

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES

RETREAT

OCTOBER 30-31, 2007

WELLS FARGO PLACE

ST. PAUL, MINNESOTA

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

Trustees Absent: Trustees Carol Wenner and Ann Curme Shaw were absent on the second day.

Day One: October 30, 2007

Opening Remarks and Introductions

Chair David Olson convened the retreat at 8:05 a.m. He announced that the focus of the retreat was to determine who the Minnesota State Colleges and Universities system customers are, and to find two or three things that the Board can accomplish over the next 18 months that would better serve the customers. Chair Olson introduced Kent Eklund, the retreat's facilitator. Mr. Eklund is chair of the board of directors of Cincinnatus and has extensive experience in working with boards of directors on strategic planning projects.

Where We Are, Where We Are Going, and What We Need to Do Setting the Stage for 2010 and Beyond: A Review of the Strategic Plan and Action Plan 2006-2010

Trustee David Paskach provided a history on strategic planning for the system. The Board had conversations with Don Norris, the author of *Leading and Navigating Change: The Electricity Grid for Learning* and other publications. Those conversations lead to the Board's awareness that higher education needs to be delivered differently. The Board drove the need for change and revisited the strategic plan in 2005. A committee of trustees, presidents, representing both two and four-year institutions, and members of the Chancellor's staff spent nearly a year revisiting the first strategic plan, "Designing the Future, 2002-2005," with four strategic directions of which a key focus was integration. The first three directions from the previous strategic plan did not change dramatically. Increase access and opportunity remained the same. Expand high-quality learning programs and services became promote and measure high-quality learning programs and services. The addition of measure signaled the Board's interest in academic quality and changing behavior. Strengthen community development and economic vitality was changed to provide programs and services integral to state and regional economic needs. The new language created an awareness of the colleges and universities as the linchpin in providing programs and services to meet both statewide and regional economic needs. The fourth strategic direction represented the biggest change with the notion of integration to innovate to meet current and future educational needs efficiently. Efficiency is a key goal because the system needs to be conscious of how it uses its resources.

Trustee Paskach continued that the system has to make changes faster than it has ever done in the

past, and that it can do so with an organizational capacity for innovation. The Action Plan has specific targets for achieving goals, such as eliminating achievement gaps and increasing science, technology, engineering and math (STEM) studies. A lot is underway to advance the strategic plan. One of the key drivers of the first goal of access and opportunity has been to keep tuition down. Related to that is the idea of building relationships with K-12, perhaps with Perkins or STEM initiatives. A key driver in goal two to promote and measure high quality learning services and programs is the work of the Ad Hoc Committee on System and Institutional Assessment. The challenge is how to measure quality at all of the institutions. The third goal, state and regional vitality, is institution driven in that the institutions need to be responsive to their regions' needs. The system has to develop more people with backgrounds in the STEM fields. The Enterprise Information Technology Strategic Investment Plan, the Centers of Excellence and the leadership development plans derive from goal four on innovating to meeting current and future educational needs. Trustee Paskach explained that the accountability systems will be the drivers because what gets measured, gets done; 2010 is only three years away.

Trustee Paskach reviewed challenges and opportunities for the system, including understanding the diversity of the students; planning for succession as Baby Boomers retire; remaining relevant for the future; developing more incubators, such as the Centers of Excellence, for innovation; and building more collaborations across K-12, higher education, communities and business and industry. Noting that change is hard for higher education, Trustee Paskach stated that driving innovation to reward positive results could build momentum for change.

Chancellor McCormick explained how the strategic plan guides the system's activities. The ownership on the part of the Board has been excellent. The strategic plan flows into the action plan that was adopted by the Board in September 2006. It has measurable goals. The action plan becomes the presidents' action plans for their campuses, and it becomes part of their evaluation on their campuses. The Ad Hoc Committee on System and Institutional Assessment, chaired by Trustee Ann Shaw, will bring its recommendations for measurements and a dashboard to the Board in November. Flowing from that will be the work of the Human Resources Committee of the Board to develop the evaluation plan of the presidents and the vice chancellors for next year. Chancellor McCormick concluded that there are stretch goals in the action plan, as well.

Responding to a question, Trustee Paskach noted that there has been a sea change since he joined the Board of Trustees in July of 2002. There has been considerable progress with integration and it continues, but back in 2002 it was unknown to have institutions working together to the extent that they are today. Trustee Duane Benson wondered if there would be a point at which the system would over-integrate, become too centralized, and the campuses would lose their autonomy. Trustee James Van Houten noted that presidents have brought up concerns about systemwide goals for the two-year technical and community colleges and universities in discussions in the Ad Hoc Committee on System and Institutional Assessment. He continued that the system needs an environmental plan and economies of scale. There have to be more high school graduates. The system has challenges, and it is competing with for-profit competitors. Trustee Van Houten proposed conducting an environmental scan. He continued that he would like to see an analysis of the competition's cost ranges of online programs, nursing and electrical engineering programs. Trustee Paskach explained that environmental scanning was done during

the 2002 strategic planning, resulting in building the capacity for change.

Trustee Dan McElroy stated that in regards to the third strategic direction that there is competition for Minnesotans for where to live and work. As commissioner of the Department of Employment and Economic Development, he has become increasingly concerned about the differences between wages in the rural and metropolitan areas. The average income in the state is \$34,000, yet there are dramatic differences in incomes from the lowest county, Mahnomens, to the highest, Hennepin. Trustee Ruth Grendahl stated that she was concerned with recruiting and retaining presidents, faculty and staff to replace the people who will be retiring.

Kent Eklund suggested that the Board consider the system's vision and mission, listed on the right-hand side of the one-page strategic plan summary. Strategic goals flow from the mission and the vision. In organizational development terms, issues such as centralization versus autonomy are human dilemmas. There will always be things to work through; what works best is to give autonomy. Mr. Eklund noted that part of the retreat time will be spent on environmental scanning as the Board hears from stakeholders. The environment will always be changing; it is part of the human dilemma that the Board always will be dealing with.

Chair Olson thanked Trustee Paskach for a thorough review.

Before calling on the stakeholders, Chair Olson thanked them for taking the time to attend the retreat.

Stakeholder Views:

- **Who Are Our Customers?**
- **What Can We Do to Better Serve Our Customers?**

Scott Formo, President, Minnesota State College Student Association.

Mr. Formo stated that students are the customer in the traditional sense, but they are not traditional students. They are older and work more while they are in school than the traditional college students. Students are customers that choose to attend colleges in which they see value. Minnesota's two-year students pay the second highest tuition in the country. They have increasing student debt. Student customers do not want affordability at the expense of quality. One way to better serve the students would be for the Board to make a commitment so that the two-year colleges' tuition is not among the top ten most expensive states. The Board could also work to make transfer easier between system institutions.

JJ Jouppi, Executive Director, Minnesota State University Student Association

Mr. Jouppi stated that students are the customers. To serve them better, the Board needs to carefully consider current and new policies and how they affect students, including which classes they are able to take; how they can pay tuition; what would happen in case of a long-term emergency on the campus; and how students are included in the decision-making process on their campuses. Mr. Jouppi also commented on the significant debt owed by students.

Shahzad Ahmad, President, Minnesota State University Association of Administrative and Service Faculty

Mr. Ahmad explained that the Minnesota State University Association of Administrative and Service Faculty (MSUAASF) is a bargaining unit consisting of a diverse group of professionals with knowledge, skills and abilities performed in a wide range of positions. Instead of the term customers, he thinks of students as clients, people who are active participants in the relationship. Clients also include colleagues at the university and the citizens of Minnesota. Mr. Ahmad highlighted the characteristics of some of the students at his campus, St. Cloud State University.

Mr. Ahmad listed examples of some of the MSUAASF positions that serve students, and they included the Advising Center that provides students with information to help them make intelligent choices as they work out their academic programs. English as a Second Language Services helps students with the English language to gain the proficiency they need to succeed in classes. Mr. Ahmad concluded that to better serve our clients, we must keep the promises that were made to the students, faculty, staff and communities by providing an affordable and quality education. In order to compete globally, the system needs to provide an education that is globally competitive.

Karen Foreman, President, Minnesota State Colleges and Universities and American Federation of State, County, and Municipal Employees Policy Committee

Ms. Foreman explained that the customers are everyone who benefits in some way from the services provided by American Federation of State, County and Municipal Employees. The majority of AFSCME's customers are students and faculty. AFSCME employees are the front-line staff and perform services such as advising students. To better serve them, Ms. Foreman recommended prioritizing the availability of advising in person and using the Degree Audit Record System (DARS) and the Course Applicability System (CAS) technology; containing and lowering the cost of both tuition and textbook; and locating one-stop shopping areas for students where financial aid, business services and advising centers are near student centers, book stores and food services.

Bill Blazar, Representative, Grow Minnesota!, and Senior Vice President, Minnesota Chamber of Commerce

Chair Olson noted that Jon Campbell, the volunteer leader of *Grow Minnesota!*, was invited but not able to attend the retreat due to a previous commitment. He introduced Bill Blazar, who was representing *Grow Minnesota!*

Mr. Blazar commented that *Grow Minnesota!* is the eyes and ears on Minnesota's economy. It is a business retention economic development program. During the last year, *Grow Minnesota!* made 801 one-on-one business visits in 47 communities statewide. Workforce issues are either near the top or at the top concerns for companies in Minnesota. There are three recommendations for Minnesota State Colleges and Universities as a result of the visits with businesses:

- 1) Be more flexible and responsive to students and business. For example, combine work and study more frequently.
- 2) Focus on increasing higher education completion by new Americans and racial/ethnic

minorities.

- 3) Avoid “mission creep.” Leave research and economic development to other organizations.

Mr. Blazar explained that to understand the first recommendation, be more responsive and flexible, one needs to understand innovation. Things are moving faster and faster; a new product that maybe had a life span of five years, now has a life of two years. Beyond innovation, the product, including the service sector, is more complicated and more specialized. Someone who made parts a few years ago, is today making assemblies. Secondly, companies are making a lot of made-to-order products. Many companies make one-of-a-kind items. Third, the service economy is every bit as specialized as manufacturing. Businesses are trying to be responsive and flexible, and they need the supplier of their workforce to be every bit as responsive and flexible.

Mr. Blazar commented that the four-year institutions and community colleges are like a liberal arts college that builds a foundation of skills and education. To the extent that the colleges and universities think that they teach a profession, what they need to do is teach the basics and then mix in full-time work as quickly as possible. He suggested having someone take three months of class at a technical school, then bring them into a job. After a while, the student can continue to work and return to complete their studies. A concern is that we pull people out of the work force for too long. The third role for the system is after-employment training. Everybody who is entering the workforce today is going to have their employment change more often than in the past. The system plays an important role in being flexible.

With the exception of housing and housing related business, the state’s economy is doing well. Three companies in Alexandria and Glenwood could add 100 production related workers if they could find them. The job growth is mostly in small increments of between one and ten employees at a time. Specific occupations, such as sales and marketing, are not low skills jobs; they are increasingly becoming a mix of sales, marketing and customer service and critical to competing in an international market. Almost 70 percent of companies say openings are difficult to fill, and the picture of supplying workers in the future does not improve. Mr. Blazar noted the need to pay attention to new Americans, and racial and ethnic minorities.

With respect to mission creep, Mr. Blazar stated that it is important for the system to stay focused on careers. The system helps people build, start and change their careers. That alone is a full-time job for the institutions. He advised having a candid conversation with the K-12 system about the students who are 20 and younger; they are not the system’s responsibility. The primary business of the system is careers -- building them and changing them along the way. In conclusion, Mr. Blazar offered three points of advice for the Board: be more flexible and responsive to students and businesses; focus on increasing higher education completion rates; and avoid mission creep, focusing on building careers.

Board members engaged Mr. Blazar in a discussion on liberal arts education and minority education. Mr. Blazar noted that he would change the name of the Center for Excellence in Engineering and Manufacturing to the Center for Excellence in Careers in Engineering and Manufacturing. In response to a question about increasing the pipeline, the participation rate,

Mr. Blazar commented that he thought that reaching out to communities such as the Super Sunday initiative, was effective.

Amal Abdalla, Member, Community Action Diversity Council, and Chief Executive Officer, Somali Success School.

Ms. Abdalla explained that she was speaking as a parent, child, mother, member of the Community Action Diversity Council and as Chief Executive Officer of the Somali Student Success School. Customers' needs can be better served by engaging the community and the community-based organizations. Ms. Abdalla reported that the Somali Success School has been around since 1998. In the last three years, it has put 75 young people through the system's colleges. One way to reach hundreds of people is to go through community-based organizations. People do not know about the system's colleges. Adult Basic Education programs run by a consortium of Minneapolis Community and Technical College and Hennepin County has 6,100 people enrolled and sixty percent of them are people of color. They are potential customers and a majority of them are English Language Learners (ELL students). Community based education helps them obtain a GED, a certificate representing the equivalent of a high school diploma. With a GED, students can apply to Normandale Community College or Minneapolis Community and Technical College.

Ms. Abdalla stated that people get confused and are overwhelmed at college and that is why they leave. When she went to enroll her child into college she had a hard time, and yet she has been in this country long enough and it was still a confusing process for her. One person told her son to look at another school without looking at his grades. Students need to have consistent and cultural competent support services to guide them. People go to whom they know. Cross-training is important, too. Experience has shown that if you start with kids in 8th grade and stay with them through college, they will succeed. The Somali Success School serves about 400 adults and 100 youth. Most of the adults are interested in short-term customized programs. The adult basic education consortium meets about once a month. Some are just community centers; others are education oriented. The Department of Human Services keeps a list of the organizations that works with all immigrants.

Ms. Abdalla concluded her remarks by stating that being scared is the biggest barrier to education. Somalis do not tend to be aggressive about asking for services. At Metropolitan State University, the director of admissions helped her and her son through the admission process by showing respect and cultural competence.

Kate Rubin, President, Minnesota High Technology Association

Ms. Rubin commented that customers are anyone who might attend a system institution. A key 21st century customer focus is on underrepresented populations, such as first college student in family, new immigrant and minority groups. There has been a switch from the 1950s where more jobs were unskilled. Science, technology, education and math (STEM) teaches critical thinking skills. Students with four years of math and high school have a 78 percent likelihood of graduating from college. Taking math and sciences in high school is about learning critical thinking skills. The average in Minnesota is 15 percent of students have two years of math/algebra. Pushing STEM courses will drive college-readiness and college graduation. Ms.

Rubin suggested that the system could be more involved by working collaboratively on outreach with other organizations such as the Chambers of Commerce, the Business Partnership and the Minnesota High Tech Association.

Ms. Rubin commented that last year the Governor and the Legislature approved a three years of math and chemistry requirement for high school graduates. A board member observed that these courses are required for high school but not for a bachelor of arts. In addition, another board member observed that there were not enough competent math teachers. Ms. Rubin agreed and noted the need to prepare teachers to teach STEM courses.

Mark Misukanis, Director, Fiscal Policy and Research, Office of Higher Education

Mark Misukanis, Director, Fiscal Policy and Research, Office of Higher Education, addressed the Board on behalf of Susan Heegaard, who was unable to be present. He commented that students are the primary customer, and employers and taxpayers also are customers. Setting clear goals can better serve customers. Key indicators that are important to the Office of Higher Education are retention, graduation rates, and timely completions. Students who take six years to get through a system lose wages, businesses are not served and taxpayers are not served. Accountability is measured by performance on key indicators, responsiveness/alignment and learning outcomes. Mr. Misukanis concluded his remarks by stating that he believes that specialization and excellence lead to improvement within the mission.

Representative Tom Rukavina, Chair, House Higher Education and Work Force Development Policy and Finance Division Committee

Representative Tom Rukavina commented that combining workforce development into higher education makes good sense. As chair of the House Higher Education Committee, he talks to the real customers, the students, about their debt which is rising not just because of what has happened in higher education in Minnesota, but across the country. The economy is stalled, and costs have been passed on to students. The Legislature's goal was to keep tuition under what the Board approved of four percent. He continued that neither the House nor Senate bill had the amount of money in it that the system put into technology. His understanding of the \$62 million that the system put into technology is that most of it is going to the Office of the Chancellor and not to the campuses. Representative Rukavina stated that there was a legislative intent in the money that the system received this year and that he is not happy with the Board's decision on tuition increases and the money that was put into technology.

Senator Sandra Pappas, Chair, Senate Higher Education Committee

Senator Sandra Pappas commented that as the chair of the Senate Higher Education Committee for the past five years, this is the first time she has been asked to address the board, and she appreciated it. She explained that she felt that the system did not make the case for technology nor was it made by the students and faculty. She added that some presidents have thanked her for the technology money. It is important to have a strong understanding of where the money is going, and her sense is that technology is a black hole. Senator Pappas continued that there is a need for a partnership between the Board and the Legislature and that legislative intent ought to have a meaning for the Board.

Senator Pappas stated that she just returned from the College Board conference. A report was released at the conference called, *College Keys Compact*. It recommends peer support and taking advanced placement (AP) classes to prepare for college. Of the non-Minnesota students who attend school here, 70 percent stay. Senator Pappas supported money for underrepresented students because she thought it would make a difference. She concluded her remarks by stating that this was the beginning of a dialogue, and she invited the trustees to meet with her.

There was a discussion about the tuition, technology funds and STEM initiatives. Chair Olson summarized that the three things he heard from Senator Pappas and Representative Rukavina were tuition, technology debate, and the need to attract new customers. He continued that staff will meet with them to describe the technology funds in detail.

System Leadership Council, Chancellor James McCormick and President Pat Johns

President Pat Johns reported on several students and how higher education made a difference in their lives. One young person graduated from high school at the same time that she earned an associates degree.

Chancellor James McCormick commented that students come first. The system has to work better so that it can anticipate a need. The system needs to retain and recruit replacements for the number of retirements coming up. The greatest challenge he sees is how we are going to keep ourselves up to date with people, technology and resources.

Facilitated Discussion on Stakeholder Views

Following lunch, the Board reconvened in Room 3310. Kent Eklund led a discussion on the stakeholders' views of customers. The diversity of the students and the fiduciary responsibilities to future students were brought up. Themes that emerged included costs/affordability; transfer; board policies; mentoring; finances; the fear factor; cultural impact; career contact; K-12 connections – feeder/ pipeline issues; difference in perceptions; expense differences by major/programs; measurables/accountabilities; global standards; flexibility/responsiveness; engagement; reach out/marketing; demographics including gender and minority issues; and the future of STEM standards.

Traditional students are ages 18-22, full-time, and 20 percent of them are residential students. Non-traditional students are 22 years and up and their needs could include customized training, on-line or in person learning. They also could be retirees. The price of technology and textbooks is a barrier.

Parents as Customers

- Education on needs from K-12 system
- Knowledge of K-12 predictors to 4-year success
- Basics about finances
- Quality trade offs
- Quality education/value proposition

Employers as Customers

- Focus on the student/career connections
- Life-long learner
- Liberal Arts
- Integration of work with study-curriculum changes
- Skilled workers
- New underserved population groups
- Retention orientation
- Issue of timelines of graduation
- Flexibility/responsiveness
- Reach out help from employers with targeting
- System employer linkages

Other Issues

- Demographics of retirement for MnSCU
- Future of systemwide standards
- Communications about our fundamental costs for various stakeholders
- Legislative intent/legislative relations

The trustees broke into three small groups. Each group was to select two and no more than three topics under students and employers to focus on over the next 18 months. Then, they were to pick between one and three things to meet student needs and employer needs.

Group A: Chair David Olson and Trustees Michael Boulton, Christine Rice and Thomas Renier
Group B: Trustees Cheryl Dickson, David Paskach, Caleb Anderson and Scott Thiss
Group C: Trustee Ruth Grendahl, Duane Benson, Dan McElroy, James Van Houten and Carol Wenner

Reports from Small Group Discussions

Group A. Trustee Christine Rice reported. The group wants a very aggressive goal to reach out, recruit, market and breakdown barriers. It will be an intensive, early outreach raising college awareness for middle school students and families. Incentives for STEM majors include teaching. For employers, the group wants more marketing and technical education and expanded customized training.

Group B. Trustee Scott Thiss reported. For the hard to reach, the group wants to use community-based organizations to assist in understanding and reaching out to underserved populations. They want to see an economic model based on total package that examines the total actual cost of tuition, fees, textbooks, student aid, etc. They want to collaborate with employers to identify, attract and retain workforce needs and counseling programs for career training.

Group C. Trustee Van Houten reported. To meet the needs of students and employers, this group proposes that the system be more responsive to changing workforce needs and for life-long

learning. Utilize community organizations to reach the underserved. The group also sees a need to integrate work and play. Other ideas/concerns were: to manage the cost value of programs; the increased cost of STEM growth; sharing resources and staff between institutions; graduate traditional students in four years; and provide a guarantee course detail.

Mr. Eklund noted that the following themes were shared among all three groups:

- Hard to reach/underserved/pipeline
- STEM issues
- Economic model by type of institution by type of learner segment
- Revenue model
- Costs/value

There was consensus on the common themes. Trustee Grendahl inquired about succession planning. While this did not emerge as a theme, she stated that there is a need for the Board to plan for it. Mr. Eklund commented that strategic direction four hints at succession planning. It could fit into the costs and value discussion. Chancellor McCormick stated that a major responsibility for him in the coming year is to work with the new presidents. The system is not hiring seasoned presidents, so the Chancellor also is concerned about succession planning. Mr. Eklund added succession planning to other issues. Chair Olson commented that he may ask the Human Resources Committee to work on succession planning.

Mr. Eklund concluded the day's activities by urging everyone to think overnight about issues they discussed today. When the Board reconvenes in the morning, they will break into small groups again to work on two or three issues that emerged.

The retreat recessed at 4:30 p.m.

Day Two: October 31, 2007

Reconvene at 8:07 am

Selected Goals for Board Focus

Mr. Eklund began the morning session by recapping the themes that the Board agreed upon: the hard to reach/underserved/pipeline; STEM issues; economic model by type of institution and by type of learner segment, tuition, books, fees, costs for students, and revenue model/costs value. It is important for the Board to understand the complexity of the models.

The Trustees broke into small work groups to which a staff person also was assigned. The charge was to develop a first draft of a work plan outline with the following:

- Action steps
- Measurements/accountabilities
- Preliminary time frame

Mr. Eklund suggested that they think of these goals in an 18-month timeframe. He reminded the Board that they already had a strategic plan, as well as an action plan, and he cautioned them to

consider as he always does at the end of planning session the “do-ability” of the goals. While they are not departures from the strategic plan, they may require a realignment of priorities.

Group One: Hard to Reach/Underserved. Chair Olson and Trustees Benson, Dickson and Hightower, and Vice Chancellor Bill Tschida and Executive Director Whitney Harris.

Trustee Benson reported. To attract more students, the group proposed developing a pilot program for the Hispanic community. He suggested the Willmar area with a large population and employers that are already engaged with the system. The pilot program would first be for students and then for faculty and administration. The control group could be the work being done in the Somali community. The group plans to attack the fear factor for those considering entering the system by developing a marketing plan that will reach out and connect to this community. The group also proposed developing a campus atmosphere that recruits and retains students. In the short term, the group wants to change behavior noting the difference one person can make as Ms. Amal Abdalla recounted in her comments to the Board. To change behavior, there has to be an understanding and knowledge of how to treat potential customers and customers that are in the pipeline. The longer term measure can be increased retention over the 18 months period.

Chair Olson commented that everyone wants more students and that front line faculty, staff and the field of students are shrinking. The system has to work harder to get more students. Trustee Benson proposed making this a special project that includes more board members. Trustee Benson explained that the idea is to get to prospective students much earlier and remove as much of the fear factor for them as possible, creating an atmosphere where they are wanted. There is a need for changing behavior on campuses by training staff. Trustee Benson stated that emphasis also will be on working with the institutions and businesses. The unions will gain, too.

Group Two: STEM Issues. Trustees Boulton, Grendahl, Paskach, Rice and Van Houten, and Senior Vice Chancellor Linda Baer.

Trustee Van Houten reported. The group wants to know the cost of STEM goal success versus achievement of tuition price goal. Project cost pressures from achieving STEM goals. Based on size of cost impact, may need to develop revenue or cost reduction actions to offset. Motivate and/or incenting students to take STEM courses and having adequate K-12 preparation. Conduct an environmental scan to identify all that is going on and by whom to motivate and prep P-16 students for STEM. Create partnerships with those that are more promising. Explore tuition incentives for STEM majors and teachers, and develop a marketing plan to expand STEM enrollments for P-16. Place skilled faculty with adequate STEM facilities and create programs for STEM K-12 teachers. Place a high priority for STEM related to assets in capital budget. Initiate legislation for leveraged equipment donations for STEM. Create partnerships between centers of excellence and colleges of education, and teaching center. Fund raise for scholarships/equipment for K-12 STEM teaching majors. Align STEM programs to contemporary workforce needs. The Board should receive reports on the progress of each institution in upgrading STEM programs to meet contemporary workforce needs.

Group Three. Economic Model. Trustees Thiss, McElroy, and Boulton (Trustee Renier assigned), and Vice Chancellor Laura King.

Trustee Thiss reported that the group framed the plans according to questions that need to be

addressed. What is total net price? What are students paying/parents paying? How does price vary by program, institution and learner groups? First cut is to generate data and not conclusions. The data would collect information by sector, program and learner segment. Tuition could be online rates, normal credit rates, market rates, books and fees. The data will identify the rates and who is paying them. Other questions include costs for living and maintenance expense, room and board. What is the financial aid, both public and private? Include work study as revenue for students. Also, what role does student debt play? Is it financing their cars? Focus on students and parents. Recognize customized training as market driven costs too. The group thought the project could be done in the next six to seven months with a report to the Finance, Facilities and Technology Committee in July, so it can be used in the 2010 discussions on the budgeting process. The outcomes would be the following:

1. Examine program differentials
2. Trustees should have better information
3. Price of cost - allocation model
4. Implications of customized training
5. Help the Board decide where to place incentives. For example, maybe put \$5 million could be in allocation model for STEM.

At the conclusion of the reports, Chair Olson referred the goals to committees as follows:

- Hard to Reach to Diversity and Multiculturalism
- STEM to Academic and Student Affairs and Advancement
- Economic Model to Finance, Facilities and Technology to start.

In addition, and with the support of the members, he assigned succession planning to the Human Resources Committee. Chair Olson also asked staff to meet with committee chairs and put together a timeline for these initiatives that will be presented at the January meeting.

Review Board Self-Evaluation

Chair Olson and Kent Eklund co-facilitated the Board's self-evaluations. Chair Olson observed that overall there were good remarks. On the governance side there was good agreement that the Board sets policy and staff carries it out. Trustees seemed satisfied about time spent on board activities. There was considerable discussion on visiting campuses, especially the Centers of Excellence.

Question One: What particular strengths do we have as a Board of Trustees?

Chair Olson noted that there were many comments about collegiality, respect, and diverse backgrounds. Mr. Eklund noted that the Trustee Candidate Advisory Council says that a member spends about 40 hours a month either attending or preparing for meetings and other activities.

Question Two: How effective are Board members in Board discussion, committee discussion, and/or contacts with management outside of formal meetings?

Chair Olson stated that the Board felt they had high-level, productive conversations.

Question Three: What other activities should be considered for Board members' participation?

Chair Olson commented that the responses seemed to indicate that this is where most people seem to think that we do plenty. Visiting campuses were mentioned. Most members would like to spend more time on a campus. There was an interest in having more meetings using interactive-television meetings and broadcasting meetings so that people could watch the Board meetings without having to come to St. Paul.

Question Four: How satisfied are you with attendance at Board/committee meetings?

Chair Olson stated that members seem satisfied with attendance. There is a pretty good turnout. Overall, members have these meetings on their calendar.

Question Five: Where would you draw the line between Board and management issues?

Mr. Eklund noted that it is always a hard line to know where governance starts and management starts. For the Board, it is important to know what measurements are needed so that it can be accountable for its fiduciary responsibility. If a Board gets too deep into management issues, then it burns time that could be focused on strategic issues. Mr. Eklund continued that governance is a non-natural act, most of us spend our life in operations and then you have to set it aside to focus on strategic issues. It takes practice to set it aside and focus on the strategic issues. The trick is to find the right strategic issues to focus on.

Mr. Eklund commented that trust will develop as the Board's committees become stronger and that figuring out different levels of detail between committees and the board is a work in progress. Chair Olson noted that one change has been to ask the stakeholders to comment during committee meetings rather than the Board, so that the stakeholders can influence an item before it comes before the Board. Another change is committees can meet when they need to meet, like the special Audit Committee on October 17. Mr. Eklund said it is always a good idea for each committee to have a charter/job description, and at a periodic time ask if the Board has the right committees to do the governance function. Sometimes, the Board may want to create short term task forces.

Some members wondered how adequately technology issues can be addressed now that it has been moved into the Finance Committee. Chair Olson explained that the Board may want to change reports after it sees the work plans.

Question Six: What actions could the Board take to help you in your role as a trustee?

Chair Olson noted that members seemed to be happy with their roles, and the new agenda, schedule and format.

There was a question on whether the Open Meeting Law would apply if there were no action items and the Board scheduled a tour of a Center of Excellence. General Counsel Gail Olson explained that the Open Meeting Law still applies and that the tour would have to be open to the public. Notice of the tour would have to be in advance. The Board does not have to provide transportation, meals for the public.

Trustee Dickson recalled how she and other Trustees had the opportunity to accompany the chancellor on campus visits. She appreciated the opportunity and enjoyed meeting with people

four and five removed from the presidents on the campuses. She would like to see these offered again. With all of our strengths, there is a weakness and that is that the Board does not get to see the wonderful things going on our campuses.

Chancellor McCormick replied that he still makes the campus visits and he is happy to invite Trustees along. Trustee McElroy commented that because of his job he visits many campuses. He observed that the farther they are, the most excited they are about having visitors. He suggested that during the state's sesquicentennial celebration during the week of May 11, 2008, would be a good time for some campus visits.

Trustee Van Houten suggested inviting all four Centers of Excellence to a Board meeting. Chair Olson asked Senior Vice Chancellor Baer to invite the Centers to the January meeting. Trustee Grendahl requested staff to review the current calendar for adding a campus meeting to the fiscal year.

Chair Olson asked Trustee Rice and Trustee Paskach to review the current strategic plan in light of the retreat's discussion to see if it needed to be revised.

Presidential and Vice Chancellor Performance Evaluations

Before reviewing the current evaluation process, Vice Chancellor Bill Tschida commented that the Ad Hoc Committee on System and Institutional Assessment will have recommendations for revising the evaluation process by June 30, 2008.

Presidential evaluations are done by the Chancellor, Senior Vice Chancellor Linda Baer and Vice Chancellor Tschida. The presidential evaluation has evolved since Chancellor McCormick's arrival in 2001. The first component is the institutional profile, and it is kept on the institution's Web site for three years. The second component is the president's work plan. The president has between three and five key goals for each year, and then identifies areas to work on for the following year. Planning for the major goals is done early enough so that the presidents can get it into their work plans. The third component is constituent surveying. Half of the people surveyed are selected by presidents and half are random. Student leaders, union leaders, community leaders and others are included. Vice Chancellor Tschida had examples of Cheryl Frank's evaluation as president of Inver Hills Community College.

The institutional profile, work plan and constituent surveys are collected in advance and shared with the president. The Chancellor then writes a letter to the president sharing the results of the evaluation. Typically, three-year contracts require a 360 evaluation prior to contract renewal. The Chancellor meets with the president for one hour or so and three or four meetings are scheduled in a day.

Trustee Van Houten inquired about financial management data here. Vice Chancellor Tschida explained that financial management and audit issues are given special considerations. Capital and bonding money is included in the evaluations along with data on tuition and reserves. Vice Chancellor Laura King explained that the system does not have in policy any performance standards for staffing ratios, program mix, etc., and that those items are considered presidential

domain to manage. Chancellor McCormick stated that presidents must have financial management expertise. Presidents cannot have a deficit or they will be fired, and that explains why some campuses have larger reserves. Also, presidents know that if they do not adhere to the Board's capital plan, then that is cause for being fired, as well.

Senior Vice Chancellor Baer commented that the evaluations are conducted considering each institution's unique mission. President Cheryl Frank stated that the presidents are evaluated on leadership, communications, financial stewardship, community service and a final section for comments.

Chancellor McCormick stated that the presidents' evaluations and contract extensions are shared with the Board Chair and the Chair of the Human Resources Committee. Because salary increases have not been approved by the Legislature yet, there will be more conversations later. A percentage increase is assigned to the acceptable, best, and better category. Typically, the administrator's plan is not brought to the Board and the Legislature until the contracts are settled.

Conclusion

Chair Olson thanked the Board members, the Chancellor, presidents and staff for their input. He summarized that the Board will review an action plan with four key areas at the January Board meeting. Trustee Rice will review the current strategic plan to see if it needs to be revised. The Centers of Excellence will be invited to the January Board meeting. If there are specific questions that Trustees would like the Centers to address, he requested them to be forwarded. Chair Olson also noted the need for a press release announcing the four priorities.

Chair Olson added that he would like to tie a Board meeting to a campus visit, perhaps to one of the Centers such as Bemidji or Winona. Trustee Dickson questioned why the need to visit a Center site when they are going to be at the January Board meeting. Chair Olson commented that he thought that the Board would hear the Centers report and then go see one of them. Chair Olson continued that he will work with the Chancellor to arrange for a Board meeting on a campus. Trustee Benson suggested that, perhaps, some board members could visit with the minority communities around the state. Chair Olson also noted the need for technology follow-up with Vice Chancellor Ken Niemi.

Chancellor McCormick reported that in the next few months he plans to spend a day with the six newer presidents, and he will welcome Board members to accompany him on the visits.

The retreat ended at 11:40 a.m.

Ingeborg K. Chapin
Secretary to the Board