportunity.

Tuition planning will soon commence for fiscal year 2011. There will be continuing pressure on college and university budgets as efforts to maintain services with increasing enrollment are balanced against flat or declining state support and downward tuition pressure. Awareness of and attention to the dynamics of the financial aid program are critical to planning efforts.

HR 3221, STUDENT AID AND FISCAL REPONSIBILITY ACT OF 2009

On September 18, 2009 the United States House of Representatives passed HR 3221, the "Student aid and Fiscal Responsibility Act," which would, if enacted into law, make a number of significant changes to federal student financial aid programs. The Senate has not yet taken action on its version of the Bill. The most significant of the financial aid changes are in four areas:

1. Direct lending program: The legislation proposes to end the Federal Family Education Loan, or FFEL, program by July 2010, and requires all colleges to participate in the Direct Loan program. Under direct lending, capital is provided by the Federal government rather than banks. The Congressional Budget Office has projected a savings of about \$80 billion over 10 years with this change. The terms and provisions of the loans are identical and the change should be almost completely transparent to students. Ten of the Minnesota state colleges and universities are currently Direct Loan schools.
2. Pell grant: The legislation invests \$40 billion to increase the maximum annual Pell grant to \$5,550 in 2010 and to \$6,900 by 2019. Starting in 2010, the grant amount will be linked to match rising costs-of-living by indexing a portion of it to the Consumer Price Index plus one percent. The legislation increases the size of awards but not the number of recipients.
3. Perkins Loan program: The Bill eliminates the existing Perkins Loan program and replaces it with a new Federal Direct Perkins Loan, increases funding from \$1 billion to \$6 billion a year, and allows many more schools to participate in the program. However, it also requires an expensive “buy-in” from institutions by requiring them to pay interest on behalf of their borrowers, and it eliminates flexibility in awarding the loans. The legislation eliminates provisions that provide loan forgiveness to borrowers who enter specified fields of public service.
4. Simplification of the Federal Aid Application (FAFSA) and needs analysis formula: The Bill significantly reduces the number of questions asked on the FAFSA and will allow students and families to apply for aid using the information on their tax returns. The Bill also eliminates asset questions but imposes a \$150,000 asset cap for purposes of Pell and subsidized loan eligibility. There is no provision in the Bill for resolving these two conflicting asset treatments.

Date Presented to the Board: November 17, 2009



Financial Aid for Minnesota State Colleges and Universities Students: Current Status and Future Prospects

Presented to the Finance, Facilities and Technology Committee - Board of Trustees
November 17, 2009

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.



Definition of Need

$$\begin{aligned} & \text{Cost of Attendance} \\ & - \text{Resources} \\ & = \text{Need} \end{aligned}$$

Slide 2



EFC Formula - Parent Contribution from Income

$$\begin{aligned} & \text{Taxable Income} \\ + & \text{ Untaxed Income} \\ = & \text{ Total Income} \\ - & \text{ U.S. Income Tax} \\ - & \text{ State Tax Allowance} \\ - & \text{ Social Security Tax} \\ - & \text{ Income Protection Allowance} \\ - & \text{ Employment Expense Allowance} \\ = & \text{ **Available Income**} \end{aligned}$$

Slide 3



EFC Formula - Parent Contribution from Assets

$$\begin{aligned} & \text{Cash, Savings, Checking} \\ + & \text{ Investments, Real Estate} \\ + & \text{ Adjusted Net Business/Farm Worth} \\ = & \text{ Net Worth} \\ - & \text{ Asset Protection Allowance} \\ = & \text{ Discretionary Net Worth} \\ \times & \text{ Asset Conversion Rate (12\%)} \\ = & \text{ **Contribution from Assets**} \end{aligned}$$

Slide 4



EFC Formula - Parent Contribution

$$\begin{aligned} & \text{Available Income} \\ & + \text{ Asset Contribution } \\ & = \text{ Adjusted Available Income} \\ & \times \text{ Taxation Rate (22\% - 47\%)} \\ & = \text{ **Parent Contribution** } \end{aligned}$$

Slide 5



EFC Formula - Student Contribution

$$\begin{aligned} & \text{Total Income} \\ & - \text{ Taxes} \\ & - \text{ Income Protection Allowance (\$3,750) } \\ & = \text{ Available Income} \\ & \times \text{ Assessment Rate (.5) } \\ & = \text{ **Contribution from Income** } \\ & \\ & \text{Net Worth} \\ & \times \text{ Assessment Rate (.2) } \\ & = \text{ **Contribution from Assets** } \end{aligned}$$

Slide 6



Pell Grant Eligibility

$$\begin{aligned} & \text{Maximum Pell Grant} \\ & - \text{EFC} \\ & = \text{Pell Grant Award} \end{aligned}$$

Slide 7



Minnesota State Grant Formula

$$\begin{aligned} & \text{Tuition and Fees (or Tuition Maximum)} \\ & + \text{Living and Miscellaneous Expense Allowance} \\ & = \text{Recognized Cost of Attendance (COA)} \end{aligned}$$

$$\text{Student Share} = \text{COA} \times .46$$

$$\begin{aligned} & \text{Family and Taxpayer Share (COA} \times .54) \\ & - \text{Expected Parent Contribution (EPC)} \\ & - \text{Pell Grant} \\ & = \text{State Grant} \end{aligned}$$

Slide 8



State Grant Award Illustration: Fiscal Year 2010 – Full-time Student

	MnSCU College	MnSCU University	Private College
Tuition and Fees	\$4,836	\$6,816	\$10,488
LME	\$7,000	\$7,000	\$7,000
Cost of Attendance	\$11,825	\$13,816	\$17,488
x 54%			
Family/Taxpayer Share	\$6,391	\$7,461	\$9,444
Low Income Family (< \$ 20,000)			
Family/Taxpayer Share	\$6,391	\$7,461	\$9,444
Minus EPC	\$ - 0 -	\$ - 0 -	\$ - 0 -
Minus Pell Grant	\$5,350	\$5,350	\$5,350
State Grant	\$1,041	\$2,111	\$4,094
Upper Middle Income Family (\$ 68,000)			
Family/Taxpayer Share	\$6,391	\$7,461	\$9,444
Minus EPC	\$7,711	\$7,711	\$7,711
Minus Pell Grant	\$ - 0 -	\$ - 0 -	\$ - 0 -
State Grant	\$ - 0 -	\$ - 0 -	\$1,733

Illustration is based on 30 credits of enrollment; MnSCU tuition and fees are average of two actual MnSCU College and two actual MnSCU University State Grant Calculation budgets.
10/19/09 CJH

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State Grant Award Illustration: Fiscal Year 2010 – Part-time Student

	Full-time (15 credits)	Part-time (9 credits)
Tuition and Fees	\$4,836	
LME	\$7,000	
F-T Cost of Attendance (COA)	\$11,836	\$11,836
<u>x HESO pro-ration formula</u>	<u>x 100%</u>	<u>x 60%</u>
Pro-rated COA	\$11,836	\$7,102
x 54%		
Family/Govt. Share	\$6,391	\$3,835
Minus EPC	\$ - 0 -	\$ - 0 -
Minus Pell grant	\$5,350	\$4,012
State Grant	\$1,041	\$ - 0 -

Based on a MnSCU College State Grant Calculation Budget. Student EFC calculated using HESO estimator: unmarried independent student with one dependent child, AGI of \$18,500.
10/19/09 CJH

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State Grant Data – Fiscal Year 2007

System	Total Dollar Amount (in millions)	% of Total Dollars	Number of Recipients	% of Total Recipients	Average Grant Amount
MnSCU	\$60.8	39	45,819	57	\$1,326
State Universities	\$25.8	17	12,313	15	\$2,097
State Colleges	\$34.9	22	33,506	42	\$1,043
Univ. of Minnesota	\$33.1	21	9,415	12	\$3,511
Total Private	\$62.2	40	24,880	31	\$2,499
Private not For-Profit	\$41.0	26	12,505	16	\$3,276
Private for Profit	\$21.2	14	12,375	15	\$1,714
Total/Average	\$156.0		80,114		\$1,947

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Financial Aid Award: State and Federal

MnSCU State Colleges

(\$ in millions)

Year	Grants		Loans		Work		Total
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
1991	\$69.1	56%	\$47.4	39%	\$6.5	5%	\$123.3
1993	\$82.2	58%	\$53.6	38%	\$6.6	5%	\$142.4
1995	\$75.9	51%	\$64.9	44%	\$7.0	5%	\$147.8
1997	\$68.9	45%	\$74.9	49%	\$7.9	5%	\$151.7
2005	\$106.9	36%	\$182.7	61%	\$9.8	3%	\$299.4
2007	\$134.9	38%	\$211.5	59%	\$10.3	3%	\$356.7
\$ Change 1991-2007		+95%	+346%		+58%		+189%

MnSCU State Universities

(\$ in millions)

Year	Grants		Loans		Work		Total
	Amount	% of Total	Amount	% of Total	Amount	% of Total	
1991	\$40.6	38%	\$60.9	57%	\$4.9	5%	\$106.4
1993	\$44.6	38%	\$68.4	58%	\$5.6	5%	\$118.6
1995	\$37.5	28%	\$88.6	67%	\$5.9	4%	\$132.0
1997	\$34.6	25%	\$96.1	71%	\$5.6	4%	\$136.3
2005	\$55.9	23%	\$181.5	74%	\$7.3	3%	\$244.7
2007	\$67.1	25%	\$195.2	72%	\$7.0	3%	\$269.3
\$ Change 1991-2007		+65%	+221%		+42%		+153%

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Source: HESO and OHE reports.



Financial Aid Award: Grant, Scholarship, and Loan Aid – All Sources

MnSCU State Colleges

(\$ in millions)

Year	Grants/Scholarships		Loans		Total
	Amount	% of Total	Amount	% of Total	
1991	\$71.6	56%	\$48.3	38%	\$119.9
1993	\$85.9	58%	\$53.7	36%	\$139.6
1995	\$79.2	52%	\$65.2	43%	\$144.4
1997	\$72.9	47%	\$74.9	48%	\$147.8
2005	\$148.3	44%	\$178.1	53%	\$326.4
2007	\$164.9	42%	\$210.9	54%	\$375.8
\$ Change 1991-2007		+130%	+337%		+213%

MnSCU State Universities

(\$ in millions)

Year	Grants/Scholarships		Loans		Total
	Amount	% of Total	Amount	% of Total	
1991	\$47.5	39%	\$61.3	50%	\$108.8
1993	\$54.1	39%	\$68.7	50%	\$122.9
1995	\$44.9	29%	\$89.2	58%	\$134.1
1997	\$44.4	28%	\$97.2	61%	\$141.6
2005	\$85.0	28%	\$215.6	70%	\$300.6
2007	\$99.6	29%	\$238.1	69%	\$337.7
\$ Change 1991-2007		+110%	+288%		+210%

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Source: Office of the Chancellor Research and Planning.



Examples of Financial Aid Award Packages

	Student A	Student B
COA	\$15,000	\$15,000
- EFC	\$- 0 -	\$10,000
= Need	\$15,000	\$5,000
Merit Award	\$- 0 -	\$3,000
Pell Grant	\$5,350	\$- 0 -
Work	\$2,240	\$- 0 -
Loan	\$2,625	\$2,625
State Grant	\$1,041	\$0
Total	\$11,256	\$5,625
Unmet Need	\$3,744	\$- 0 - (\$625 over need)

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Average Unmet Need

MnSCU System Totals by Income Quartiles 2007-2008 Full-time Students

After grants, scholarships and loans

	Lowest Quartile	Middle Quartiles	Upper Quartile
Dependent	\$7,831	\$5,312	\$3,483
Independent	\$6,945	\$6,061	\$5,094
All	\$7,521	\$5,584	\$4,420

After grants and scholarships

	Lowest Quartile	Middle Quartiles	Upper Quartile
Dependent	\$10,272	\$7,205	\$4,225
Independent	\$11,470	\$10,602	\$8,461
All	\$10,702	\$8,299	\$6,306

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Source: Office of the Chancellor Research and Planning.



Average Student Loan Debt of Graduates who Borrowed

INSTITUTION	2001	2007
Bemidji State University	\$13,462	\$18,850
Metropolitan State University	\$10,000	\$22,700
Minnesota State University Moorhead	\$16,584	\$23,842
St. Cloud State University	\$14,864	\$22,721
Southwest Minnesota State University	\$12,080	\$17,783
University of Minnesota, Duluth	\$7,063	\$21,933
University of Minnesota, Twin Cities	\$8,685	\$26,925
Winona State University	\$10,102	\$23,701
Augsburg College	\$21,456	\$25,750
Bethel College	\$18,741	\$28,363
Carleton College	\$14,882	\$19,185
College of St. Benedict	\$19,480	\$24,764
College of St. Catherine	\$22,642	\$27,519
St. Olaf College	\$15,490	\$25,501
University of St. Thomas	\$19,708	\$33,499

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

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology **Date of Meeting:** Nov. 17, 2009

Agenda Item: Risk Management Program

- Proposed Policy Action Approval Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

The purpose of this report is to present a broad survey of the risk management strategies in place in the System. Current activities will be outlined and areas of new focus introduced.

Scheduled Presenter(s): Allan Johnson, Associate Vice Chancellor Facilities

Outline of Key Points/Policy Issues: The Minnesota State Colleges and Universities Risk Management program historically has focused on addressing traditional risks through the purchase of insurance. Public higher education has begun to use the expression “enterprise risk management” to describe the universe of risk exposure facing public higher education governance and management. The expression makes reference to the evaluation and mitigation of risks throughout the enterprise. Financial, operational and reputational risks are present in administrative, academic, student services and campus operations. Board governance and policy as well as management’s actions should address all these areas of risk with explicit actions and monitoring methods.

Background Information: Since July 1, 1995, the system has procured property and casualty coverage through the State of Minnesota, Risk Management Fund managed by the state Department of Administration. The Office of the Chancellor (OOC) Risk Management function is located in the Facilities Unit of the Finance Division, and works with other OOC divisions and campus representatives to develop programs to identify and manage campus exposures and provide solutions, both through insurance and other techniques.

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

INFORMATION ITEM
Risk Management Program

BACKGROUND

The risk management program for the Minnesota State Colleges and Universities is administered by a team in the Office of the Chancellor that includes the Finance Division, the Office of the General Counsel and the Office of Internal Auditing. Tools include board policy and related procedures, insurance, training, compliance review and audit oversight. The program has some elements that are quite developed and others yet to be implemented.

FINANCIAL, OPERATIONAL AND REPUTATIONAL RISKS

Public higher education has begun to use the expression “enterprise risk management” to describe the universe of risk exposure facing public higher education governance and management. The expression makes reference to the evaluation and mitigation of risks throughout the enterprise. Financial, operational and reputational risks are present in administrative, academic, student services and campus operations. Board governance and policy as well as management’s actions should address all these areas of risk with explicit actions and monitoring methods. The purpose of this report is to present a broad survey of the strategies in place in the System. Current activities will be outlined and areas of new focus introduced.

The Minnesota State Colleges and Universities Risk Management program historically has focused on addressing traditional risks through the purchase of insurance. Since July 1, 1995, the System has procured property and casualty coverage through the State of Minnesota, Risk Management Fund managed by the state Department of Administration. The Office of the Chancellor (OOC) Risk Management function, located in the Facilities Unit of the Finance Division, has worked with other OOC divisions and campus representatives to develop programs to identify and manage campus exposures and provide solutions, both through insurance and other techniques.

The state Risk Management Fund has a package policy. It includes the basic Automobile Liability coverage required of all state agencies. Physical damage coverage is optional and most campuses purchase it for their newest or most expensive vehicles.

The Fund’s package policy also includes Commercial General Liability coverage to pay damages to third parties for bodily injury, property damage, personal injury, advertising injury, and cyber liabilities. Basic Property coverage, Boiler & Machinery coverage, and Crime coverage are also included.

As needed, other programs are available for campuses, such as Garage Keepers Legal Liability, Inland Marine, Student Intern Professional Liability, Student Health Services Professional Liability, Dental Clinics Professional Liability, Employed Physicians Professional Liability, Employed Nurses Liability, Emergency Medical Technician Liability and Aviation.

For fiscal year 2009, premiums cost a total of \$5,147,467. Deductibles, usually between one and two percent of an institution's average monthly revenue, ranged from \$2000 to \$250,000.

As a result of the state Risk Management Fund's favorable loss experiences in 2007, 2008, and 2009 in the Property, Auto Liability, and General Liability lines, the System received dividends in the amounts of \$563,605, \$1,025,556, and \$610,229 respectively. Dividends are returned to the colleges and universities in proportion to their paid premiums.

The frequency of auto liability claims is dropping to an all-time low. Even so, the System recently implemented a comprehensive fleet safety program concentrating on System vehicle operators' driving habits and license status. The program requires verification that all drivers of System owned or rented vehicles have a valid driver's license, and includes hands-on behind-the-wheel training for trailer towing and high occupancy van driving.

The Combined Loss Ratio, which is the relationship of incurred losses to earned premium for all institutions over the past five years, is 114%. This number is skewed because of claims related to a single out-of-state accident in May 2005 involving both student fatalities and injuries (MSU, Mankato). However, due to the passage of time, these claims will no longer be included in the statistics as of May 17, 2010, so the Combined Loss Ratio is expected to improve.

With respect to property claims, trends are not easily identifiable because the overall base is relatively small. Across the System, a typical property loss stems from water damage -- from various sources -- but mostly at night when no one is in the incident facilities, which contributes to the severity of the loss. The Office of the Chancellor continues to focus on ways to reduce property loss ratios.

Several programs have been implemented to help campuses identify and manage their risk exposures:

- **Current building values:** Prior to 2005, there was no consistent process in place to accurately reflect the replacement cost of college and university facilities. At that time, the System implemented the Facilities Renewal and Reinvestment Model (FRRM) to quantify the condition of the physical plant at each college and university. The model calculates the dollar value of the backlog of maintenance and repair as well as the forecasted five and ten year physical renewal needs. The FRRM also calculates the cost of building replacement. Appropriate property valuation enables campuses to fully cover potential losses through insurance. Currently the System has approximately 26 million square feet of property (building gross square footage) with a replacement value of \$6.9 billion insured through the Risk Management Fund.

- **Campus exposure reviews:** Another program, initiated approximately three years ago, is the Construction, Occupancy, Protection and Exposure (COPE) program implemented in cooperation with the state Risk Management Division. The COPE property exposure review program is underway on an ongoing basis. In walk-through inspections on campuses with campus personnel and a representative from the property reinsurer or their consultant, construction, occupancy, protection, and exposure risks are examined. Following each inspection campuses are provided a report summarizing the findings of the review. The report includes recommendations for reducing hazards and improving campus safety.
- **Information Technology System reviews:** The Office of the Chancellor has contracted with auditors for many years to undertake special reviews of the enterprise information systems and state wide network administration. The strategy for continuing assurances in this area is now under review.
- **Fire/EMS/Safety Center:** The center provides technical expertise to campuses on health and safety issues, including occupational safety, fire prevention, and pollution control. Center staff focuses on providing campus safety managers with the training and tools they need to implement health and safety policies, practices and programs and ensure that workplaces and equipment are safe and well-maintained.
- **Workers' Compensation Program:** This program is based in the Human Resources Division. The program provides campuses with the resources needed to manage claims, coordinates claims with ADA and FMLA laws, provides workers' compensation training to campus supervisors and other personnel, and represents the system and retains attorneys for claims litigation. The payment pool for all workers' compensation related payments is managed by the Finance Division. In order to level out the Worker's Compensation expenses at individual institutions, the payment pool pays the monthly bills generated by the state's program. The pool is self-funded through annual premiums based on each institution's claims history.

RELATED ACTIVITIES

In addition to these programs, the Office of the Chancellor manages risk through a range of related programs. For example:

- **The Office of the Legislative Auditor** has been under contract with the Minnesota State Colleges and Universities for over ten years. The contracts provide additional assurance to the Board and management in the areas of legal compliance and internal control. This work has been instrumental in the provision of continuing assurance of operational integrity and has also identified areas of financial risk in need of improvement.
- **Office of Internal Auditing** supports risk management through comprehensive assurance services, such as fiscal audits, program studies, and assistance in implementation of Board Policy 1C.2, Fraudulent or Other Dishonest Acts.

- **Compliance Program.** In early 2008, the Office of the Chancellor implemented a System-wide Compliance Program to assist colleges and universities in identifying and addressing potential problems in maintaining compliance with federal and state laws and System policy. The Compliance Coordinator, an Assistant General Counsel, leads initiatives across the System to address potential compliance gaps. An early project strengthened compliance with state hazardous waste regulations by targeting communication gaps among campus personnel in human resources, facilities, and academic affairs.
- **Accountability Dashboard.** The Dashboard reports on ten measures identified by the Board of Trustees as best representing the most important outcomes that indicate whether the system is achieving the four strategic directions identified in its Strategic Plan. This tool makes it possible to monitor the performance of the system in specific areas thus ensuring that it is delivering the best possible quality while making effective use of resources.
- **Accreditation Review Process.** In this country, accreditation is a non-governmental, peer-review process that assures the quality of postsecondary education. Educational institutions, or individual programs, volunteer to undergo this review periodically to determine if certain criteria are being met. Accreditation is the primary means by which colleges and universities assure quality to students and the public. It is required for access to federal funds such as student aid and is important to employers when evaluating credentials for job applicants. Accreditation is ongoing – it takes place on a cycle that may range from every few years to as many as ten years. The Higher Learning Commission is the regional accrediting organization for Minnesota State Colleges and Universities; they made eight accreditation visits to MnSCU campuses in 2009.
- **Presidential Evaluation Process.** Presidents' performance is reviewed annually by the Chancellor. Input to the process is provided by each Cabinet member through their respective staffs and review of published data such as the Accountability Dashboard, financial indicators, etc. At the September 2009 meeting of the Board of Trustees, Vice Chancellor Lamb indicated that improvements to the process are under consideration and thus it has been placed on the FY 2010 work plan for the Human Resources Committee.

FUTURE PLANS

Study abroad programs have been gaining popularity on our campuses and as a result our exposures have increased. The Office of the Chancellor, in collaboration with the colleges and universities, is developing templates of procedures for campuses to use when planning a study abroad opportunities. In addition, the OOC is looking at improving procedures for student health and athletic insurance. Efforts are also underway to identify, document and improve the administration of credit card programs at the campuses.

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