

# MINNESOTA STATE COLLEGES AND UNIVERSITIES

## BOARD OF TRUSTEES MEETING MINUTES

JANUARY 19, 2006

WELLS FARGO PLACE

ST. PAUL, MINNESOTA

**Trustees Present:** Robert Hoffman, Chair, Will Antell, Duane Benson, Michael Boulton, Cheryl Dickson, Ivan Dusek, Ruth Grendahl, Clarence Hightower, Carol Ley, David Olson, Thomas Renier, David Paskach and Christopher Schultz

**Trustees Absent:** Lew Moran and Ann Curme Shaw

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**1. Call to Order**

Chair Robert Hoffman called the meeting to order at 1:23 p.m.

**2. Chair's Report**

**a. Minutes of Board of Trustees Meeting of December 7, 2005**

As there were no corrections to the minutes, Chair Hoffman announced that the minutes stand approved as written.

**b. Report on Board of Trustees Workshop**

Chair Hoffman reported that the Board of Trustees participated in a Workshop facilitated by Dr. Jill Derby of the Association of Governing Boards of Universities and Colleges. He stated that the workshop was productive, and he looks forward to the outcome. Chancellor McCormick remarked that the Board members' commitment to the Strategic Plan was evident throughout the conversation in the workshop.

Board members commented that the conversation helped identify the Board's strengths and weaknesses and build upon the Strategic Plan. Trustee Duane Benson noted that there are several knowledgeable and talented individuals within the system who are capable of facilitating the Board's retreats or workshops. Trustee Carol Ley stated that the facilitator's perspective will be an important outcome of the workshop.

**c. Information: Draft Minutes of the Executive Committee Meeting of Wednesday, January 4, 2006.**

Chair Hoffman reported that the draft minutes of the Executive Committee meeting are included for information in the board packet.

**d. Other**

Chair Hoffman reported that he and Vice Chair Ann Curme Shaw appeared before the Trustee Candidate Advisory Committee to discuss the responsibilities of the Board of Trustees of Minnesota State Colleges and Universities. The Trustee Candidate Advisory Council is recruiting candidates from the fifth and sixth congressional districts and also two at-large seats for recommendation to the Governor. Chair

Hoffman stated that two student positions are also open. The Governor appoints the Trustees based upon recommendations by the Trustee Candidate Advisory Council and the student associations, but is not limited to the recommendations of the Council.

### 3. Trustees' Reports

Trustee Will Antell reported that he attended the *Power of You* initiative opening at Minneapolis Community and Technical College on January 9. He remarked that he heard a speech by Julian Bond on human rights that he found to be inspiring. He also attended the Martin Luther King Jr. *Celebrate the Dream* reception and program at the Basilica of St. Mary on January 15.

The following Trustees reported their participation at the December commencement ceremonies: Trustee Antell at Minnesota State University Moorhead on December 16; Trustee Duane Benson at Metropolitan State University on December 15; Trustee Michael Boulton at Anoka Technical College on December 21 and also with Trustee Ruth Grendahl at Minnesota State University, Mankato on December 17; Trustee Ivan Dusek at the St. Cloud State University on December 16; Trustee David Paskach at Winona State University on December 16; and Trustee Christopher Schultz at Hennepin Technical College on December 20.

### 4. Chancellor's Comments

Chancellor McCormick welcomed the Board members, presidents, faculty and staff. He expressed his appreciation to the Board members for their participation at the December commencement ceremonies.

#### a. Quarterly Report

Chancellor McCormick presented the second quarterly report to the Board of Trustees on the actions of the Annual Work Plan. The report may be accessed on the Minnesota State Colleges and Universities Web site. He noted the following focus areas:

#### Focus Area 1: Revenue

The revenue project to develop a sustainable financial model has adhered to the schedule published in the work plan. Staff will incorporate any resulting new policies into the Fiscal Year 2008-09 budget request in April 2006.

Chancellor McCormick commented that one of the goals established is to meet with the foundation and community leaders. He noted that he and Executive Director Catherine McGlinch have met with fifteen of the twenty scheduled meetings thus far.

Chancellor McCormick reported that there have been several system-wide grants awarded, including one from the McKnight Foundation in the amount of \$235,000 to pilot an integrated business/industry services strategy in two regions. He added that twelve of the colleges and universities received fifteen Minnesota Job Skills Partnership (MJSP) grant awards totaling \$2,445,250. He continued that the system was a partner in a

three-state grant proposal submitted to the Department of Labor Education and Training Administration by the Governor's Workforce Development Council on behalf of Minnesota, North Dakota and South Dakota.

Chancellor McCormick reported that the visits to colleges and universities recommended for inclusion in the 2006 legislative bonding cycle are nearly completed. He added that he has visited eighteen sites which are included in the capital budget, and he will visit the remaining five.

### **Focus Area 2: Productivity**

Chancellor McCormick reported that the Leadership Council named the Human Resources Committee to be the Improved Productivity Work Team. He added that the Business Practice Alignment Committee (BPAC) continues to progress and that Trustee Lew Moran and Vice Chancellor Niemi plan to meet with evaluators to gain a better understanding of implementing business practices.

### **Focus Area 3: Centers of Excellence**

Chancellor McCormick reported that toward this goal, the Office of the Chancellor, in consultation with system institutions, developed a grant evaluation process that ensured representation by industry, faculty, administration and the system office. He stated that significant progress has been made toward full implementation and that the centers have in place or are confirming an advisory committee of industry and higher education representatives.

The following four Centers of Excellence were selected by the Board of Trustees in October:

- Minnesota Consortium for Manufacturing and Applied Engineering  
Lead University: Bemidji State University
- Center for Strategic Information Systems and Security  
Lead University: Metropolitan State University
- Minnesota Center for Engineering and Manufacturing Excellence  
Lead University: Minnesota State University, Mankato
- Center for Integrated Health Science Education and Practice  
Lead University: Winona State University

### **Focus Area 4: Strategic Planning**

Over the past seven months, the Ad Hoc Work Group on Strategic Planning has developed a renewed and revised plan that will take the Minnesota State Colleges and Universities to the year 2010. The Board will vote on the plan and, once approved, work will begin immediately on the 2007 work plan. Chancellor McCormick stated that he anticipates visits with each Board member to discuss ideas for the work plan.

**Focus Area 5: Serving the Underrepresented**

Chancellor McCormick reported that significant progress has been made in implementing the Diversity Task Force plan. The Diversity and Multiculturalism Committee of the Board and Executive Director Whitney Harris are working to develop a plan which will be presented at the March Board of Trustees meeting.

**Other Significant Areas**

Chancellor McCormick stated that the work on a model to develop a facilities reinvestment strategy was completed on time, and it was presented to the Leadership Council in October. He noted that the system continues to build an awareness and understanding among external constituencies.

**5. Joint Council of Student Associations**

**a. Minnesota State College Student Association**

Mr. Patrick Christner, President, Minnesota State College Student Association (MSCSA), addressed the Board of Trustees.

**b. Minnesota State University Student Association**

Mr. Hal Kimball, State Chair, Minnesota State University Student Association (MSUSA), addressed the Board of Trustees.

**6. Minnesota State Colleges and Universities' Bargaining Units**

**a. Administrative and Service Faculty**

Mr. John Ferden, President, Administrative and Service Faculty (ASF), addressed the Board of Trustees.

**b. Inter Faculty Organization**

Dr. Nancy Johnson Black, President, Inter Faculty Organization (IFO), addressed the Board of Trustees.

**7. Consent Agenda**

*All matters listed under Consent Agenda will be enacted by one motion in the form listed below. Any trustee may request that an item or items be removed from the Consent Agenda for independent consideration.*

There were no items for the Consent Agenda.

**8. Board Standing Committee Reports**

**a. Ad Hoc Work Group on Strategic Planning, David Paskach, Chair**

**(1) Finalize System's Strategic Plan**

Committee Chair David Paskach reported that the Ad Hoc Work Group reviewed and finalized the draft Strategic Plan to be submitted to the Education Policy Committee. He stated that the plan has been completed and will be presented to the Board of Trustees for approval.

**b. Finance/Facilities Policy Committee, Clarence Hightower, Chair**

**(1) Finance/Facilities Division Update**

Committee Chair Clarence Hightower reported that the committee heard an update from Vice Chancellor Laura King on the Finance/Facilities Division.

**\* (2) FY 2007 Operating Budget Including Tuition**

*Committee Chair Hightower moved that the Board of Trustees adopt the following motion:*

*1. Approve the annual total operating budget and general fund budget for FY 2007 in tables 2 and 3.*

*2. Approve the proposed tuition structure recommendations for FY 2007 not to exceed the rates as detailed on attachment 1A through 1D. The percentage impact of resident tuition rates represents the maximum amount that can be applied to other tuition rates charged by the institution not impacted by reciprocity agreements such as nonresident and off campus rates.*

*The tuition increase is effective Summer Session or Fall Semester, 2006 at the discretion of the president. The chancellor is authorized to approve tuition structures for new courses or programs proposed after this date and is requested to incorporate any approvals at the time FY 2008 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. Trustee Ruth Grendahl seconded the motion.*

Trustee David Paskach stated that he would vote against the motion adding that there are fundamental changes to be made in higher education to keep costs down while continuing to maintain high quality education. Trustee Michael Boulton stated that he also would not support the motion and noted that in his capacity as a student trustee, he represents thousands of customers who deserve the best of business practices.

Trustee Will Antell stated that there needs to be another solution or it will price most potential students out of the market.

Trustee Duane Benson added that much time has been spent on strategic directions with the second goal of access and opportunity being affordability. He added that the system either drives the goal or it becomes a goal only on a piece of paper. Trustee David Olson inquired as to what would happen if the motion does not pass.

Vice Chancellor Laura King replied that the Leadership Council would work on new recommendations and that a recommendation would be proposed at the March meeting. Chancellor McCormick stated that the system cannot tolerate a deficit adding that it is not a solution. He also added that the modest reserve should not be replaced.

Trustee Ruth Grendahl stated that she supported the motion at the committee meeting and that she will vote in favor of it. Trustee Cheryl Dickson stated she supports the motion adding that access is important but quality is as well. Committee Chair Hightower noted that there were two meetings and a public hearing on the operating budget including tuition, and he expressed his surprise by the concerns of the members.

*Chair Hoffman called the question. The motion carried with seven in favor, (Trustees Dickson, Dusek, Grendahl, Hightower, Hoffman, Ley and Renier), six opposed, (Trustees Antell, Benson, Boulton, Olson, Paskach and Schultz), and two absent, (Trustees Moran and Shaw).*

\* **(3) State Universities Dining Service Contract**

*Committee Chair Hightower moved that the Board of Trustees authorizes the Chancellor or his designee to negotiate and execute the six dining service contracts consistent with the terms described herein. Trustee Ruth Grendahl seconded and the motion carried unanimously.*

**(4) FY 2006 Capital Budget Update**

Committee Chair Hightower reported that the committee heard an update on the FY 2006 Capital Budget from Associate Vice Chancellor Allan Johnson. The revised budget now totals over \$280 million dollars and the Governor's reported recommendation was \$142.5 million dollars. Committee Chair Hightower expressed concern regarding the Governor's recommendation for HEAPR of \$20 million dollars, whereas the system's request was \$110 million dollars for HEAPR.

**(5) Revenue Model Option Discussion**

Committee Chair Hightower reported that the committee discussed the various revenue model options. He stated that there is no viable revenue model option that would change what the system is presently doing in relevance to another model. He expressed his gratitude to Chancellor McCormick and the staff for their due diligence in researching other revenue model options.

Trustee Benson remarked that although a new revenue model option was not found, it should not mean that there are no options. He emphasized the need for the system to take the issue of affordability seriously. Chair Hoffman agreed and added that the future shall continue to bring forth challenges that are different from what the system has faced in the past.

**c. Joint Meeting of the Finance/Facilities Policy and Human Resources Policy Committees, Clarence Hightower and Ivan Dusek, Co-Chairs**

- \* (1) **Defined Contribution Retirement (DCR) Plan and Tax Sheltered Annuity (TSA) Program Recordkeeping/Administration Contract**  
*Committee Co-Chair Ivan Dusek motioned that the Board of Trustees authorizes the Chancellor to negotiate a contract with TIAA-CREF to provide record-keeping services for the Defined Contribution Retirement plan and the Tax-Sheltered Annuity program through June 30, 2011. Trustee David Paskach seconded and the motion carried unanimously.*

**d. Human Resources Policy Committee, Ivan Dusek, Chair**

- (1) **Human Resources Update**  
Committee Chair Ivan Dusek reported that the committee heard an update from Vice Chancellor William Tschida on the Human Resources division.
- (2) **Leadership Development Activities**  
Committee Chair Dusek reported that the committee heard a presentation on the staff and leadership development program with a focus on the Luoma Leadership Academy Program. Trustee Emeritus Jim Luoma, present at the committee meeting, received a plaque for his determination to provide leadership development opportunities for Minnesota State Colleges and Universities employees. The program is targeted toward mid-level leaders within the organization and also invites faculty and staff who aspire to leadership positions.

**e. Audit Committee, Ann Curme Shaw, Chair**

- (1) **External Assessment Process for Internal Auditing**  
Committee Vice Chair Christopher Schultz reported that the committee heard a report on the External Assessment Process for Internal Auditing from Executive Director John Asmussen. The Office of Internal Auditing is conducting a self-study to assess compliance with professional internal auditing standards. An independent auditor will provide a report by September of 2006.

- (2) **Transition of Accountability Oversight to Other Board Committees**  
Committee Vice Chair Schultz reported that the committee heard a report on Transition of Accountability Oversight to Other Board Committees. He stated that the committee had a discussion and agreed that it was beyond the scope of the committee and, therefore, should be reported directly to the Board for oversight. There will be three or four areas selected to develop explicit measurable goals.
- (3) **Policy Compliance Project – Phase 1**  
Committee Vice Chair Schultz reported that the committee heard a report on Policy Compliance Project – Phase 1. The Office of Internal Auditing is assessing policies to identify policies that should be the focus of testing in the 2007 audit plan. The results will be presented at the April meeting.
- (4) **Construction Administration Project**  
Committee Vice Chair Schultz reported that the committee heard a report on the Construction Administration Project. A preliminary report was presented to the committee with key conclusions related to contracting, project management and oversight processes. A final report will be presented at the April meeting.
- (5) **Process to Select Certified Public Accounting Firms for Six Institutional Audits**  
Committee Vice Chair Schultz reported that the committee heard a report for the Process to Select Certified Public Accounting Firms for Six Institutional Audits. Six institutional audit contracts have expired and are being re-bid. A request for proposal will be issued and recommended to the Audit Committee at the April meeting.

**f. Diversity and Multiculturalism Committee, Will Antell, Chair**

- (1) **Diversity and Multiculturalism Update**  
Committee Chair Will Antell reported that the committee heard a presentation by Presidents Phillip Davis and Donovan Schwichtenberg on the *Power of You* initiative. He stated that the initiative will provide tuition assistance to high school students who graduate from the Minneapolis and St. Paul public schools.
- (2) **American Indian Initiative**  
Committee Chair Antell reported that the committee heard a report from Executive Director Whitney Harris and President Roy Saigo on the American Indian initiative. An implementation plan will be presented at the March meeting.

**(3) Report on Community Action Diversity Council**

Committee Chair Antell reported that the committee heard a report on the Community Action Diversity Council. Christopher J. Metzler, Professor of Diversity and Inclusion Cornell University ILR School, was selected as a consultant. Recommendations made by Professor Metzler include: establishing a working council; choosing members from within the system; and the need to clearly define the role and scope of the council and provide training to the council.

**g. Advancement Committee, Cheryl Dickson, Chair**

**(1) Advancement Update**

Committee Chair Cheryl Dickson announced a new Director of Foundation and Corporate Relations, Ms. Maria McLemore-Sklar, who will be working with Executive Director Catherine McGlinch. Committee Chair Dickson announced that the annual Minnesota State Colleges and Universities Foundation Thank You Recognition event will be held on April 18 at the Minneapolis Depot.

**(2) Rochester Higher Education Development Committee Draft Report**

Committee Chair Dickson reported that the committee heard a report on the Rochester Higher Education Development Committee's draft report and key recommendations from Chair Hoffman, President Ramaley and Senior Vice Chancellor Baer.

The Rochester Higher Education Development Committee was established by Governor Pawlenty and the 2005 Legislature to research, recommend and develop a proposal for expanded higher education programs or institutions in the Rochester area. The final report will be submitted to Governor Pawlenty and the Minnesota Legislature with a pending release on January 20.

**(3) FY 2005 Gifts and Grants Report**

Committee Chair Dickson reported that the committee heard a report on the FY 2005 Gifts and Grants Report which is included in the Board of Trustees meeting materials. The report provides individual reports, as well as comparison reports on the gifts and grants received by the colleges and universities and their foundations.

**(4) 2006 State Legislative Initiatives**

Committee Chair Dickson reported that the committee heard a report on the 2006 State Legislative Initiatives from Director of Government Relations Mary Jacquart. The legislative initiatives are available in the Board of Trustees meeting materials.

**(5) FY 2006 Federal Budget Outcomes**

Committee Chair Dickson reported that the committee heard a report on the FY 2006 Federal Budget Outcomes from Director of Government Relations Mary Jacquart. The budget outcomes are available in the Board of Trustees meeting materials.

**h. Technology Committee, Lew Moran, Chair**

**(1) Information Technology Update**

Committee Vice Chair David Olson reported that the committee heard an update from Vice Chancellor Ken Niemi on the Information Technology Division.

**(2) ITS Organizational Overview**

Committee Vice Chair Olson reported that the committee heard an update on the current organization structure of the system's Information Technology Services structure, responsibilities and relationship to the institutional operations.

**(3) Technology Award**

Committee Vice Chair Olson reported that the committee heard a presentation from Vice Chancellor Niemi and President Robert Musgrove on a technology award presented to the Johnson Center for Virtual Reality, a research and development center at Pine Technical College.

**(4) Enterprise IT Planning Update**

Committee Vice Chair Olson reported that the committee heard a report on the activities of the Ad Hoc Enterprise IT Planning Committee.

**(5) Security Update**

Committee Vice Chair Olson reported that the committee heard a report on the current issues related to IT security from ITS Security Director Bev Schuft.

**i. Educational Policy Committee, David Paskach, Chair**

**(1) Academic and Student Affairs Update**

Committee Chair David Paskach reported that the committee heard an update from Senior Vice Chancellor Linda Baer on the Academic and Student Affairs Division.

**\* (2) Strategic Plan Approval**

*Committee Chair Paskach moved that the Board of Trustees approve the 2006-2010 System Strategic Plan. Trustee Ivan Dusek seconded and the motion carried unanimously.*

(3) **Proposed Amendment to Policy 2.9 Financial Aid Satisfactory Academic Progress and Repeal of Carry Forward Community College Policies III.02.06 Academic Standards and IV.07.01 Academic Suspension (First Reading)**

Committee Chair Paskach reported that the committee heard a report on the Proposed Amendment to Policy 2.9 Financial Aid Satisfactory Academic Progress and Repeal of Carry Forward Community College Policies III.02.06 Academic Standards and IV.07.01 Academic Suspension. This will be an action item at the March meeting.

(4) **Proposed Amendment to Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration (First Reading)**

Committee Chair Paskach reported that the committee heard a report on the Proposed Amendment to Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration. This will be an action item at the March meeting.

(5) **Proposed Amendment to Policy 3.17 Degrees, Diplomas and Certificates to Include Doctoral Degrees and Procedure 3.17.1 Degrees, Diplomas and Certificates (First Reading)**

Committee Chair Paskach reported that the committee heard a report on the Proposed Amendment to Policy 3.17 Degrees, Diplomas and Certificates to Include Doctoral Degrees and Procedure 3.17.1 Degrees, Diplomas and Certificates. This will be an action item at the March meeting.

(6) **Campus Profile:  
Minnesota State University, Mankato**

Committee Chair Paskach reported that the committee heard a presentation on the campus profile of Minnesota State University, Mankato from Senior Vice Chancellor Linda Baer; President Richard Davenport; Mr. Glen Taylor, Chairman, Taylor Corporation, Alumnus, Minnesota State University, Mankato; Matthew Collie, student, Minnesota State University, Mankato; Earleen Crayton, student, Minnesota State University, Mankato, and a recipient of a Taylor Corporation scholarship for students affected by Hurricane Katrina; and Scott Olson, Vice President for Academic Affairs, Minnesota State University, Mankato.

Committee Chair Paskach stated that the profile showcased the institution's unique role and also its contributions as a part of the system and the community. He expressed his appreciation to Mr. Glen Taylor for his continued support and dedication to the Minnesota State University, Mankato.

9. **Requests by Individuals to Address the Board**

There were no requests to address the Board.

**10. Other Business**

Chair Hoffman commended Trustee Paskach for his leadership and work on the Ad Hoc Work Group on Strategic Planning. He also thanked the other members of the group and the staff for their efforts in developing a new plan to lead the system with the necessary enhancements to better serve Minnesota.

**11. Adjournment**

Chair Hoffman adjourned the meeting by consensus at 2:50 p.m.

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Ingeborg K. Chapin  
Secretary to the Board