

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES COMMITTEE OF THE WHOLE MEETING MINUTES JANUARY 17, 2007 WELLS FARGO PLACE ST. PAUL, MINNESOTA

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

Trustees Absent: Clarence Hightower

Chair David Paskach called the meeting of the Committee of the Whole to order at 8:05 a.m. and reported that a quorum was present. He outlined the morning's schedule beginning with a profile of the Office of the Chancellor, followed by the external evaluation of the Centers of Excellence and a review of pending legislative reports. Following a recess, the committee will reconvene for a profile of Minnesota West Community and Technical College.

1. **Profile of the Office of the Chancellor**

Chancellor James McCormick greeted everyone, noting that he was pleased for the opportunity to provide a profile of the Office of the Chancellor. Joining him at the table were Linda Baer, Senior Vice Chancellor for Academic and Student Affairs; Laura King, Vice Chancellor for Finance and Administration and Chief Financial Officer; Kenneth Niemi, Vice Chancellor for Information Technology and Chief Information Officer; William Tschida, Vice Chancellor Human Resources; and Whitney Harris, Executive Director for Diversity and Multiculturalism. Before beginning the formal presentation, Chancellor McCormick introduced a video showing how the presidents, students, faculty and others are served by functions in the Office of the Chancellor.

Chancellor McCormick reported that the Office of the Chancellor serves as the policy, leadership and governance hub of the system of 32 state colleges and universities serving 370,000 students throughout the state each year. The Campus Services division consists of three main components: information technology, which is the shared computer system or enterprise technology used by all of the colleges and universities; systemwide and direct services to the colleges and universities; and grants, which are nonstate funds. Office of the Chancellor operations includes the policy, planning, oversight and governance functions for the system.

Chancellor McCormick explained that the Office of the Chancellor is committed to adding value to what the colleges and universities do. The services provided by the office are geared to efficiency and effectiveness. By providing key centralized services, the colleges and universities do not have to duplicate those services. Enterprise technology services are one example. Because there is a centralized computer system, the colleges and universities need not duplicate that function on their own campuses, saving millions

of dollars. Legal services are another example. Legal counsel in the Office of the Chancellor means that there is expertise and consistency in the system's legal affairs. Another major function of the office is assisting the Board of Trustees in systemwide policy development that affects all of the colleges and universities. The office also oversees compliance with state and federal law.

The system office is in a position to identify and respond to statewide higher education needs more effectively than individual institutions. The resources of the entire system can provide comprehensive programming and services to meet state needs. One example is the system's response to the state's nursing shortage; by working with the presidents, the number of nursing graduates increased by 74 percent in four years.

The office also strives for consistency in data collection and data integrity across the system, so that the Board can be confident of data that is presented to them. The office has been working hard over the past several years to have consistent business practices across the system to minimize student confusion and standardize business practices. The Board expects accountability for results, and the office is responsible for making sure those expectations are met. The office is accountable to the Legislature and the governor, and, ultimately, to the people of Minnesota. Another important function of the office is advocacy, not only at the Legislature for budget requests and legislation but also advocacy for prospective students, potential donors, employers and communities.

Chancellor McCormick continued that the total annual system budget is \$1.64 billion. Of that, about \$1.59 billion is spent directly by the colleges and universities for operating expenses. That leaves \$57.5 million for the Office of the Chancellor/Campus Services. The concept of the Campus Services portion of the office came from the Leadership Council, which studied the Office of the Chancellor and its functions. In 2002, the Leadership Council recommended that the office make a distinction between those direct services that were provided to the colleges and universities and those that were concentrated in policy, planning, oversight and governance areas. Since 2002, spending on Office of the Chancellor operations has declined, while spending on Campus Services has increased. Chancellor McCormick continued that there are slightly more than 14,000 full-time equivalent employees systemwide including about 336 in the Office of the Chancellor. This includes staff at Wells Fargo Place and another 46 who work from campus locations.

Of the \$57.5 million for the Office of the Chancellor/Campus Services, \$46.4 million is for Campus Services and \$11.1 million is for Office of the Chancellor operations. A little more than a third of the total, \$19.2 million, is for information technology services, a centralized computer system, for all of the campuses. About another one-third, \$16.5 million, is for systemwide services and direct services to the colleges and universities, such as the Fire Center, facilities construction management, legal services and audit functions.

The remaining \$10.7 million in Campus Services is from nonstate funds such as federal and private grants. That leaves \$11 million for Office of the Chancellor operations, functions dealing primarily with policy, planning, oversight and governance for the system.

Employees are distributed in roughly the same proportion as expenditures. About a third, or 106 of the 336, work in information technology providing technology services to the colleges and universities. Another 110 work to provide systemwide services or direct services to the colleges and universities and 25 are in positions connected with nonstate funds. About 95 employees work in the Office of the Chancellor operations.

Highlighted Functions

Chancellor McCormick asked staff to highlight functions within major divisions that increase quality, improve services, enhance accountability or create efficiency throughout the system.

Senior Vice Chancellor Baer explained that the Office of the Chancellor supports and enhances Academic and Student services and is underpinned by strategic direction one; access and opportunity and direction two; quality programs and services. For example, transfer was a critical issue for students at the time of merger, and it was a top priority to the Board. The Office worked hard to make transfer work by:

- Building on the MnTransfer agreement developed by the colleges, universities and University of Minnesota;
- Developing a Website for transfer and establishing transfer specialists on each campus; and
- Establishing over 1,500 articulation agreements; these are college to university pathways, such as business or early childhood.

Transfer has increased 33.5 percent from FY2000-FY 2004, with the number of transfer students FY2004 exceeding 25,000.

Senior Vice Chancellor Baer continued that delivery of online courses was a major priority of the Board. In recognition for developing outstanding services, the system has received several awards, including one from WCET WOW for the online student services, one for the delivery to adult learners from CAEL, and the major TEKNE award for outstanding technology service. The system currently has 6,471 online courses provided by campuses. Over 150 online degrees, certificates and diplomas have been developed. MNOnline serves over 42,000 students, representing a 36 percent increase since 2005.

Vice Chancellor King reviewed the capital budget process and how it has become much more efficient with the coordination of strategic plans with academic objectives. Long-range campus facilities master plans have been developed, and the office provides oversight of project design and construction. Another function that provides service to the campuses is student loan collection. It collected \$34 million in federal Perkins loans from more than 15,000 students at 21 colleges and universities. Six university positions were

replaced with one Office of the Chancellor position, and new loan processing software. The Student Loan Collection unit provides online loan management and bill consolidation for students and services as a single customer service point for students.

Vice Chancellor Tschida explained that the Staff and Leadership Development activity began at the urging of former Board Chair Jim Luoma to address the board's concern about our capacity to grow our own leaders. The development of the Luoma Leadership Academy was the centerpiece of this effort. There have been 161 participants to date, and nominations are currently being accepted for the fourth cohort. This program saves the system approximately \$440 per participant over the previous method of obtaining this type of development for employees.

Minnesota Statutes require 40 hours of supervisory training for supervisors. Previously, this training was provided to the Minnesota State College and University supervisors through the Department of Employee Relations. By offering a comprehensive leadership development program available throughout the system, the Department of Employee Relations approved the system's request to provide its own supervisory training. As a result, the system has been able to provide training with higher education-specific examples and activities, increase the number of people receiving the training and decrease the cost per participant by \$375. Staff and Leadership Development has been an efficient and effective activity for the system.

Vice Chancellor Niemi highlighted how the office provides the backbone for the statewide information technology used throughout the system and the state. It provides data, voice and video network for the colleges and universities, and is used by state agencies, local governments, K-12 schools and others. The campuses also house essential equipment used by the state government network.

Divisions in the Office of the Chancellor

Chancellor McCormick explained that the Office of the Chancellor is organized into four large divisions and several smaller ones. The largest four are Academic and Student Affairs, Finance, Human Resources and Information Technology; each vice chancellor outlined the specific functions in their area.

Academic Affairs

Vice Chancellor Baer explained that Academic and Student Affairs includes several units and supports many activities and initiatives. The planning and research unit, for example, worked closely with the Board to develop the strategic plan. The division connects with the campuses to report the accountability measures to the Board and to the Legislature. It coordinates the development and regular review of Board policies related to Academic and Student Affairs, requiring consultation and review with constituents. The division reviews requests for new programs submitted by the campuses and reports new programs, suspensions and closures to the Board.

The division works with the campuses to support state and federal compliance, such as Perkins grants and campus crime reporting. It provides leadership while working with the campuses in the development of online courses and student services. The Center for Teaching and Learning provides support to campuses for faculty development.

The division provides support for the goals related to strategic direction three in addressing strong communities and regions, and works closely with customized training with services provided to over 6,000 businesses. It works in partnership with industry leaders and state agencies, particularly in health, manufacturing and network security – as reflected in the Centers of Excellence. In addition, the division oversees a statewide firefighter and Emergency Medical Service (EMS) training center.

The Board's strategic direction on innovating to meet the future needs of higher education more efficiently is another key focus for the division. It works with the statewide P-16 groups, including the Minnesota Department of Education, school superintendents and other school officials to address key issues related to school and college alignment. The division also works with the University of Minnesota in developing innovative curriculum and services in targeted areas, including health care. The division developed communities of practice from campuses that work on developing serious games, simulations and learning objects, and it is working on ways to expand the best practices in serving the underserved through innovative grants.

Diversity and Multiculturalism

Director Harris explained that the Diversity and Multiculturalism division supports the system's commitment to serving persons from underrepresented groups through fostering and coordinating the colleges' and universities' outreach to stakeholders from these communities. For example, the goal of Super Sunday, College Goal Sunday, the Community Action Diversity Council and other programs and activities is to create access and success opportunities for underrepresented students and to establish networks that will enhance the recruitment of diverse employees. The American Indian summit provides opportunities for professional development and for sharing best practices. Ultimately, the division's work seeks to support the current upward trend in the diversity of the student bodies and workforces at the colleges and universities.

Finance

Vice Chancellor King explained that the Finance division is responsible for budget planning and administration; capital planning and project execution; internal and external financial reporting, including cash and debt management and administration of internal controls; and efficiencies in business practices and purchasing.

Human Resources

Vice Chancellor Tschida explained that the Human Resources division represents the system with 11 bargaining units. It negotiates on behalf of the board, and administers three faculty contracts. It represents the system in these same statewide activities for the

remaining contracts.

The division also oversees contract and grievance administration; job classification and compensation; retirement plans and other benefit administration; presidential searches; the Office of the Chancellor Human Resources unit; staff and leadership development; and Workers Compensation and miscellaneous insurances.

Information Technology

Vice Chancellor Niemi explained that the Information Technology division is responsible for: information security oversight and management support; administrative systems; online learning and academic support systems; User Help Desk, user training, and technical writing and documentation; MnSAT digital satellite network; statewide network services, Statewide Network Data Center, Data Warehouse and improving data integrity.

Smaller Divisions

Chancellor McCormick noted that there are several smaller divisions of three to eleven employees each. The Board Office makes board meetings run efficiently and it organizes events for the Board. The Chancellor's Office is the deputy and chief of staff and assistants. The Development Office provides staff support to the Minnesota State Colleges and Universities Foundation and assists campus development professionals in their roles. Diversity and Multiculturalism provides training and professional development opportunities to the system's affirmative action and diversity officers. The Office of General Counsel provides coordination, oversight and delivery of legal services to the Board of Trustees, Chancellor, Office of the Chancellor, and all colleges and universities, in coordination and consultation with the Attorney General's Office. Government Relations coordinates state and federal relations and advocates for the system at the Legislature. The Office of Internal Auditing reports functionally to the Board of Trustees Audit Committee and administratively to the Chancellor. The office has six regional audit coordinators located on campuses around the state and five employees with systemwide duties providing an array of assurance, consulting, fraud investigation support and advisory services to the Board, Chancellor and presidents. Public Affairs provides systemwide public relations and marketing and is responsible for system publications. It also provides public relations and crisis communication advice to the presidents and campus public relations staff and presentation services to the Board and the Chancellor.

Nationwide Comparisons

Senior Vice Chancellor Baer reviewed how the system administrative costs compare with others. With few comparable systems with a mix of state universities, community colleges and technical colleges, the comparisons were drawn from a national database, the Integrated Postsecondary Education Data System (IPEDS). Colleges and universities report data into the database using a standard set of definitions. The system was compared with 981 similar public two-year colleges and 264 four-year universities and ranked in spending and awards. Compared with the other states, the system is spending about average on instruction, ranking 26 out of 50 states, and relatively high on academic support, ranking nine out of 50, and student services, ranking ten out of 50.

The system ranks very high, five out of 50, on awards of degrees, diplomas and certificates as a percent of headcount. The system ranks 32 out of 50 in spending on facilities. The system spends significantly less than two other states on administration spending, ranking 48 out of 50.

Chancellor McCormick noted that future needs for the system reflect several areas in which an investment will yield dividends for the colleges and universities. The \$70 million request in technology infrastructure improvements is an example where the presidents, students and the faculty are requesting improvements both at the campus level and system level to meet ever-increasing demand for online programs. The \$24 million request to better recruit and retain underrepresented students and \$26 million request for academic innovations such as a biosciences center and expanding STEM and health care education are other examples of how the system can respond to state needs in a coordinated way. Chancellor McCormick concluded his remarks by thanking the Board for the opportunity to give a profile of the office. Chair Paskach complimented the Chancellor and staff for a thorough and informative presentation, and he opened the floor for questions.

A member noted the number of reductions that have taken place in recent years, and inquired whether there was a way to quantify the efficiency in reductions? Chancellor McCormick commented that it is difficult because the two-year institutions are more dependant on the services provided by the Office of the Chancellor than the four-year institutions. Vice Chancellor Tschida noted that there is some duplication, such as loan collection. Some campuses prefer to do their own. Supervisors' training is provided at a reduced cost, and more people are taking advantage of it. Senior Vice Chancellor Baer noted that the Center for Teaching and Learning, also located on campuses, brings system people together with tools they can access as best practices, such as academic grants and serving the underserved. Chancellor McCormick noted that administrative efficiencies are not an attempt to have one-size-fits-all.

A member inquired about the differences between the institutions used for comparison purposes, and if the comparisons were fair. Chancellor McCormick acknowledged the difficulty of finding exact comparisons. He noted that it is appropriate for each system in each state to be unique and that no system is exactly alike. The IPEDS data had the best comparative information. In order to serve students and effectively and efficiently deliver services, the key questions to consider are when does it make sense to centralize the function and when does it make sense to make it autonomous? Chancellor McCormick noted that he celebrated the ranking for the low administrative costs, and he thanked all of the presidents for keeping costs down.

Another trustee commented that as a new member, the presentation was very helpful to him. He continued that some legislators believe that big schools subsidize the smaller campuses, and he asked staff if the big schools pay too much, while the small schools pay too little.

Vice Chancellor King explained that the system runs a charge back process where the chief financial officers gather all of the campus services expenditures and some from the Office of the Chancellor, and they are shared with the presidents. The expenditures are added up and charged back to the campuses using a metric that relates to the functional relationship for the cost of the services that the Office of the Chancellor office provides. At the beginning, the campuses establish how much resources are held to cover those costs. The Service Advisory Group, whose members are some presidents and Office of the Chancellor staff, meets to discuss the services, where they come from and how they are paid. Chancellor McCormick added that he has not heard any issue with this process from the university presidents.

A member asked if the student loan collection service could be outsourced. Vice Chancellor King responded that it was considered several years ago, but it was not feasible at the time. Another member inquired if any comparisons were made with the private sector? Chancellor McCormick commented that it might be useful to compare the system with some other organization with a central office and subsidiaries, such as a bank, for example. Chair Paskach again thanked the Chancellor and his staff for the presentation.

2. Centers of Excellence: External Evaluation Report

Wilder Research, represented by Consulting Scientist Greg Owen and Research Scientist Ellen Shelton, presented the first evaluation report on the Centers of Excellence. Senior Vice Chancellor Baer and Associate Vice Chancellor Leslie Mercer also participated in the presentation. The entire written report was sent to the trustees prior to this meeting. Some of the key points of the report follow.

- The Centers are fostering significant cooperation and partnership;
- The Centers are promoting work to strengthen curriculum and programs, and increase the ease of transfer among programs;
- The organization of the Centers offers the potential to add significant value to existing training and education programs ;
- The Centers are beginning to establish their visibility; and
- The Centers and their associated programs are securing additional resources for their work.

3. Legislative Reports

a. Minnesota State Colleges and Universities and the University of Minnesota Joint Report on Academic Planning in Metropolitan Region

Senior Vice Chancellor Baer presented the Joint Report with the University of Minnesota on Metro Planning. This is the fourth report, which is produced jointly by the Minnesota State Colleges and Universities and the University of Minnesota. The legislature requires that this report be submitted on February 15 of odd-numbered years.

Senior Vice Chancellor Baer reported that the two systems have different missions and very little overlap between the academic programs offered in the metro area.

She went on to say that cooperation and collaboration between the Minnesota State Colleges and Universities and the University of Minnesota have never been stronger. Currently, the two systems have the highest number of articulation agreements and collaborative arrangements on record.

The report presented to the trustees was a polished draft that also will be presented to the Board of Regents of the University of Minnesota during its February 8-9, 2007, meeting. Final editing will occur after the Regents meeting, and the final report will be submitted to the legislature by February 15, 2007.

b. Legislative Accountability Report

Senior Vice Chancellor Baer and System Director for Research Craig Schoenecker presented the Legislative Accountability Report. The Board of Trustees is required to submit an accountability report to the commissioner of finance and the chairs of the higher education finance committees in the House of Representatives and the Senate by February 15, 2007. Although the most current data has been used for most measures in the report, a few measures are still being updated and will be incorporated into the final report. The draft report was included in the January Board meeting materials for the trustees.

4. Campus Profile: Minnesota West Community and Technical College

Strategic Campus Profiles are being presented to showcase each institution in the system. The profiles include information on integrated planning, institutional programming and collaboration, futures planning, facilities projects and other data. Presenters for the Minnesota West Community and Technical College campus profile included Ron Wood, President; Diane Graber, Provost; and Jeff Williamson, Vice President of Instruction.

Student Demographics

- Minnesota West's primary service area in Minnesota encompasses over 12,000 square miles within nineteen counties.
- Minnesota West attracts the majority of its students from 70 different school districts in its nineteen county service area and works with slightly over 300 different school districts in Minnesota, South Dakota and Northwest Iowa.
- Minnesota West is faced with a geographical demographic dilemma. Three of the five campus communities are demographically encased in an agricultural driven economy with very little racial and ethnic diversity. One campus serves two American Indian communities and the agriculture community. The remaining campus is located in what is classified as the second most diverse community in the state, Worthington.

- Minnesota West, as a two-year comprehensive college, has one of the most heterogeneous student populations, not only from a diversity perspective but from both an age and preparedness perspective. The college currently has a large share of its population classified as first generation college students. Eighty-nine percent of the college's first time full-time student population in the fall of 2006 was classified as needing some level of developmental course work, yet 9% of first-time, full-time students taking the ACT test had scores above 24. Finally, the average age of the college's student population in 2005 was 28, indicating a highly heterogeneous population by age.

Unique Programs

Minnesota West Community and Technical College is a leader in the state in providing learning and research opportunities in agriculture bioscience technology, ag-production and the ethanol production arena. Minnesota West has developed strong engineering, mathematics and physics programs over the last ten years to meet the needs of its career, bioscience, and pre-engineering students.

Technology

Minnesota West, due to its geographical and population constraints, has had to look outside of the box to provide learning opportunities and communication systems that were cost effective long before they were generally accepted practices.

Academic Support and Student Services

Minnesota West is committed to the retention of its students through unique programs that provide students with the opportunities to learn in all settings, receive information in all settings and to participate in a variety of activities that enhance their learning experiences. Minnesota West recognized several years ago the need to become an active participant in communities and regions in facilitating opportunities to provide an environment for understanding the rapidly changing dynamics of our demographics.

Institutional Profile

Student Profile

- The college has maintained a stable student enrollment during the last ten years while experiencing a significant decline in secondary graduating classes for the majority of the 70 service area school districts. Enrollment has vacillated between 2,018 FYE and 2,174 FYE during Minnesota West's ten-year history. Enrollment is projected to be 2,090 FYE for the current fiscal year.
- In FY06, the profile indicates that the students of color population is 15%. In Worthington, however, anecdotally, the college believes the majority of the immigrant population is uncoded taking the campus to 28% students of color.
- The college graduated 1,160 individuals in ten broad major categories in 2006.
- The college has seen a shift from the part-time student to the full-time student over the last decade. In FY05, 51.7% of the students were classified as full-time.

- The college's diversity at the Worthington campus is changing rapidly as the first group of students of color of significant size is graduating from school district 518.
- The college was able to provide \$187,079 in scholarships to students beyond the Federal and Minnesota State Grants.

Program Distribution

The college currently graduates 58% of its students in the health professions; 19% in the trades, manufacturing and transportation; 8% in agriculture, alternative energy and bio-science; and 5% in liberal arts and science. The remaining 10% of the graduates are dispersed among six program concentrations.

Partnerships

The college has developed working relationships with business and industry, city and county governments and local school districts. The college has received six major MJSP grants over the last eight years, totaling slightly under \$2.1 million dollars.

Integrated Planning

- Minnesota West has a three-step continuous planning process:
 1. Establishment of a strategic plan and continuous affirmation of the plan.
 2. Development of an academic plan and the corresponding student support plan that complements the strategic plan.
 3. Development of a facilities master plan that supports steps one and two.
- Minnesota West has a budget planning process that begins at the department level working its way forward to each higher level of decision making; input on additions and deletions are continually sought.
- Minnesota West has an annual program review process for all of its academic programs. It involves academic quality, cost analysis, relationship to the allocation model, enrollment management and marketing.
- Minnesota West has developed a complex faculty evaluation process that complements the program review process and creates the mechanism to assist faculty in professional development planning.
- Minnesota West has an integrated marketing plan that uses the strategic plan to develop branding messages.

Resource Deployment

The college recognizes the existence of a funding process that redistributes existing base funds away from stable to slow enrollment growth institutions and towards the faster growing institutions. The college will meet this challenge by continuing to create external partnerships, continuously redefine operational methods, and run harder, smarter and faster.

Stewards of State Revenue

- Minnesota West has received an Office of the Chancellor award for its financial management for each of the last seven years.

- Minnesota West during the last eight years has organized its central administrative operation such that there is one central business office, public information office, technology administration, and instructional planning site.
- Minnesota West has been using the economic system to maximize the utilization of its scarce revenue sources.
- Minnesota West has reenergized an old technology, Interactive TV, with new methods of delivery to make it possible to reach out to students in distant locations as if the faculty member were there.
- Minnesota West has centrally automated its HVAC system for all but one campus to be controlled at any one of four locations.

Futures Planning

Minnesota West has defined its future course in southwest Minnesota. It will be dedicated to the following

- Reaching out to the citizens of the region and state through technology to provide learning opportunities for all.
- Working with health care providers to identify shortage areas in the health care field and developing programs to fulfill these needs.
- Training individuals in the alternative energy field to meet the labor needs of our energy partners.
- Educating individuals on the most advanced equipment used in bioscience and biochemistry laboratories.
- Continuing strong technical programs, professional programs and transfer programs to support the workforce needs of the region and the state.
- Expanding programs to assist the underrepresented students to be successful in their learning quest.

Trustee Dickson commended the college on its student retention rate, especially considering that 89% of the first-time, full-time students in 2006 needed developmental coursework. Provost Graber said the faculty and staff should be the ones credited for their efforts which result in successful students and eventually productive citizens. Chair Paskach said Minnesota West Community and Technical College employs many cutting-edge strategies, and it is an important asset to southwestern Minnesota.

5. Adjournment

Chair Paskach adjourned the committee of the whole at 12:00 p.m.

Ingeborg K. Chapin
Secretary to the Board