



**BOARD OF TRUSTEES
MEETING AGENDA
WEDNESDAY, SEPTEMBER 9, 2009
9:00 AM**

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

Chair's Report: *David Olson, Chair*

- a. **Minutes of Board of Trustees Meeting of July 22, 2009** (pp. 1-9)
- b. FY 2009 Board Operating Budget Year-End Report (pp. 10-13)
- c. October 20-21, 2009 Board Retreat

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES MEETING MINUTES

JULY 22, 2009

ST. PAUL, MINNESOTA

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

Trustees Absent: Clarence Hightower and Louise Sundin

1. Call to Order

Chair David Olson called the meeting to order at 1:05 p.m. and reported that a quorum was present.

2. Chair's Report

a. Minutes of Board of Trustees Meeting of June 18, 2009

The minutes of the Board of Trustees meeting were approved as written.

b. Election of Officers

Chair Olson announced that the chair, vice chair and treasurer positions were up for election. He called upon Vice Chair Ruth Grendahl to preside over the election of the Chair.

Chair

Vice Chair Grendahl announced that Trustee David Olson was the candidate for the position of Chair. Vice Chair Grendahl called for other nominations. There were none and the nominations were closed.

Vice Chair Grendahl moved the nomination for Trustee Olson for the position of Chair. The motion carried unanimously.

Vice Chair

Chair Olson announced that Trustee Ruth Grendahl was the candidate for the position of Vice Chair. Chair Olson called for other nominations. There were none and the nominations were closed.

Chair Olson moved the nomination for Trustee Grendahl for the position of Vice Chair. The motion carried unanimously.

Treasurer

Chair Olson announced that Trustee Scott Thiss was the candidate for the position of Treasurer. Chair Olson called for other nominations. There were none and the nominations were closed.

Chair Olson moved the nomination for Trustee Thiss for the position of Treasurer. The motion carried unanimously.

c. FY 2010 Meeting Calendar

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

d. Report of Closed Session on the Chancellor's Evaluation

Vice Chair Grendahl reported on the Board's evaluation of Chancellor McCormick. A public summary of the Chancellor's assessment was distributed.

Vice Chair Grendahl moved that the Board of Trustees congratulates Chancellor McCormick on an excellent year and approves a one-time performance payment of \$32,500 for the Chancellor for FY 2009. Trustee James Van Houten seconded and the motion carried unanimously.

Chair Olson congratulated and thanked Chancellor McCormick for his continued excellent performance.

e. Special Recognitions

Chair Olson thanked retiring Vice Chancellor for Human Resources William Tschida for his many years of service to the system. He presented Vice Chancellor Tschida with a gift and a framed resolution honoring his service. Vice Chancellor Tschida remarked that he felt privileged to work with the Board of Trustees.

Chair Olson thanked Dr. John O'Brien for his service as acting president of Century College while President Larry Litecky was on sabbatical from July 1, 2008, through June 30, 2009. Dr. O'Brien will return to his previous position at the college as Vice President for Academic Affairs.

Chair Olson welcomed Minnesota Army National Guard Adjutant Major General Larry Shellito to the meeting. Major Shellito presented to Dr. Steve Frantz, system director for student affairs, the Commander's Award for Public Service for exceptional civilian service and support to veterans. Major Shellito stated that "Dr. Frantz continually develops and supports initiatives such as military education programs, career and education planning resources, and surveys of student veterans in order to provide an array of resources to our veterans." Chair Olson congratulated and thanked Dr. Frantz for his outstanding service.

3. Consent Agenda

a. Minnesota State University, Mankato Revenue Fund Project Approval

b. Approval of FY 2010 Internal Auditing Audit Plan

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

4. Board Policy Decisions

a. FY 2010 Operating Budget Request Including Tuition and Fees

Trustee Thomas Renier moved that the Board of Trustees approve the following motion:

a. Adopted the annual total operating budget and general fund budget for fiscal year 2010 in Tables 6 and 7 (attached and on pages 25-26 of the Finance, Facilities and Technology Committee's meeting materials.) <http://www.mnscu.edu/board/materials/2009/july22/fft-04-budget.pdf>

Per Board Policy 5.9, the Board will be periodically provided systemwide budget updates for all funding sources on an exception reporting basis.

b. Approved the proposed tuition structure recommendations for fiscal year 2010 as detailed in attachments 1A through 1D. <http://www.mnscu.edu/board/materials/2009/july22/fft-04-budget.pdf>

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 options programs.

c. Approved the use of American Recover and Reinvestment Act (ARRA) funds to mitigate tuition increases in fiscal year 2010.

d. Approved the increase in the student union facility fee from a maximum of \$280.00 per year to \$300.00 per year.

e. Approved 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 (attached and on pages 56, and 58 through 60 of the Finance, Facilities and Technology Committee's meeting materials). <http://www.mnscu.edu/board/materials/2009/july22/fft-04-budget.pdf>

f. Approved the fiscal year 2010 fees for room and board for colleges that either own or manage student housing as detailed in attachment 2B (attached and on page 57 of the Finance, Facilities and Technology Committee's meeting materials). <http://www.mnscu.edu/board/materials/2009/july22/fft-04-budget.pdf>

Trustee Jacob Englund seconded and the motion carried unanimously.

b. Proposed Policy 4.11 Board Early Separation Incentive Program (Second Reading)

Trustee Grendahl moved that the Board of Trustees adopts Policy 4.11 Board Early Separation Incentive Program. Trustee James Van Houten seconded and the motion carried unanimously.

c. Metropolitan Area Planning

Trustee Dan McElroy moved that the Board of Trustees direct the Minnesota State Colleges and Universities to expand access to baccalaureate and graduate programs in the Twin Cities metropolitan area through immediate action and long-range planning. Expanded programs should offer competitive, attractive opportunities for Twin Cities residents and serve workforce needs of the changing Twin Cities economy. All programming should meet high standards for quality and cost-effective use of the investment provided by Minnesota taxpayers and students.

The Board approved the following core strategies to guide continuing work by the Office of the Chancellor and universities and colleges serving the metropolitan area.

- 1. Strengthened partnerships between Metropolitan State University and the ten metropolitan colleges.*
- 2. Additional partnerships between metropolitan area colleges and carefully chosen non-metropolitan state universities when necessary to supplement the program capacity of Metropolitan State University.*
- 3. Assigning responsibility to the institution that demonstrates the ability to offer a high quality program at the lowest cost when selecting among several potential programs that could address a need in the Twin Cities.*
- 4. Online delivery and collaborative programs and services that conserve resources and expand access.*
- 5. Marketing that promotes the strength and power of the Minnesota State Colleges and Universities system to offer full range of programs – associate, baccalaureate and graduate degrees – in the metropolitan area.*
- 6. Students First and other information technology improvements that aid institutional partnerships and student mobility by creating common administrative processes at system institutions.*
- 7. Facilities on the campuses of Metropolitan State University and the metropolitan area colleges to support expanded opportunities for baccalaureate and graduate education.*
- 8. Development by Metropolitan State University of a Master Facilities Plan which incorporates a metropolitan-wide programming strategy to guide facilities planning.*
- 9. Selected leasing when on-campus facilities are not available or appropriate to serve the student market.*
- 10. Investment of additional resources at Metropolitan State University to accelerate its growth in programs and facilities, when feasible within the constraints of meeting other system obligations.*

Trustee Christine Rice seconded and the motion carried unanimously.

5. Board Standing Committee Reports

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

- (1) Finance, Facilities and Technology Update
Committee Chair Thomas Renier reported that the committee heard an update from Vice Chancellor Laura King on the activities of the Finance, Facilities and Technology divisions.
- (2) Update on Legislative and Policy Barriers
Committee Chair Renier reported that the committee heard an update on the Legislative and Policy Barriers. Leadership Council committees participated in a series of discussions to identify specific law, policy or contractual barriers to determine a course of resolution or action. A number of identified barriers have been addressed through the budget decisions process.
- (3) FY 2010 Finance, Facilities and Technology Committee Work Plan
Committee Chair Renier reported that the committee reviewed the Work Plan for the fiscal year. The committee will review and revise the agenda items as necessary through the fiscal year.

b. Advancement Committee, *Christine Rice, Chair*

- (1) Advancement Update
Committee Chair Christine Rice reported that the committee heard an update from Associate Vice Chancellor Linda Kohl on the Public Affairs division.
- (2) Affiliated Foundations Task Force
Committee Chair Rice reported that the committee heard a report on the Affiliated Foundations Task Force recommendations in response to issues raised in the Office of Internal Auditing report, "College, University and System Affiliated Foundations."
- (3) Proposed Amendment to Board Policy 8.3 College, University, and System Related Foundations
Committee Chair Rice reported that Executive Director Maria McLemore reviewed the proposed amendments to Board Policy 8.3 College, University, and System Related Foundations.
- (4) Proposed Board Policy 8.4 Other Associated Organizations (First Reading)
Committee Chair Rice reported that the committee heard a first reading of Proposed Board Policy 8.4 Other Associated Organizations. Revisions will be made to the proposed policy and presented at a future meeting.

c. Audit Committee, *Scott Thiss, Chair*

- (1) **FY 2010 Audit Committee Work Plan**
Committee Chair Scott Thiss reported that the committee reviewed the Work Plan for the fiscal year.

d. Diversity and Multiculturalism Committee, *Duane Benson, Chair*

- (1) **Diversity and Multiculturalism Update**
Committee Chair Benson reported that the committee heard an update from Executive Director Whitney Stewart Harris on the activities of the Diversity and Multiculturalism division.
- (2) **Report on Completeness of Student Race and Ethnicity Data**
Committee Chair Benson reported that the committee heard a report on Completeness of Student Race and Ethnicity Data. The report provided information on the project to improve the scope and use of student demographic data.
- (3) **FY 2010 Diversity and Multiculturalism Committee/Division Work Plan**
Committee Chair Benson reported that the committee reviewed the Work Plan for the fiscal year.

e. Academic and Student Affairs Committee, *Dan McElroy, Chair*

- (1) **Academic and Student Affairs Update**
Committee Chair Dan McElroy reported that the committee heard an update from Senior Vice Chancellor Linda Baer on the activities of the Academic and Student Affairs division.
- (2) **FY 2010 Academic and Student Affairs Committee Work Plan**
Committee Chair McElroy reported that the committee reviewed the Work Plan for the fiscal year.
- (3) **Proposed Response to the Office of the Legislative Auditor Program Review Report**
Committee Chair McElroy reported that the committee heard a report on the Proposed Response to the Office of the Legislative Auditor Program Review. The report provided recommendations proposed by the Office of the Legislative Auditor on policy and procedural changes, revisions to guidelines for reporting and committee structures and new operational tactics.
- (4) **Charter School Report**
Committee Chair McElroy reported that the committee heard a report on the Charter Schools. The report was provided as information to the committee previously.

f. Human Resources Committee, Ruth Grendahl, Chair

- (1) **Human Resources Update**
Committee Chair Grendahl reported that the committee heard an update from Vice Chancellor Lori Lamb on the Human Resources division.
- (2) **Recognition of Years of Service**
Committee Chair Grendahl reported that the committee heard a presentation recognizing presidents Keith Stover of South Central College and Ron Thomas of Dakota County Technical College for ten years of presidential service to the system.
- (3) **FY 2010 Human Resources Committee Work Plan**
Committee Chair Grendahl reported that the committee reviewed the Work Plan for the fiscal year.

6. Joint Council of Student Associations

a. Minnesota State College Student Association (MSCSA)

Mr. Tyler Smith, President, addressed the Board of Trustees.

b. Minnesota State University Student Association (MSUSA)

Ms. Jennifer Weil, State Chair, addressed the Board of Trustees.

7. Minnesota State Colleges and Universities' Bargaining Units

a. American Federation of State, County and Municipal Employees

Ms. Karen Foreman, President (AFSCME Council 6), addressed the Board of Trustees.

b. Administrative and Service Faculty (ASF)

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

8. Trustees' Reports

Trustee James Van Houten reported that he attended a Teacher Quality symposium at Metropolitan State University on July 20.

Trustee McElroy announced that Harvard University professor, Dr. Clayton Christensen, has a new book entitled *Disrupting Class, How Disruptive Innovation Will Change the Way the World Learns*. One of the co-authors is Curtis Johnson, a former president of Minneapolis Community and Technical College.

9. Chancellor's Comments

Chancellor McCormick welcomed the Trustees, staff and constituents to the meeting. Chancellor McCormick thanked the Trustees for their approval in his performance appraisal.

Chancellor McCormick commented on the loss of two students and an alumnus. Specialist Carlos Wilcox was a graduate of Metropolitan State University in 2008; Specialist Daniel Drevnick matriculated at Century College; and Ma Le, was an international student at Winona State University. Chancellor McCormick also announced the passing of two former university presidents: Robert Bess, St. Cloud State University, 1992-1995, and Douglas Sweetland, Southwest Minnesota State University, 1994-2000.

Chancellor McCormick stated that the 2009 - 2012 strategic plan is a good blue print of the action plan and the goals for the system. He continued that the goals are on course, and he suggested ideas for discussion at the retreat, including: closing the gap in college-going rates; educating consumers for a globally competitive world; and education and training the workforce for success.

Chancellor McCormick commented on a recent report from The College Board on "Access, Admissions and Success in Higher Education," noting that it is similar to the system's goals regarding access and opportunity. A specific goal of the commission is by 2025, that at least 55 percent of Americans will hold a postsecondary credential.

Chancellor McCormick commented on a State Higher Education Executive Officers (SHEEO) article printed in *Change* magazine from late last year which suggested much of the language found in the Student Aid and Fiscal Responsibility Act of 2009. Chancellor McCormick attended the SHEEO annual meeting in July and reported that he was elected the national SHEEO chair commencing in October 2009. Chancellor McCormick remarked that he was grateful to Chair Olson for his support in accepting the role and responsibilities. The SHEEO annual conference will be in Minneapolis next year.

Chancellor McCormick commented that the word "completion" has taken on a new level of power in higher education circles, and he suggests that it be added to the first strategic direction to read, "Increase access, completion, and opportunity."

Chancellor McCormick announced that Vice Chancellor Ken Niemi plans to retire from his position at the end of this December.

Chancellor McCormick reported that the Luoma Leadership Academy is going strong, and he remarked that he is proud of the systemwide participation. Chancellor McCormick concluded his remarks with his thanks to the Trustees for their time.

10. Requests by Individuals to Address the Board

There were no requests to address the Board.

11. Other Business

There was no other business to come before the Board.

12. Other

Chair Olson announced that the next Board of Trustees meetings will be on September 8-9, 2009.

13. Adjournment

Chair Olson adjourned the meeting at 2:18 p.m.

Ingeborg K. Chapin
Secretary to the Board

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

INFORMATION ITEM

FY 2009 Year-end Board Operating Budget Report

BACKGROUND

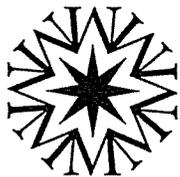
The Board of Trustees Operating Budget for July 1, 2008, through June 30, 2009, was \$240,000. In response to the governor's unallotment action, the Board's Operating Budget was reduced to \$236,266 during the third quarter. The Office of Internal Auditing audited the fourth quarter transactions and found adequate documentation and compliance with finance-related legal provisions (see Attachment A).

During Fiscal Year 2009, the Board of Trustees spent \$171,431, or 73 percent of its budget as outlined on Attachment B. The balance at year-end was \$64,835. For comparison purposes, the Board of Trustees Operating Budget for FY 2008 was \$267,913. Actual expenses were \$189,074, or 71 percent of the budget, leaving a year-end balance of \$78,839, as shown on Attachment C

During FY 2009, the Board of Trustees Operating Budget supported the following activities:

- Committee and Board meetings in July, September, October, November, December, January, February, March, April, May and June.
- A retreat on planning at Bemidji State University on October 23 and 24, 2008.
- Committees and Board meeting at Saint Paul College on January 21, 2009.
- Meetings of the Work Group on Technology. Its final meeting was on April 15, 2009.
- A closed session in June 2009 on the Chancellor's evaluation.
- Two public hearings, one in February 2009 on the FY 2010-2015 Capital Budget, and the other in June 2009 on the FY 2010-2011 Operating Budget Including Tuition and Fees.
- Trustees attended 45 campus commencements in FY 2009 (Fall 2008 and Spring 2009).
- Memberships in the Association of Community College Trustees (ACCT) and the Association of Governing Board of Universities and Colleges (AGB).
 - Six Trustees attended the ACCT Fall Congress in October 2008, where they made a panel presentation on "Serving the Underserved: A Commitment from the Heart," and facilitated a session on the origin and criteria for the "Board of Trustees Awards for Excellence in Teaching."
 - One Trustee attended the ACCT National Legislative Summit in Washington, D.C. in February 2009.
 - Three Trustees attended the AGB National Conference on Trusteeship in April, 2009.
- Other Meetings/Events. Some of the hosting organizations reimbursed travel expenses.
 - One Trustee attended the National Governors Association Experts Roundtable meeting on the Community College -Industry Partnerships for Meeting State Economic and Workforce Needs.
 - Two Trustees attended a meeting sponsored by the Joyce and Lumina Foundations and facilitated by the National Center for Business Champions to discuss the skills of the adult workforce and economic recovery in the Great Lakes region.
 - One Trustee attended a meeting on increasing postsecondary success sponsored by the Lumina Foundation.

Presented to the Board of Trustees: September 9, 2009



Minnesota
STATE COLLEGES
& UNIVERSITIES

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Members of the MnSCU Board of Trustees

As requested by Board Treasurer Scott Thiss, we have audited per diem, expense reimbursements, and other operating expenses paid on behalf of the MnSCU Board of Trustees for the year ended June 30, 2009. We conducted the audit in compliance with the *Institute of Internal Auditors: Standards for Professional Practice of Internal Auditing*.

Audit Objectives & Tests

Our audit objectives included:

- Testing for compliance with state law, rules, and regulations and MnSCU policies,
- Reviewing the adequacy of supporting documentation,
- Determining if financial transactions were properly recorded on the MnSCU Accounting System, and
- Analyzing the reasonableness of spending practices.

We examined expenditures charged to the Board of Trustees' fiscal year 2009 budget accounts (Office of the Chancellor cost centers 101010 [Board Operations] and 101011 [Chair Expense Account]) for the year ended June 30, 2009. Attachment A shows total expenditures charged to these cost centers for the year. Our detailed testing included:

- All expense reimbursements paid to or on behalf of Chair David Olson,
- A sample of the per diem and expense reimbursements paid directly to each of the other trustees, and
- A sample of disbursements to outside vendors, such as hotels and airlines.

Conclusions

We found adequate documentation and compliance with finance-related legal provisions for the transactions tested.

A handwritten signature in black ink, appearing to read "John Asmussen".

John Asmussen, CPA, CIA, CISA, MBA
Executive Director
Office of Internal Auditing

August 19, 2009

Minnesota State Colleges and Universities Board of Trustees
Approved FY 2009 Operating Budget

Approved FY 2008 Budget	First Quarter 9/30/08		Second Quarter 12/31/08		Third Quarter 3/31/09		Fourth Quarter 7/31/09		Year-to-date Total		Under(Over) Budget	Percent Used
	Cash		Cash		Cash		Cash		Cash			
Expenses:												
Per Diem	\$30,000	\$4,510	\$6,270	\$5,115	\$8,140	\$24,035	\$5,965	80%				
Meeting Expense (1)	\$80,000	\$9,277	\$13,222	\$11,209	\$16,730	\$50,438	\$29,562	63%				
Travel in-state (2)	\$35,000	\$4,370	\$8,760	\$10,749	\$11,408	\$35,287	(\$287)	101%				
Development/Natio nal Conferences (3)	\$45,000	\$10,512	\$8,306	\$2,751	\$8,504	\$30,073	\$14,927	67%				
Consultants	\$10,000	\$0	\$5,565	\$0	\$0	\$5,565	\$4,435	56%				
Miscellaneous (4)	\$33,000	\$8,812	\$2,342	\$12,286	\$2,134	\$25,574	\$7,426	77%				
Chair Expense	\$7,000	\$45	\$214	\$150	\$50	\$459	\$6,541	7%				
Total Budget:	\$240,000	\$37,526	\$44,679	\$42,260	\$46,966	\$171,431	\$68,569	73%				
Unallotment (5):	(\$3,734)											
Revised Budget:	\$236,266											
Year-End Balance:						\$64,835						

Notes:

- (1) Meeting expense includes rent, printing, food, postal/delivery, audio services.
- (2) Travel in-state includes mileage, meals, lodging, parking, in-state registration fees.
- (3) Development/national conferences includes registration fees, airfares, lodging, mileage, etc.
- (4) Miscellaneous includes copier, insurance, long distance, memberships, supplies, equipment and subscriptions.
- (5) Reduction to base operating budget due to Governor's unallotment to system in third quarter.

The Board of Trustees approved the FY 2009 Operating Budget on May 21, 2008.

Minnesota State Colleges and Universities Board of Trustees
 Approved FY 2008 Operating Budget

Approved FY 2008 Budget	First Quarter 9/30/07		Second Quarter 12/31/07		Third Quarter 3/31/08		Fourth Quarter 7/31/08		Year-to-date Total		Under(Over) Budget	Percent Used
	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Total	Cash		
Expenses:												
Per Diem	\$33,000	\$4,345	\$6,875	\$5,335	\$6,435	\$22,990	\$10,010	70%				
Meeting Expense (1)	\$85,000	\$10,710	\$13,860	\$17,751	\$29,217	\$71,538	\$13,462	84%				
Travel in-state (2)	\$45,000	\$3,570	\$9,141	\$5,448	\$10,681	\$28,840	\$16,160	64%				
Development/National Conferences (3)	\$52,000	\$0	\$11,490	\$7,140	\$16,280	\$34,110	\$17,890	66%				
Consultants	\$2,500	\$0	\$2,500	\$0	\$1,438	\$3,938	(\$1,438)	158%				
Miscellaneous (4)	\$43,413	\$6,230	\$12,891	\$1,553	\$5,590	\$26,264	\$17,149	60%				
Chair Expense	\$7,000	\$0	\$40	\$466	\$888	\$1,394	\$5,606	20%				
Total:	\$267,913	\$24,855	\$56,797	\$37,693	\$70,529	\$189,074	\$78,839	71%				

Balance **\$267,913**

\$78,839

Notes:

- (1) Meeting expense includes rent, printing, food, postal/delivery, audio services.
- (2) Travel in-state includes mileage, meals, lodging, parking, in-state registration fees.
- (3) Development/national conferences includes registration fees, airfares, lodging, mileage, etc.
- (4) Miscellaneous includes copier, insurance, long distance, memberships, supplies, equipment and subscriptions.

The Board of Trustees approved the FY 2008 Operating Budget on June 20, 2007.