

MINNESOTA STATE COLLEGES AND UNIVERSITIES

**BOARD OF TRUSTEES
COMMITTEE OF THE WHOLE MEETING MINUTES
NOVEMBER 15, 2006
WELLS FARGO PLACE
ST. PAUL, MINNESOTA**

Trustees Present: Chair David Paskach, Caleb Anderson, Duane Benson, Michael Boulton, Ruth Grendahl, Clarence Hightower, Dan McElroy, David Olson, Thomas Renier, Christine Rice, Scott Thiss, James Van Houten and Carol Wenner

Trustees Absent: Cheryl Dickson, Ann Curme Shaw

Chair David Paskach called the meeting of the Committee of Whole to order at 10:38 a.m. on Wednesday, November 15, 2006, in the 4th Floor, Board Room, 30 East 7th Street, St. Paul. He reported that a quorum was present, and that the sole agenda item was the FY 2008-2009 Biennial Operating Budget Request and FY 2007 Capital Budget Request. He asked Trustee Thomas Renier, Chair of the Finance/Facilities Policy Committee, to preside over the meeting.

FY 2008-2009 Biennial Operating Budget Request and FY 2007 Capital Budget Request

Trustee Renier allowed several persons to give public testimony to the committee before beginning the discussion about the biennial budget requests.

Justin McMartin, Vice Chair of the Minnesota State University Student Association, asked that no tuition increase be assumed. MSUSA supports the budget request but he pointed out that students were frustrated by the large tuition increases in recent years. His organization feels that Minnesota State Colleges and Universities should ask for the entire request and speak with “one voice” to the legislature.

Scott Formo, President of the Minnesota State College Student Association, also expressed concern about the rising debt of students and stated his organization would like the legislature to fund the entire request. MSCSA supports the budget but would like the legislature to fully fund inflation so there would be no tuition increases.

Karen Forman, President, American Federation of State, County and Municipal Employees Council 6, commented that she had participated in the development of the budget request. AFSCME supports the request. She noted the pain tuition increases cause students and commented that employees have also shared pain during the last budget cycle.

Nancy Black, President of the Inter Faculty Organization, expressed support for the students’ position of no tuition increases. She stated that the legislature has not adequately funded inflation for the last four years. IFO did not support the budget request.

Chancellor James McCormick testified that the budget request recommendation seeks the balance between advancing the work we do for students and the cost of that work. If fully funded, the request would move the state’s share from 50 percent to 53 percent by 2009, a start

toward the reestablishment of the state's two-thirds share. The recommendation includes the smallest tuition increase since FY 1999 and he will work hard to convey to the governor and the legislature the students' tuition concerns. The Chancellor expressed his commitment to reach underrepresented students and increase the retention rate of students of color.

Vice Chancellor Laura King gave a brief overview of the biennial operating budget request. She noted that the biennial budget request would total \$177M. She also noted that the Department of Finance has invited request for urgent capital items for the 2007 legislative session. The Minnesota State Colleges and Universities proposed capital request would total \$33.8M (\$30M for critical HEAPR projects and \$3.8M for property acquisition).

Senior Vice Chancellor Linda Baer addressed the concerns trustees expressed at the October meeting. The budget request includes \$17M in each year of the biennium to develop new or enhance existing student outreach/recruitment or retention projects aimed at underrepresented students. Narratives were provided which contained brief descriptions of college and university programs and activities which are intended to implement or expand the access, opportunity and success of underrepresented students. The system level outcomes from these initiatives are significant. The outreach and recruitment activities are projected to result in increased enrollment of approximately 6,700 new underrepresented students and 1,500 new students of color. Senior Vice Chancellor Baer believes the programs already in place have started to make a difference.

Colleges and universities proposed to spend approximately \$6M of the \$17M on new retention initiatives that will provide academic support services to underrepresented students, resulting in a system wide fall to fall retention rate of about 48% for students served by these programs. The goal of the programs is to shrink or eliminate the achievement gap between all students and students of color. New or expanded retention initiatives are projected to provide academic support services to approximately 17,000 underrepresented students and 5,500 students of color.

Senior Vice Chancellor Baer also noted that innovations in science, technology, engineering and mathematics (STEM) education will ensure an adequate supply of teachers by providing financial incentives to attract STEM and teacher education majors and provide support strategies to retain well-prepared teachers of science and math. Innovations in Healthcare Education will work to increase the number of nursing graduates. A proposed Biosciences Center of Excellence will focus on education and training in the state's fast-growing biosciences sectors; agriculture, medicine, manufacturing and environmental studies. K-12 outreach will be a critical element to success in all the academic initiatives.

Vice Chancellor King led a brief discussion on the 2007 Capital Budget Request of \$33.8M. She noted that all the items were previously approved in the last capital budget request but were not entirely funded.

Trustee Ruth Grendahl moved the recommended motion to approve the FY2008-2009 Biennial Operating Budget Request and 2007 Capital Budget Request. Trustee Scott Thiss seconded the motion that follows:

RECOMMENDED MOTION

The Board of Trustees is committed to providing high-quality, accessible education at all Minnesota State Colleges and Universities. The Board strongly urges the state of Minnesota to support the Minnesota State Colleges and Universities fiscal year 2008-2009 biennial budget request as illustrated in Table 2 and FY2007 capital budget request in Attachment A.

Table 2 Minnesota State Colleges and Universities
FY2008-FY2009 Biennial Budget Request

	<u>FY 2008-2009</u>	<u>Percent Change</u>
Base Appropriation	\$1,204 million	
Appropriation Request	\$ 177 million	15 percent
Total FY2008-FY2009 State Appropriation	\$1,381 million	

The Minnesota State Colleges and Universities' Board of Trustees approves the final fiscal year 2008-2009 Minnesota State Colleges and Universities biennial operating budget request and the fiscal year 2007 capital budget request for transmittal to the Department of Finance. The Chancellor is requested to provide periodic updates on the progress of the budget through the executive and legislative branch review and approval process.

Trustee Olson made a motion to amend the recommendation to state that "it is the intent of the board that the system average tuition increase for the fiscal year 2008-2009 biennium will not exceed 4% annually regardless of the legislative appropriation." The amendment was seconded by Trustee Boulton and carried with no dissent.

The original motion as amended carried with no dissent.

Adjournment

Trustee Renier adjourned the committee of the whole at 12:10 p.m.

Ingeborg K. Chapin
Secretary to the Board

Attachment A

**Minnesota State Colleges and Universities
FY2007 Capital Budget Request**

In June 2005, the Board of Trustees approved the FY2006-2011 Capital Budget, including projects for FY2006 valued at \$280.4 million. The Legislature authorized and the Governor enacted a bonding bill valued at \$191.4 million. \$50.3 million was to be financed by the colleges, universities and the Office of the Chancellor via the operating budget. The net amount financed by the state was therefore \$141.1 million.

The final outcome is noteworthy in that the Legislature funded each one of the Board's projects, albeit some at a reduced level. Of concern is the relatively low level of funding at \$40 million received for major repair projects in the Higher Education Asset Preservation and Replacement (HEAPR) category versus the System's request for \$110 million. In addition, the request for adjacent property acquisition was funded only for St. Cloud Technical College at \$3.4 million versus the System's request for \$9.27 million.

HEAPR - The HEAPR program, defined in Minnesota Statutes Chapter 135A.046, focuses on major facilities maintenance and repair work that extends the life of a building and its systems. Stewardship of state buildings has consistently placed HEAPR as the Board's number one capital priority. HEAPR includes funding for roof replacements; preservation of building exteriors; replacement of exterior windows and doors; renewal of building interiors; replacement of heating, ventilation and air conditioning (HVAC), plumbing and mechanical systems; hazardous material abatement; accessibility (ADA) improvements; indoor air quality improvements; and compliance with life safety codes. Since 2000, the HEAPR program has focused on reduction of the system-wide backlog of maintenance and repair, estimated in 1999 to be \$500 million. A 2005 study now estimates the backlog at \$635 million. Backlog is defined as work not accomplished due to lack of funding resources.

In February 2005, campuses presented over 394 projects estimated at \$240 million for 2006 HEAPR funding, which lead to the final \$110 million budget request. With only \$40 million funded by the 2006 legislature, the proposed request for 2007 at \$30 million focuses on the unfunded work such as replacement of roofs that are currently leaking and are beyond their life expectancy; correction of surface storm water drainage that causes flooding; replacement of aged and failing HVAC systems and components; replacement of fire protection systems; asbestos abatement; and exterior building envelope repairs.

Property Acquisition – Two property acquisition projects approved by the Board for 2006 and not funded include Fond du Lac Tribal & Community College, \$1.5 million for adjacent residential property (now \$1.8 million with addition of another parcel); and Bemidji State University (BSU), \$2,000,000 for acquisition of the adjacent, former high school property. These acquisitions, addressed in campus master plans, will provide buffers to protect college growth, particularly in light of a construction project scheduled to begin in early 2007 at Fond du Lac. BSU is land-locked, and this additional property will provide space for student parking and potential growth. This BSU project has been included in the capital budget for several biennia. Negotiations for both acquisitions have progressed to the point where signed agreements are anticipated before the 2007 legislative session begins. Total is \$3.8 million.