



MINNESOTA STATE

Board of Trustees

30 East 7th Street
St. Paul, MN 55101

651-201-1705

Board of Trustees Meetings March 19-20, 2019



Minnesota State is an affirmative action, equal opportunity employer and educator.



Board of Trustees Meeting

March 19 and 20, 2019

Minnesota State

30 East 7th Street

St. Paul, Minnesota

Unless noticed otherwise, all meetings are in the McCormick Room on the fourth floor. Committee and board meeting times are tentative. Meetings may begin up to 45 minutes earlier than the times listed if a committee meeting concludes its business before the end of its allotted time slot. In addition to the board or committee members attending in person, some members may participate by telephone.

Tuesday, March 19, 2019

12:30 pm Academic and Student Affairs, Alex Cirillo, Chair

- 1. Minutes of November 13, 2018**
- 2. Approval of Mission Statement: Northland Community and Technical College**
3. Proposed Amendments to Policies (First Readings)
 - a. 2.2 State Residency
 - b. 3.18 Honorary Degrees
 - c. 3.31 Graduate Follow-up System
 - d. 3.40 Recognition of Veteran Status
4. Guided Learning Pathways: Career Technical Education and Comprehensive Workforce Solutions

2:30 pm Audit Committee, Michael Vekich, Chair

- 1. Minutes of January 29, 2019**
- 2. Internal Audit Update**
- 3. e-Procurement Controls Audit Results**

3:30 pm Committee of the Whole, Michael Vekich, Chair

- 1. Minutes of January 29, 2019**
- 2. NextGen Update and Project Risk Review #3**

4:30 pm Meeting Ends

6:00 pm Dinner (social event, not a meeting)



Wednesday, March 20, 2019

- 9:00 am Finance Committee, Roger Moe, Chair
1. **Minutes of November 13, 2018**
 2. **Contracts Exceeding \$1 Million:**
 - a. **Increase In Contract Value and Term for Oracle Services**
 - b. **Microsoft Purchases Contract**
 - c. **Uniface Contract Renewal**
 - d. **Project Management Services Master Contracts**
 3. College and University Financial Performance Update
- 10:00 am Diversity, Equity, and Inclusion Committee, Rudy Rodriguez, Chair,
1. **Minutes of Joint Meeting of the Diversity, Equity, and Inclusion and Finance Committees on October 16, 2018**
 2. Strategic Equity Update
 3. Equity by Design Update
- 11:00 am Human Resources Committee, Jay Cowles, Chair
1. **Minutes of October 17, 2019**
 2. **Minutes of Joint Meeting of Audit and Human Resources Committee on January 29, 2019**
 3. **Appointment of President of Southwest Minnesota State University**
 4. **Appointment of President of Lake Superior College**
- 11:45 am Luncheon, Rooms 3304.3306 Board of Trustees Meeting
- 1:00 pm Board of Trustees Meeting
- 2:30 pm Meeting Ends

Bolded items indicate action is required



Committee Roster
2018-2019

Executive

Michael Vekich, Chair
Jay Cowles, Vice Chair
Roger Moe, Treasurer
Alex Cirillo
Dawn Erlandson
Louise Sundin
Cheryl Tefer

Academic and Student Affairs

Alex Cirillo, Chair
Cheryl Tefer, Vice Chair
Ashlyn Anderson
Dawn Erlandson
Jerry Janezich
Rudy Rodriguez
Louise Sundin

President Liaisons:

Hara Charlier
Connie Gores

Audit

Michael Vekich, Chair
April Nishimura, Vice Chair
Bob Hoffman
Jerry Janezich
George Soule

President Liaisons:

Richard Davenport
Pat Johns

Diversity, Equity, and Inclusion

Rudy Rodriguez, Chair
Louise Sundin, Vice Chair
AbdulRahmane Abdul-Aziz
Ashlyn Anderson
Jay Cowles
April Nishimura
George Soule

President Liaisons:

Anne Blackhurst
Sharon Pierce

Facilities

Jerry Janezich, Chair
George Soule, Vice Chair
Roger Moe
Louise Sundin
Samson Williams

President Liaisons:

Faith Hensrud
Barbara McDonald

Finance

Roger Moe, Chair
Bob Hoffman, Vice Chair
AbdulRahmane Abdul-Aziz
Ashlyn Anderson
Jerry Janezich
April Nishimura
Samson Williams

President Liaisons:

Richard Davenport
Joe Mulford

--Continued--

Human Resources

Jay Cowles, Chair
Cheryl Tefer, Vice Chair
Alex Cirillo
Dawn Erlandson
Bob Hoffman
Roger Moe
Samson Williams

President Liaisons:

*Ginny Arthur
Adenuga Atewologun*

Nominating Committee

Members will be named later

Ad Hoc Committee on Outreach and Advocacy

Dawn Erlandson, Chair
Louise Sundin, Vice Chair
AbdulRahmane Abdul-Aziz
George Soule
Rudy Rodriguez

President Liaisons:

*Rassoul Dastmozd
Scott Olson*

Chancellor Review

Michael Vekich, Chair
Jay Cowles, Vice Chair
Dawn Erlandson
Bob Hoffman



Approved FY2019 and FY2020 Board Meeting Dates

The FY2019 and FY2020 meeting dates are listed below. The calendar is subject to change. Changes to the calendar will be publicly noticed.

FY2019 Meeting Calendar

Meeting	Date	If agendas require less time, these dates will be cancelled.
Board Meeting/Joint Meeting with Leadership Council	July 25-26, 2018	July, 26, 2018
Added: Special Meeting - Executive Committee	August 21, 2018	
Added: Special Meeting – Board Meeting	August 31, 2018	
Orientation and Board Retreat	September 18-19, 2018	
Cancelled: Executive Committee	October 3, 2018	
Committee / Board Meetings	October 16-17, 2018	October 16, 2018
Cancelled: Executive Committee	November 7, 2018	
Committee / Board Meetings	November 13-14, 2018	November 13, 2018
Added: Special Meeting – Chancellor Performance Review Committee (Closed Session)	November 19, 2018	
Cancelled: Executive Committee	January 2, 2019	
Rescheduled: Executive Committee	January 9, 2019	
Committee / Board Meetings Joint Meeting with Leadership Council	January 29-30, 2019	January 29, 2019

Meeting	Date	If agendas require less time, these dates will be cancelled.
Cancelled: Committee/Board Meetings due to weather	January 30, 2019	
Rescheduled: Executive Committee	March 6, 2019 <u>March 5, 2019</u>	
Committee / Board Meetings	March 19-20, 2019	March 19, 2019
Executive Committee	April 3, 2019	
Committee / Board Meetings/ Awards for Excellence in Teaching	April 16-17, 2019	
Executive Committee	May 1, 2019	
Committee / Board Meetings	May 21-22, 2019	May 21, 2019
Executive Committee	June 5, 2019	
Committee / Annual Board Meetings	June 18-19, 2019	June 18, 2019

FY2020 Meeting Calendar

Meeting	Date	If agendas require less time, these dates will be cancelled.
Board Meeting/Joint Meeting with Leadership Council	July 23-24, 2019	
Orientation and Board Retreat	September 17-18, 2019	
Executive Committee	October 2, 2019	
Committee / Board Meetings	October 15-16, 2019	October 15, 2019
Executive Committee	November 6, 2019	
Committee / Board Meetings	November 19-20, 2019	November 19, 2019
Executive Committee	January 8, 2020	
Committee / Board Meetings Joint Meeting with Leadership Council	January 28-29, 2020	

Meeting	Date	If agendas require less time, these dates will be cancelled.
Executive Committee	March 4, 2020	
Committee / Board Meetings	March 17-18, 2020	March 17, 2020
Executive Committee	April 1, 2020	
Committee / Board Meetings Awards for Excellence in Teaching	April 21-22, 2020	
Executive Committee	May 6, 2020	
Committee / Board Meetings	May 19-20, 2020	May 19, 2020
Executive Committee	June 3, 2020	
Committee / Annual Board Meetings	June 16-17, 2020	June 16, 2020



MINNESOTA STATE

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

MARCH 19, 2019

12:30 PM

MCCORMICK ROOM

30 7TH STREET EAST

SAINT PAUL, MN

Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

- 1. Minutes of November 13, 2018 (pp. 1-8)**
- 2. Approval of Mission Statement: Northland Community and Technical College (pp.9-12)**
3. Proposed Amendments to Policies (First Readings)
 - a. 2.2 State Residency (pp. 13-18)
 - b. 3.18 Honorary Degrees (pp. 19-22)
 - c. 3.31 Graduate Follow-up System (pp. 23-25)
 - d. 3.40 Recognition of Veteran Status (pp. 26-28)
4. Guided Learning Pathways: Career Technical Education and Comprehensive Workforce Solutions (pp. 29-83)

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

Alex Cirillo, Chair

Cheryl Tefer, Vice Chair

Ashlyn Anderson

Dawn Erlandson

Jerry Janezich

Rudy Rodriguez

Louise Sundin

Bolded items indicate action required.



**Minnesota State Board of Trustees
Academic and Student Affairs Committee
November 13, 2018
McCormick Room, 30 7th Street East
St. Paul, MN**

Academic and Student Affairs Committee members present: *Alex Cirillo, Chair; Cheryl Tefer, Vice Chair; Ashlyn Anderson; Dawn Erlandson; Jerry Janezich; Louise Sundin*

Academic and Student Affairs Committee members absent: *Rudy Rodriguez*

Other board members present: *Michael Vekich; Jay Cowles; Roger Moe; April Nishimura; George Soule; Samson Williams; Chancellor Devinder Malhotra.*

Committee Chair Cirillo called the meeting to order at 10:40 AM.

1. Approval of the Academic and Student Affairs Committee October 16, 2018, Meeting Minutes:

Chair Cirillo called for a motion to approve the Academic and Student Affairs Committees Meeting Minutes. The minutes were approved as written.

**2. Approval of Mission Statement: Bemidji State University
Presenters:**

Faith Hensrud, President, Bemidji State University

Satasha Green-Stephen, Associate Vice Chancellor for Academic Affairs

Proposed new Mission Statement: We create an innovative, interdisciplinary and highly accessible learning environment committed to student success and sustainable future for our communities, state and planet. Through the transformative power of the liberal arts, education in the professions, and robust engagement of our students, we instill and promote service to others, preservation of the Earth, and respect and appreciation for the diverse peoples of our region and world.

Proposed new Vision Statement: We educate people to lead inspired lives.

MOTION: *Upon the recommendation of the Chancellor, the Academic and Student Affairs Committee recommends that the Board of Trustees approve the mission of Bemidji State University.*

***The new mission carries.**

3. Proposed Amendment to Board Policy 3.3 Assessment for Course Placement (Second Reading)

Presenter:

Satasha Green-Stephen, Associate Vice Chancellor for Academic Affairs

AVC Green-Stephen: There have been no changes or comments since the first reading in October.

MOTION: Move to accept the proposed amendment to Board Policy 3.3 Assessment for Course Placement as written.

***The motion carries.**

4. Proposed Amendment to Policy 3.41 Education Abroad Programs (Second Reading)

Presenter:

Satasha Green-Stephen, Associate Vice Chancellor for Academic Affairs

AVC Green-Stephen: There have been no changes or comments since the first reading in October.

MOTION: Move to accept the proposed amendment to Policy 3.41 Education Abroad Programs as written.

***The motion carries.**

5. Innovation and Evolution: Shaping Our Work

Presenters:

Kim Lynch, Senior System Director for Educational Innovations, Academic and Student Affairs

J.C. Turner, Riverland Community College

Brenda Flannery, Minnesota State University, Mankato

Karen Pikula, Central Lakes College

Kim Lynch: One of the three interdependent principles guiding Academic and Student Affairs is Innovation and Evolution which means we will “re-envision higher education as a collective and collaborative enterprise where innovation and evolution are integral to our culture.” We have adopted this because we must if we want our work in higher education to be relevant.

Our students are increasingly demographically diverse. Our students are also academically diverse. Many enroll on a part time basis. Fifty percent take one or more online courses and 17% are entirely online. We are working to develop and refine a comprehensive online strategy around access, quality, collaboration, and

affordability. Implementation teams are completing work that will be brought to the Board this spring.

Thirty-three percent of students are transfer students so the ongoing efforts with Transfer Pathways and making transfer work is timely and important. Seventeen percent of our students are still in high school and are taking advantage of the PSEO program to earn college credits. In particular there has been an increase in concurrent enrollment at our high schools. Four percent of our students are enrolled at our universities at the graduate level so the newly focused work with the Graduate Education Committee is also timely based on the opportunity to grow.

If we aim to serve students who are currently different from ten years ago and also aim to serve future students who continue to change we see value in identifying innovators, providing resources to innovate, and building community around what works for our present and future students. So how are we doing this?

Shark Tank Open – these innovators have been diverse in their roles at their colleges and universities and they have been wide ranging in their ideas. However all of those seeking funding were asked to show directly how the innovation would impact the success of our students, impact our commitment to equity and inclusion, or impact the financial sustainability of our colleges and universities. Those selected pitched their ideas to a panel of students, educators and industry representatives in hopes of getting the resources they needed. Those who attend are also there to look for solutions, find ways to improve what they are already doing, or create a new future they see in the ideas of others. This year's innovation event will be in April and I hope some of you are able to come and experience first-hand the range of innovation and innovators across our system.

FlexPace began at Riverland College with a proposal to develop a competency based business certificate based on mastery learning and structured to work for adult learners as one way to develop and educate a workforce in the community. The demand was overwhelming and the students were successful. FlexPace expanded to sustain and grow to an AS degree and other subject areas at Riverland, clearly something that needed to sustain and grow. Since the FlexPace Associate of Science degree is in fact a Transfer Pathway AS, it didn't take long for Riverland and Minnesota State University Mankato to see the value of collaboration so from Certificate to AS to BBA all designed to work for adult learners.

Minnesota State Community and Technical College heard about this at the Shark Tank Open event and they received pay it forward funds to work with Riverland experts and replicated it at their campus serving a very different community.

JCTurner: FlexPace began as a direct response to student need. We had one of our Business majors in her 40's, a parent, works full time. She could only manage to take one course at a time. She realized it would take her a decade to complete her two year degree. She had aspirations to also get a bachelor's degree and it would take her a similar amount of time to complete the next two years of that.

We were looking for ways to respond to this need and the opportunity through the Shark Tank Open came along and we hit on the idea that maybe we could take our Business Certificate and pitch it as a competency based program. There are a lot of challenges with true competency based education (CBE). It operates under a separate set of rules under the Higher Learning Commission (HLC) compared to traditional courses. Our current system is not really designed to support CBE types of programs. We hit upon the idea of trying to take many of the CBE elements, call them mastery-based and incorporate those into a fully online program and design it to be kind of like summer courses year round. They would be short 5-6 week courses and this would allow student to complete three courses in a semester even though taking them one at a time.

If they have work experience they are able to test out at the chapter or unit level and demonstrate what they already know so they can move ahead more quickly. If they are struggling we have alternative pathways that automatically open up for the student to give supplemental instruction and then they will be assessed again and hopefully at that point they will achieve the minimum percentage to move on. Every student is achieving a minimal level of mastery on every unit throughout the program.

We started with 20 students and 17 completed. Thirteen of those were interested in continuing on for an AS degree. We got a second Shark Tank grant which allowed us to adapt six additional courses that included Speech, Economics, accounting and theater. Then we were able to partner with MSU Mankato and get a collaboration grant. We are now in the process of finishing up adapting the remaining courses in the AS degree to the FlexPace format.

We pay the faculty to develop the alternative pathways and the test outs as a part of the course and then it is jointly owned by the college and the faculty member where they are free to take it elsewhere if they leave but if we need to add additional sections to the courses to grow the program we are able to do that.

Chair Cerillo: Is this available to every student?

JCTurner: We have been piloting it and as part of the pilot we have the students complete an employer verification form so we have been focusing on people who are working full time at this point.

Trustee Tefer: Do you award grades still?

JCTurner: These courses are the same as other courses and we do give traditional grades. Transferability is very traditional as well.

Brenda Flannery: Bachelor Business Administration for working adults via FlexPace. We partnered with industry to develop the curriculum.

Chair Cerillo: Part of building an organization that is innovative is the ability to fail and not be punished. So I would like to ask my colleagues what our sense of danger is here and I would like to ask you folks – what are the barriers and where could this have gone off the tracks? And why are we not afraid of that.

JCTurner: It does help to have administrative support. Our president has been very supportive from the get go. When you have that support it makes it easier for all the other people to come in line.

Trustee Tefer: Are you looking at people who graduate from your FlexPace program and where they are going and how successful they are? What do they look like in the world of work? Do you have the financial ability to do the work to get those answers?

Brenda Flannery: We worked very closely with industry. Many of these individuals are working full time for companies we are working with. Many companies are looking at this program to benefit their existing employees.

Trustee Tefer: Is there a formal process where you can track metrics on these people?

JCTurner: That is part of what we are working on that we have to build in because ISRS is not set up to track those.

Chancellor Malhotra: This work is usually done in partnership with businesses right from the get go. The innovations really lie in three areas. One is it suppresses the normal delivery time of higher ed., second is in the paradigm shift itself to mastery based education, third it is always offered in partnership with business and industry and has built in systems that allow it to adjust as needs change. President Adenuga is in the audience. I invite him to share with you the excitement of Federated Insurance with regard to this FlexPace program and what it has done to their tuition reimbursement program.

President Adenuga: The partnership that Chancellor Malhotra mentioned is very crucial. So one example is Federated Insurance, the largest employer in Owatonna. They doubled their tuition reimbursement for their employees who enroll in this program. They are looking at this as an opportunity for some of

their underemployed employees to now take higher positions. It is a win for them as a company, the employees look at it as a win for them, and it is a win for Minnesota State.

Chair Cerillo: Are we assuming that having a partner in industry is an outcome for these types of programs as a necessary situation?

Brenda Flannery: It is possible to do it otherwise but it is safer to do it this way.

President Adenuga: Part of the paradigm shift is we need to be ready to respond to change.

Chair Cerillo: How do we prepare our teachers to be ready for this type of thing and to respond to the needs of the industries?

Brenda Flannery: We have to get them close to industry, having faculty who come from industry is important and bringing them to partner with academics.

Karen Pikula: The OER initiative at Central Lakes College. The reason we are so successful at Central Lakes College is because of the collaboration across so many entities – the administration, the faculty, our bookstore, IT department, librarians, and our students.

We realized we had faculty who created their own materials throughout the years who had no idea they are potential open educational resources or resources that they could legitimately be using in their classrooms. Our small committee decided we needed money in order to move this forward. At that time the System Office was offering some grants. We wrote a grant based on the learning circle process that I created based off the research I did for my dissertation working with novice teachers and asking them about how well the things they had learned in their teacher education courses actually transferred to use in their classrooms.

Please refer to hand out (attached).

Part of the structure of the learning circle model that made it so effective is that it is facilitated by the librarian and by me as a faculty member. We meet faculty where they are in the process of developing new materials and provide support for them. The plan is flexible and will change but they are accountable to provide their progress in developing the materials each week. They have 10 weeks to develop their materials.

I was asked to scale this up to the System level. Last spring we ran our first System level learning circles. Ran very much like I do at the institutional level except moving up so that our one hour a week learning circle where we share and collaborate across disciplines was now done virtually through a zoom room.

Now we have university and college faculty from different disciplines collaborating every week for an hour and sharing ideas, supporting each other, asking questions, offering resources.

Stipends at the institutional level were \$500 for a review and \$1500 for a course re-design or for authoring ancillary materials or authoring textbooks. Those funds came from a grant that we were awarded in 2016. We received three additional grants from the System Office which has made it possible for us to sustain the work that we are doing. We have saved a lot of money in textbook costs for PSEOs and that money is now being fed back into the OER program enabling us to sustain the program and receive fewer grants from the System Office.

People can now receive an AA degree with no textbook costs at Central Lakes College. We also have a print on demand service. We can print materials for any institution in the System.

A bonus is we are able to bring in issues of accessibility, equity and inclusion. The faculty are creating materials that make the resources that they use in their courses relevant to their students. The faculty, when they are given the resources and the support they need and are engaged in a good faculty development research based initiative, can do phenomenal things.

Chair Cerillo: How do we protect the intellectual property piece of this for the faculty member?

Karen Pikula: They are Creative Commons licenses. They allow the person to share their work out at whatever level they would like to share it out.

Kim Lynch: This program not only allows us to make our courses meaningful and relevant and addresses the issues of equity and inclusion and think about faculty academic freedom but also to save our students money.

Trustee Tefer: How do you handle disciplines that require licenses such as nursing that heavily depend on textbooks?

Kim Lynch: We have looked into this and have the blueprints needed and the community of people in the System who are eager to develop these resources throughout nursing education. Looking to the future this will be one of our next efforts.

Kim Lynch: Other programs in the works are **Student Learner Hub** and **Dreaming by Degrees**. Two one-minute podcasts from Dreaming by Degrees program shown as examples.

https://www.youtube.com/watch?v=rm0La_zHyBk&feature=youtu.be

<https://www.youtube.com/watch?v=jhXi83Flg6g&feature=youtu.be>

Louise Sundin: I haven't heard the innovation in partnering with Unions – pipefitters, h-vac, carpenters, etc. We need to think about more and more ways to partner with high school and vo-tech programs. I hope our description of innovation includes all kinds of workers.

The meeting adjourned at 12:09 PM.
Meeting minutes prepared by Kathy Pilugin
11/21/2018

**MINNESOTA STATE COLLEGES AND
UNIVERSITIES BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Academic and Student Affairs Committee

Date: March 19, 2019

Title: Approval of Mission Statement: Northland Community and Technical College

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The mission of Northland Community and Technical College is being presented for Board approval. The mission meets the criteria in Board Policy 3.24 Institution Type and Mission, and System Mission, Part 4: Approval of College or University Mission Statements.

Scheduled Presenter(s):

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs
Dennis Bona, President, Northland Community and Technical College

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

BOARD ACTION ITEM
Approval of Mission Statement: Northland Community and Technical College

BACKGROUND

The revised mission statement of Northland Community and Technical College is being presented for Board approval. The mission and vision meet the criteria identified in Board Policy 3.24 Institution Type and Mission, and System Mission, Part 4: Approval of College or University Mission Statements.

Current Mission Statement:

Northland Community & Technical College is dedicated to creating a quality learning environment for all learners through partnerships with students, communities, businesses, and other educational institutions.

Proposed Mission Statement:

Northland is an innovative leader in higher education, preparing all learners with work and life skills that advance personal well-being and regional prosperity.

Current Vision Statement:

Northland Community & Technical College will be widely recognized as a progressive leader in community and technical college education, responsive to the needs of our learners through the use of partnerships, innovation, and technology.

Proposed Vision Statement:

Northland will be highly valued for providing exceptional education that transforms lives and strengthens the communities we serve.

Northland's new mission more succinctly describes our focus on students and their success not only in career pathways but through personal growth as well. We believe that this new mission will provide a more global aspect of who we are and that impact on those around us. As the communities, businesses, and industries surrounding us have changed, so has our focus. We must now look at the people and disciplines we teach with that same thought process.

The college vision and mission respond to the following elements in system procedure:

1. The alignment of the proposed mission with the system mission and statewide needs;
The revised mission and vision align with the system strategic framework:
 - Ensure access to an extraordinary education for all Minnesotans.
 - Be the partner of choice to meet Minnesota's workforce and community needs.
 - Deliver to students, employers, communities and taxpayers the highest value/most affordable higher education option.

Foster Student Success

- Improve institutional performance for student success as demonstrated by outcomes related to:
 - Transfer, graduation, training certificates, job placement and career advancement.
 - Communication skills, critical thinking skills, global and civic responsibility, information and applied technology, and personal development.

Advance the Development of the College

- Stabilize student enrollment
- Cultivate high quality faculty and staff
- Develop new programs and delivery methods to engage more effectively with learners and communities in the region
- Increase revenues from entrepreneurial and philanthropic sources

Values

- Meet students where they are
 - Focus on student success
 - Provide a high-value learning experience
 - Work collaboratively and build relationships
 - Advance diversity, equity, and inclusion
 - Promote global competency
 - Encourage innovation and creativity
 - Pursue quality and continuous improvement
 - Meet community and workforce needs
 - Practice responsible financial stewardship
2. The extent to which the college or university will meet expectations of statute and how it relates to other institutions of higher education;
The proposed revision does not change the extent to which the college will meet expectations of statute or how the college relates to other institutions of higher education. Northland Community and Technical College will remain a comprehensive community and technical college governed by statutes, accreditation requirements and the policies of the Board of Trustees.
 3. The array of awards it offers;
The proposed revision of the mission statement does not change the array of awards offered by Northland Community and Technical College.

4. The compliance of the college or university mission with statute, policy, and regional accreditation requirements;
Northland Community and Technical College will remain a comprehensive community and technical college governed by statutes, accreditation expectations of the Higher Learning Commission and Board of Trustees policies and procedures. The new Northland Community and Technical College mission statement is more direct than our previous mission statement, and a broad base of stakeholder feedback was incorporated into the development of the revised statement.
5. The consultation with faculty, students, employers, and other essential stakeholders;
The changes outlined above were brought about through input from multiple groups and individuals. The college brought in a consultant from The Praxis Strategy Group to help gather our ideas and develop the revised mission and vision statements. The consultant assembled community and internal groups for brainstorming sessions that resulted in a number of new ideas. Those ideas were further refined through group discussions and revisions culminating in our final mission and vision. The revision is a result of a recent institutional review and was facilitated by an external agency. The review incorporated input from college faculty, staff, and administration as well as external community members. It has been reviewed by the NCTC President's Cabinet and approved by the president.

RECOMMENDED COMMITTEE ACTION

Upon the recommendation of the Chancellor, the Academic and Student Affairs Committee recommends that the Board of Trustees approve the mission of Northland Community and Technical College.

RECOMMENDED MOTION

The Board of Trustees approves the mission of Northland Community and Technical College.

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Academic and Student Affairs Committee

Date: March 19, 2019

Title: Proposed amendment to Policy 2.2 - State Residency – First Reading

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The policy was reviewed at the request of the United States Department of Veteran Affairs because of recent amendments to federal laws that provide educational benefits to military members, veterans, and eligible family members,

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation were considered.

Scheduled Presenter:

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs

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

BOARD ACTION

POLICY 2.2 STATE RESIDENCY (FIRST READING)

1 BACKGROUND

2
3 Board Policy 2.2 State Residency was adopted by the Board of Trustees on July 18, 1995 and
4 implemented on August 15, 1997. The policy was last amended in 2015 to bring Minnesota
5 State into compliance with the federal statutes that provide educational benefits to students
6 who meet certain requirements. Most importantly, eligible students must be charged the
7 resident tuition rate at state colleges and universities. While the business practices of
8 Minnesota State were already in compliance, the United States Department of Veteran Affairs
9 (USDVA) requested the names of the federal statutes be added to Board Policy 2.2 State
10 Residency.

11
12 In late November of 2018, the USDVA notified Minnesota State that it was not in compliance
13 with recently amended Section 301 of Public Law 115-251, which further amended 38 U.S.C.
14 3679(c). The amendment requires state institutions to charge military members, veterans, and
15 eligible family members in-state tuition. While our business practices were already in
16 compliance, the USDVA mandated that Board Policy 2.2 include the names of the federal
17 statutes impacted by the recent amendment.

18
19 The initial USDVA deadline for the statutory change to take effect was March 1, 2019.
20 Minnesota State informed the USDVA that the requested policy change would have to go
21 through the Academic and Student Affairs policy revision process which required at least 4
22 months and two readings at the Board of Trustees. A waiver was requested and the USDVA
23 changed the deadline to *“Effective for courses, semesters, or terms beginning after March 1,*
24 *2019.”* The Minnesota State summer semester starts the week of May 13th, which is the new
25 deadline.

26
27 The policy is on the March Board of Trustee’s meeting agenda for a first reading. With the
28 Board’s April’s meeting agenda full and not allowing policy readings, the second reading for
29 Policy 2.2 would occur in May, after the April deadline.

30
31 The USDVA could withhold the benefits from our students unless Board Policy 2.2 is amended.
32 If they withhold tuition benefits, problems for students and institutions would ripple through
33 our system.

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PROPOSED AMENDMENT

The proposed amendment to Policy 2.2 is identified by strikethrough and underlining in the policy. The proposed new language in Part 4, Subpart A(1) was pre-approved by the USDVA and will bring Minnesota State into compliance with the recently amended federal laws.

REVIEW PROCESS

The proposed board policy amendment was circulated to all presidents, employee representative groups, student associations, and campus leadership groups. All comments received during the review process have been examined and responses sent to the commentators.

RECOMMENDED COMMITTEE ACTION

The Board of Trustees approve the proposed amendment to Policy 2.2 State Residency in the first reading. Pursuant to Board Policy 1A.1, Part 6, Subpart D, the Board of Trustees suspend the rule in Board Policy 1A.1, Part 6, Subpart C that requires the second reading “not occur earlier than the calendar month following the first committee reading” by an affirmative vote of two-thirds of the board. The Board of Trustees approve the proposed amendment to Policy 2.2 State Residency in the second reading at the March 19, 2019 Board of Trustees meeting.

RECOMMENDED BOARD MOTION

The Board of Trustees approve the proposed amendment to Policy 2.2 State Residency in the first reading. Pursuant to Board Policy 1A.1, Part 6, Subpart D, the Board of Trustees suspend the rule in Board Policy 1A.1, Part 6, Subpart C that requires the second reading “not occur earlier than the calendar month following the first committee reading” by an affirmative vote of two-thirds of the board. The Board of Trustees approve the proposed amendment to Policy 2.2 State Residency in the second reading at the March 19, 2019 Board of Trustees meeting.

Date Presented to the Board of Trustees: March 19, 2019
Date of Implementation: March 19, 2019

**MINNESOTA STATE
BOARD OF TRUSTEES**

BOARD POLICY – FIRST READING		
Chapter 2	Chapter Name	Students
Section 2	Policy Name	State Residency

1 **2.2 State Residency**

2
3 **Part 1. Purpose-**

4 Determination of the state of residency of students is necessary for a variety of federal and state
5 reporting requirements, for institutional research purposes, and in some cases, for determination of
6 the tuition to be charged to individual students. This policy provides standards for the initial
7 classification of students as state residents or non-residents, determination of appropriate tuition
8 charges, and the procedures to be followed in order to change the state residency status of students.
9

10 **Part 2. Classification as State Residents-**

11 Students who meet one or more of the following conditions on the date they apply for admission to a
12 state college or university ~~must shall~~ be classified as residents of Minnesota.

- 13 a. They resided in the state for at least one calendar year immediately prior to applying for
14 admission, or dependent students who have a parent or legal guardian residing in Minnesota
15 on the date the students apply. Residency in the state during this period must not have been
16 solely or primarily for the purpose of attending a college or university.
- 17 b. They are Minnesota residents who can demonstrate that they were temporarily absent from
18 the state without establishing residency elsewhere.
- 19 c. They moved to the state for employment purposes and, before moving and before applying for
20 admission to a public postsecondary institution, accepted a full-time job in the state; or they
21 are students who are spouses or dependents of such persons.
22

23 **Part 3. Tuition-**

24 Students who are classified as Minnesota state residents ~~must shall~~ be charged the resident tuition
25 rate. Students who are residents of states with which the state of Minnesota has a reciprocity
26 agreement ~~must shall~~ be charged the appropriate reciprocity tuition rate. All other students ~~must shall~~
27 be charged the non-resident tuition rate, unless they qualify under one of the exceptions provided in
28 Part 4, below.
29

30 **Part 4. Non-Resident Students Allowed to Pay the Resident Tuition Rate-**

31
32 **Subpart A. Required exceptions-**

33 Non-residents of Minnesota who meet one or more of the following conditions ~~must~~ shall be
34 charged the resident tuition rate unless otherwise prohibited by applicable state or federal law or
35 regulations.

- 36 1. **Current and former service members.** Current and former members of the U.S. military,
37 their spouses, and dependent children, or any persons meeting the eligibility requirements
38 under eligible for Chapter 33 - the Post-9/11 GI Bill, Forever GI Bill – Harry W. Colmery
39 Veterans Educational Assistance Act, Montgomery GI Bill, Chapter 31 – Vocational
40 Rehabilitation, Chapter 35 – Survivors’ and Dependents’ Educational Assistance Program, or
41 Marine Gunnery Sergeant John David Fry Scholarship, or similar federal and state laws.
- 42 2. **Migrant farmworkers.** Students who have been in Minnesota as migrant farmworkers, as
43 defined in the Code of Federal Regulations, title 20, section 633.104, over a period of at
44 least two years immediately before admission or readmission to a Minnesota public
45 postsecondary college or university, or students who are dependents of such migrant
46 farmworkers.
- 47 3. **Minnesota high school graduates.** A student who graduated from a Minnesota high school,
48 if the student was a resident of Minnesota during the student’s period of attendance at the
49 Minnesota high school and the student physically attends a Minnesota State college or
50 university.
- 51 4. **Employment-related relocation.** Persons who were employed and were relocated to the
52 state by the person’s current employer.
- 53 5. **Refugees and asylees.** Students who are recognized as refugees or asylees by the Office of
54 Refugee Resettlement of the United States Department of Health and Human Services.
- 55 6. **Prosperity Act requirements.** Students, other than nonimmigrant aliens within the meaning
56 of United States Code, title 8, section 1101, subsection (a), paragraph (15), who meet the
57 following requirements established in Minnesota Statutes 135.043.
 - 58 a. High school attendance within the state for three or more years,
 - 59 b. graduation from a state high school or attainment within the state of the equivalent
60 of high school graduation, and
 - 61 c. in the case of a student without lawful immigration status:
 - 62 i. documentation that the student has complied with selective service
63 registration requirements, and
 - 64 ii. if a federal process exists for the student to obtain lawful immigration status
65 the student must present the higher education institution with documentation
66 from federal immigration authorities that the student has filed an application
67 to obtain lawful immigration status.

68
69 **Subpart B. Discretionary exceptions.**

70 Non-residents of Minnesota may be charged the resident tuition rate under one or more of the
71 following exceptions.

- 72 1. **Single tuition rate.** With board approval, a colleges or universities may adopt a policy to
73 charge one tuition rate to all students.
- 74 2. **International students.** Colleges and universities may charge resident tuition to
75 nonimmigrant international students classified under 8, U.S.C. 1101 (a) (15) (B), (F), (H), (J),
76 and (M).

- 77 3. **Graduate assistants.** Universities may charge resident tuition to graduate students
78 appointed to graduate assistant positions.
- 79 4. **Intergovernmental agreements.** A colleges ~~and~~ or universiti~~es~~y may have an agreement
80 with a governmental subdivision of another state to charge certain students resident tuition
81 approved by the board.
- 82 5. **High ability students.** Colleges and universities may adopt a policy to charge resident tuition
83 to high ability students who are in the top 15 percent of their high school class or who score
84 above the 85th percentile on a nationally-normed, standardized achievement test and who
85 reside in states that do not have reciprocity agreements with Minnesota.
- 86 6. **Other categories.** With board approval, colleges and universities may charge resident
87 tuition to other specific categories of students.
- 88

89 **Part 5. Appeal of Initial Residency Classification-**

90 Each college and university policy and procedure ~~must shall~~ provide for an appeal to an appropriate
91 college or university administrator of a decision not to classify a student as a Minnesota resident as
92 described in this policy. The administrator's decision ~~shall be is~~ final. A student whose appeal is
93 successful ~~must shall~~ be charged the resident tuition rate retroactive to the beginning of the first term
94 of enrollment.

95

96 **Part 6. Change of Residency Status-**

97 Under certain conditions, students who are initially classified as not being Minnesota state residents
98 may have their status changed to that of resident. The chancellor shall develop a system procedure
99 that describes the conditions under which residency status may be changed.

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Academic and Student Affairs Committee

Date: March 19, 2019

Title: Proposed Amendment to Policy 3.18 - Honorary Degrees - First Reading

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The policy was reviewed as part of the five year review cycle pursuant to Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6, Subpart H, Periodic review.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation were considered.

Scheduled Presenter:

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs

**BOARD OF TRUSTEES
MINNESOTA STATE**

INFORMATION ITEM

PROPOSED AMENDMENT TO POLICY 3.18 HONORARY DEGREES – FIRST READING

BACKGROUND

Board Policy 3.18 Honorary Degrees was adopted and implemented by the Board of Trustees in September of 1996. The policy was reviewed as part of the five year review cycle pursuant to Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6, Subpart H, Periodic review.

The proposed amendment consists of technical changes resulting from the application of the new writing and formatting standards.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation were considered.

**MINNESOTA STATE
BOARD OF TRUSTEES**

BOARD POLICY – FIRST READING		
Chapter 3	Chapter Name	Educational Polices
Section 18	Policy Name	Honorary Degrees

1 **3.18 Honorary Degrees**

2

3 **Part 1. Purpose-**

4 ~~This policy~~ To establishes the rationale for honorary degrees, authorizes colleges and universities to
5 grant honorary degrees, and provides standards and guidelines under which honorary degrees will be
6 conferred.

7

8 **Part 2. Definition-**

9

10 **Honorary degree**

11 ~~Honorary degree means a~~ A degree awarded as an honor for an outstanding contribution in some
12 field, rather than as the result of matriculating and earning a degree based on studies at the
13 ~~institution~~ college or university.

14

15 **Part 3. Rationale-**

16 The rationale for honorary degrees is to:

- 17 1. recognize and honor persons who have made exceptional contributions to a specific field or to
18 society in general;
- 19 2. establish a public association between Minnesota State Colleges and Universities and such
20 exceptional persons, thereby providing testimony to the values and quality of the state colleges
21 and universities; and
- 22 3. assist the state colleges and universities with the goals and objectives of their educational
23 programming, their service and outreach missions, and their institutional advancement.

24

25 **Part 4. Authorization-**

26 Colleges and universities may confer honorary degrees according to procedures established by, and
27 with the approval of, the chancellor.

28

29 **Part 5. Internal Process-**

30 A college or university choosing to award an honorary degree shall establish its own internal process
31 for determining honorary degree recipients consistent with the chancellor’s procedure.

32

33

34

35 **Part 6. Limits to Eligible Recipients.**

36 Honorary degrees may not be conferred on currently serving faculty or staff members within the
37 Minnesota State Colleges and Universities system, current members of the Board of Trustees, or
38 current holders of elected political office.

39

40 **Part 7. Report to Board.**

41 The Chancellor shall provide an annual report to the Board on honorary degrees awarded. The
42 report shall include information about the number of degrees awarded, names of recipients, and
43 degree designations. Colleges and universities shall report to the system office on the honorary
44 degrees awarded each year.

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Academic and Student Affairs Committee

Date: March 19, 2019

Title: Proposed amendment to Policy 3.31 Graduate Follow-Up System – First Reading

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The policy was reviewed as part of the five year review cycle pursuant to Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6, Subpart H, Periodic review.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation were considered.

Scheduled Presenter:

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs

**BOARD OF TRUSTEES
MINNESOTA STATE**

INFORMATION ITEM

POLICY 3.31 GRADUATE FOLLOW-UP SYSTEM – FIRST READING

BACKGROUND

Board Policy 3.31 Graduate Follow-Up System was adopted and implemented by the Board of Trustees in June 2005.

The review is part of the normal five year review cycle. The proposed amendment consists of making the language in Section 1, Purpose more accurate and technical edits.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation were considered.

RECOMMENDED COMMITTEE ACTION

This is a first reading, no action is required.

RECOMMENDED MOTION

NA

**MINNESOTA STATE
BOARD OF TRUSTEES**

BOARD POLICY – FIRST READING		
Chapter 3	Chapter Name	Educational Policies
Section 31	Policy Name	Graduate Follow-Up System

1 **3.31 Graduate Follow-Up System**

2

3 **Part 1. Purpose-**

4 ~~The purpose of the Graduate Follow-up System is to~~ To provide students, prospective students,
5 Minnesota State employees, policy makers, program accrediting and approving associations and
6 agencies, and the general public with information about the employment and educational outcomes of
7 graduates of the colleges and universities of Minnesota State.

8

9 **Part 2. Chancellor's Responsibility-**

10 The Chancellor, or the chancellor's designee, shall ~~create and maintain a system to~~ collect and publish
11 information on employment and educational outcomes of recent graduates.

12

13 **Part 3. ~~Institution~~ College and University Responsibility-**

14 Each college and university shall survey its graduates annually to collect follow-up information
15 according to prescribed standards. Each college and university shall ensure ~~enter~~ the graduate follow-
16 up survey responses are entered into the Student Records System (~~Integrated Statewide Record~~
17 ~~System (ISRS)~~) on an annual basis.

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Academic and Student Affairs Committee

Date: March 19, 2019

Title: Proposed amendment to Policy 3.40 - Recognition of Veteran Status – First Reading

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

The policy was reviewed as part of the five year review cycle pursuant to Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6, Subpart H, Periodic review.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation were considered.

Scheduled Presenter:

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs

**BOARD OF TRUSTEES
MINNESOTA STATE**

INFORMATION ITEM

POLICY 3.40 RECOGNITION OF VETERAN STATUS – FIRST READING

BACKGROUND

Board Policy 3.40 Recognition of Veteran Status was adopted and implemented by the Board of Trustees in March 2014.

The review is part of the normal five year review cycle. The proposed amendment consists of updating the policy language to make it more accurate and technical edits.

The proposed amendment was reviewed by the Office of General Counsel, cabinet, then sent out for formal consultation and received support from the presidents, employee representative groups, student associations, and campus leadership groups. All comments received from the consultation were considered.

RECOMMENDED COMMITTEE ACTION

This is a first reading, no action is required.

RECOMMENDED MOTION

NA

**MINNESOTA STATE
BOARD OF TRUSTEES**

BOARD POLICY – FIRST READING		
Chapter 3	Chapter Name	Educational Policies
Section 40	Policy Name	Recognition of Veteran Status

1 **3.40 Recognition of Veteran Status**

2

3 **Part 1. Purpose**

4 ~~This policy establishes veteran status as a factor to be recognized in~~ To recognize veteran status as a
5 factor in evaluating applicants for admission to graduate and professional programs, in accordance
6 with **Minn.** Stat. § 197.775.

7

8 **Part 2. Definitions**

9 ~~**Subpart A. Graduate or Professional Programs.**~~

10 ~~Graduate or professional programs means p~~Post-baccalaureate educational programs leading to
11 graduate certificate, master’s, specialist, or doctoral degrees offered by Minnesota ~~s~~State
12 universities.

13

14 ~~**Subpart B. Veteran.**~~

15 ~~Veteran means a~~ A person who is currently serving or has ~~ever~~ served in the United States armed
16 forces and has been discharged under honorable conditions.

17

18 **Part 3. Policy**

19 ~~Each Minnesota state university shall adopt a policy recognizing, for applicants who are veterans,~~
20 Minnesota State universities shall recognize an applicant’s veteran status as a positive factor in
21 determining whether to grant admission to a graduate or professional academic degree program.

22

23 **Part 4. Annual Report**

24 By January 15 of every year, each Minnesota ~~s~~State university shall submit a report to the system office
25 on the number of veterans who applied for a graduate or professional academic degree program and
26 the number accepted during the previous fiscal year.

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Academic and Student Affairs

Date: March 19, 2019

Title: Guided Learning Pathways: Career Technical Education and Comprehensive Workforce Solutions

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

This presentation and discussion will expand upon the work of the system's colleges and universities to strengthen and re-envision workforce development programming in the areas of career technical education and continuing education and customized training. Academic and Student Affairs leadership will provide an overview of system-wide strategy and execution, with campus presidents discussing implementation at the campus and regional levels.

Scheduled Presenters:

Ron Anderson, Senior Vice Chancellor for Academic and Student Affairs

Rassoul Dastmozd, President, St. Paul College

Ginny Arthur, President, Metropolitan State University

Craig Johnson, President, Ridgewater College

Jeralyn Jargo, System Director for Career Technical Education, and State Director for Career Technical Education

Trent Janezich, Interim Executive Director for Workforce Solutions

**BOARD OF TRUSTEES
MINNESOTA STATE**

INFORMATION ITEM

**Guided Learning Pathways: Career and Technical Education and
Comprehensive Workforce Solutions**

BACKGROUND

Minnesota State plays a critical role in preparing the Minnesota workforce, conferring more than half (58%) of all post-secondary credentials earned in the state each year. Minnesota State educates **9 out of 10** mechanics; **9 out of 10** employees in manufacturing; **8 out of 10** employees in law enforcement; **2 out of 3** nurses; **7 out of 10** employees in the trades; **6 out of 10** employees in agriculture; **half** of all teachers, **half** of IT professionals, and **half** of all business graduates. Future workforce needs, however, are forecast to outstrip current availability of qualified workers. This growing employment gap increases the importance of Minnesota State to provide students with guided pathways to education and employment, and underscores the need to dramatically increase the knowledge and skills of Minnesotans of all ages to meet future workforce needs.

As we reimagine Minnesota State and re-envision our role in workforce development, critical changes to educational programming are being developed and made. Key among these are our approaches to career technical education, and continuing education and customized training.

Career Technical Education (CTE)

Minnesota State's colleges offer more than 2,500 credential programs in career technical education fields, ranging from short term certificates to diplomas and two-year associate degrees. In FY17, nearly 21,000 career technical credentials were awarded. These credentials account for 72% of all credentials awarded by the colleges, and nearly half (46%) of the total number of credentials awarded across the system. In close partnership with secondary schools and with business and industry, career technical education programming is coordinated and supported through 26 consortia across that state, guided by local workforce needs and national efforts aligned through the Carl D. Perkins Act. As states work to address new requirements under Perkins V, local consortia and our colleges are re-envisioning their programming, partnerships, and alignment to ensure that students have a clear path to their desired career.

Comprehensive Workforce Solutions (CWS)

During FY18, Minnesota State colleges and universities collectively executed over 2,700 contracts with businesses and other organizations, and delivered customized training and continuing education to approximately 120,000 individuals. Historic models of providing this training, however, have resulted in competition and inefficient use of campus and training

resources. Though this training generates roughly \$33M in revenue, expenses continue to exceed revenues in aggregate.

Emerging from the work of Charting the Future, Comprehensive Workforce Solutions (CWS) represents a redesign of the way our colleges and universities interact with and deliver customized training and continuing education (CECT) to businesses and other organizations across the state. Through the creation of eight “Enterprise Regions” (integrated regional shared services units) campuses are collaborating as joint entities to deliver customized and open enrollment training to businesses, organizations, and individuals all across the state of Minnesota. This model not only improves the financial sustainability of our continuing education and customized training programming, but also increases capacity across the state by providing a mechanism for campuses to share programming across content areas and to deliver a broader portfolio of training than possible for a single institution. The model also provides a mechanism for shared accountability with clear performance metrics and expectations.

In this presentation and discussion, we will expand upon the work of the system’s colleges and universities to strengthen and re-envision workforce development programming in the areas described above (career technical education and continuing education and customized training). Academic and Student Affairs leadership will provide an overview of system-wide strategy and execution, and campus presidents will discuss implementation at the campus and regional levels.



March 19, 2019

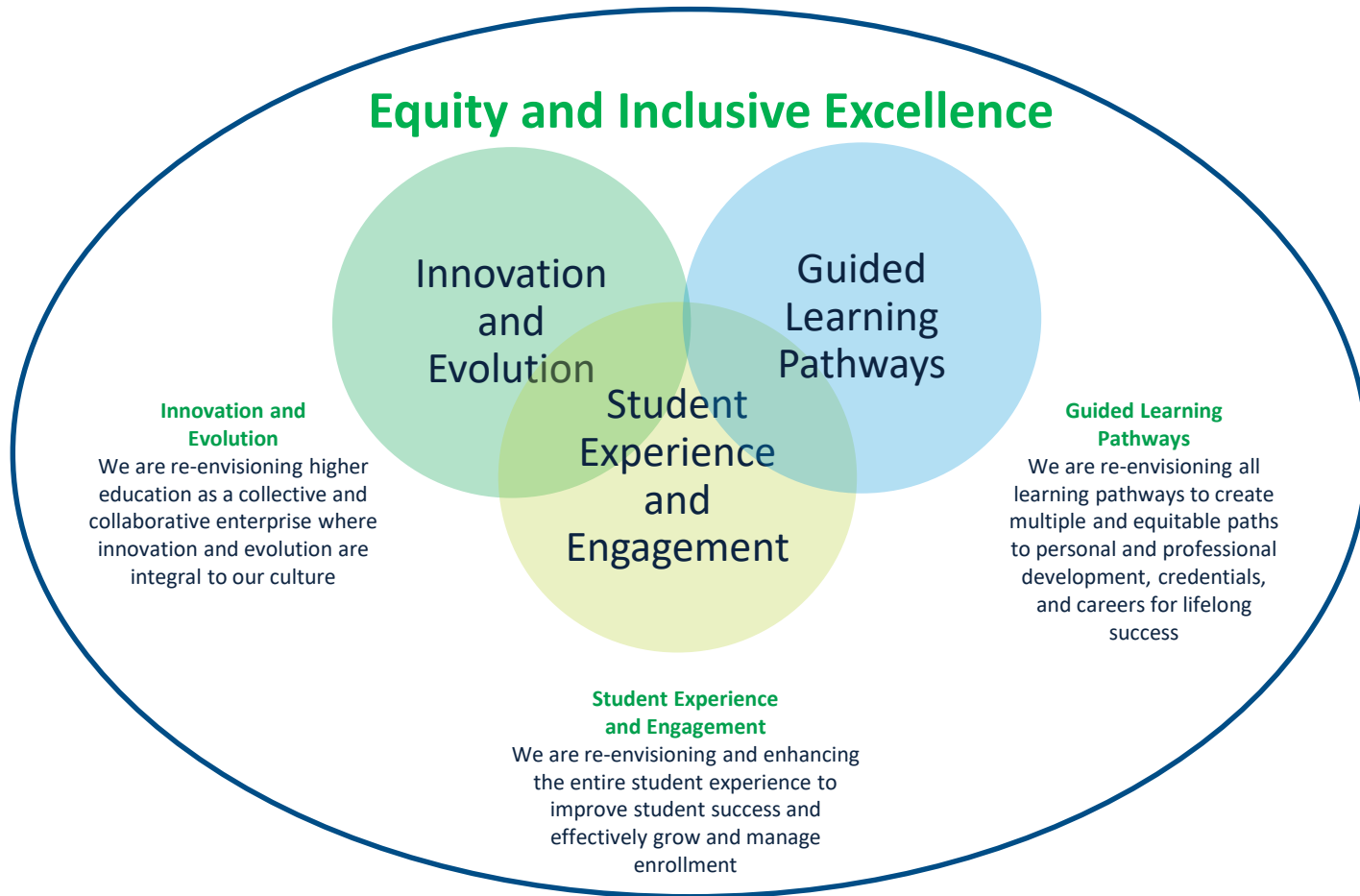
Academic & Student Affairs

**Guided Learning Pathways:
Career Technical Education and
Comprehensive Workplace Solutions**

Board of Trustees

Academic and Student Affairs Committee

Academic and Student Affairs Framework

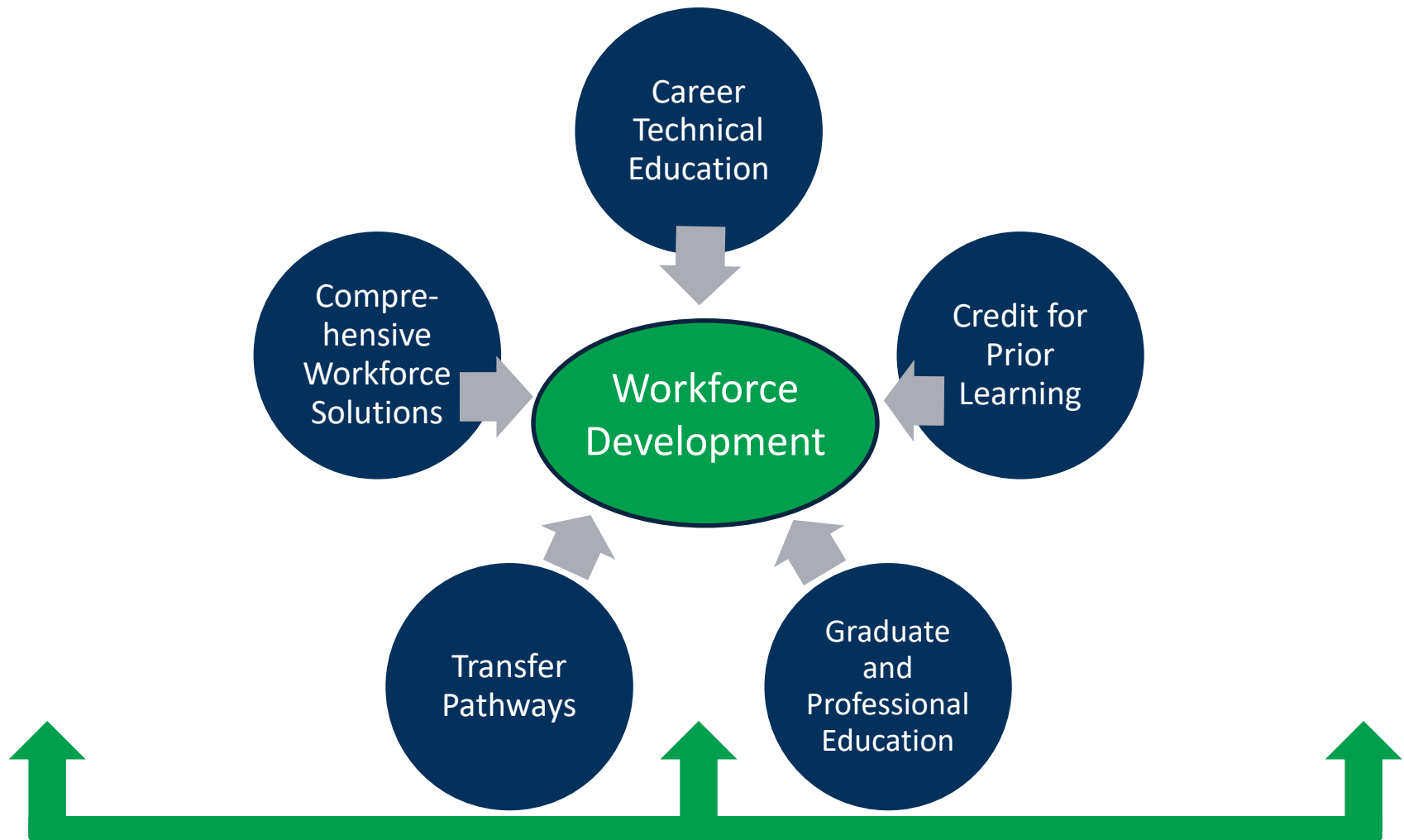


Guided Learning Pathways: The Road to Workforce Development

“Preparation for the workforce should be the goal and outcome for every student, for every program of study, and for every education institution. Preparation for the workforce is not solely the province of community colleges and not solely the purview of technical and/or trade programs. Every program along the career pathway continuum from P-12 through graduate school prepares persons for the workforce...”

- Rhonda Tracy, former chancellor
Kentucky Community and Technical College System





Supportive Education

- ★ Adult Basic Education
- ★ Community-Based Organizations
- ★ Developmental Education Redesign
- ★ Workforce Centers (CareerForce)

Career Technical Education

Career Technical Education (CTE) provides guided learning pathways that enable learners to obtain the knowledge and skills they need to be prepared for college, careers, and lifelong learning. CTE gives purpose to learning by emphasizing *real-world skills* and *practical knowledge* within a *selected career focus*.



National and State Visions for Career Technical Education

National CTE Vision

To transform and expand CTE so that each learner – of any background, age and zip code – is prepared for career and college success.

State CTE Vision:

Advancing career and technical education empowers every learner to realize a rewarding career



Minnesota State Vision

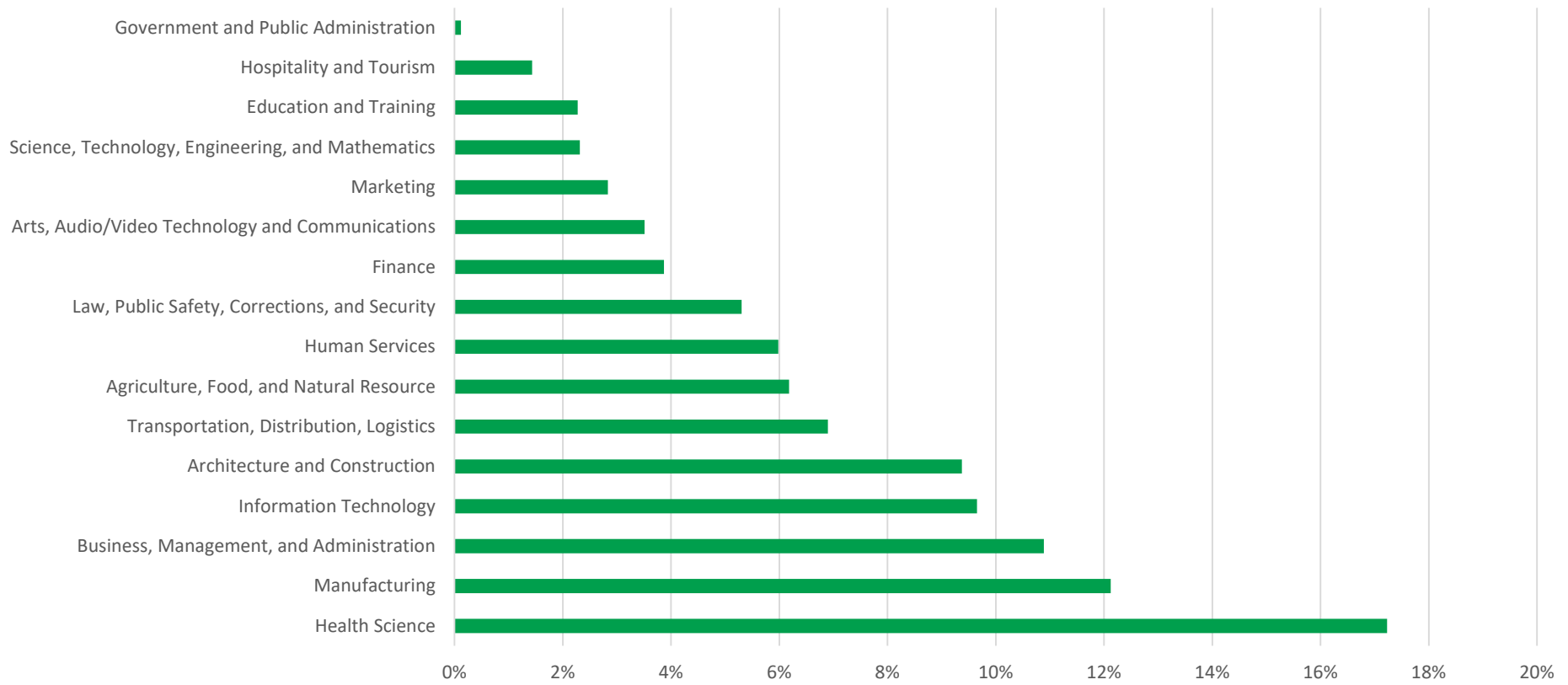
To be a national leader in providing the highest quality, contemporary, and future-oriented two-year career technical education that is:

- 1) Aligned with local, regional, and state workforce needs
- 2) Continually recreating a workforce that is highly skilled, adaptable to technological change, and prepared to solve the problems of the future
- 3) A driver of regional and state economic development



Minnesota State Provides Over 2,500 Career Technical Program Options

CTE Programs by Career Cluster



Educating the People Who Make Minnesota Work

9 out of 10 mechanics

9 out of 10 in manufacturing

8 out of 10 in law enforcement

2 out of 3 nurses

7 out of 10 in trades

6 out of 10 in agriculture

5 out of 10 of all new teachers

5 out of 10 of all new IT professionals

5 out of 10 of all business graduates

Source: National Center for Education Statistics (IPEDS) FY17 awards

Partnership with K-12 and Business and Industry is Core to CTE for:

- Pipeline development
- Workforce needs assessment
- Program planning and development
- Ongoing advisory board involvement
- Scholarship support
- Internship and work-based learning opportunities
- Mentoring
- Employment



Minnesota State Partnership Tour



By the numbers...so far

22 stops

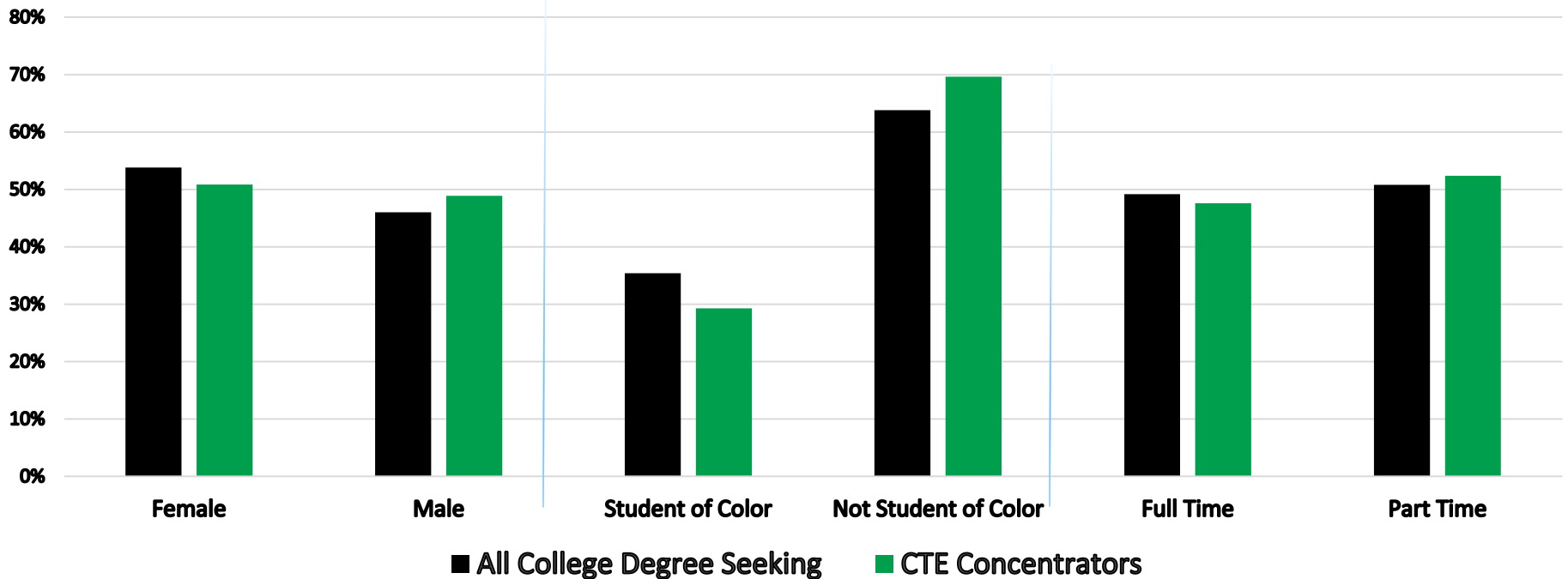
- August - November
- 67 legislators and staff
- 600+ attendees

What we heard:

- Our colleges and universities are vital community partners and sources of innovation
- Labor shortage is pervasive – our industries need more graduates with the right skills
- Affordability is key to serving current and future students

Minnesota State Educates More Than 109,707 Students in Career Technical Programs

Comparison of Postsecondary Student Characteristics



Funding Support for Career Technical Education

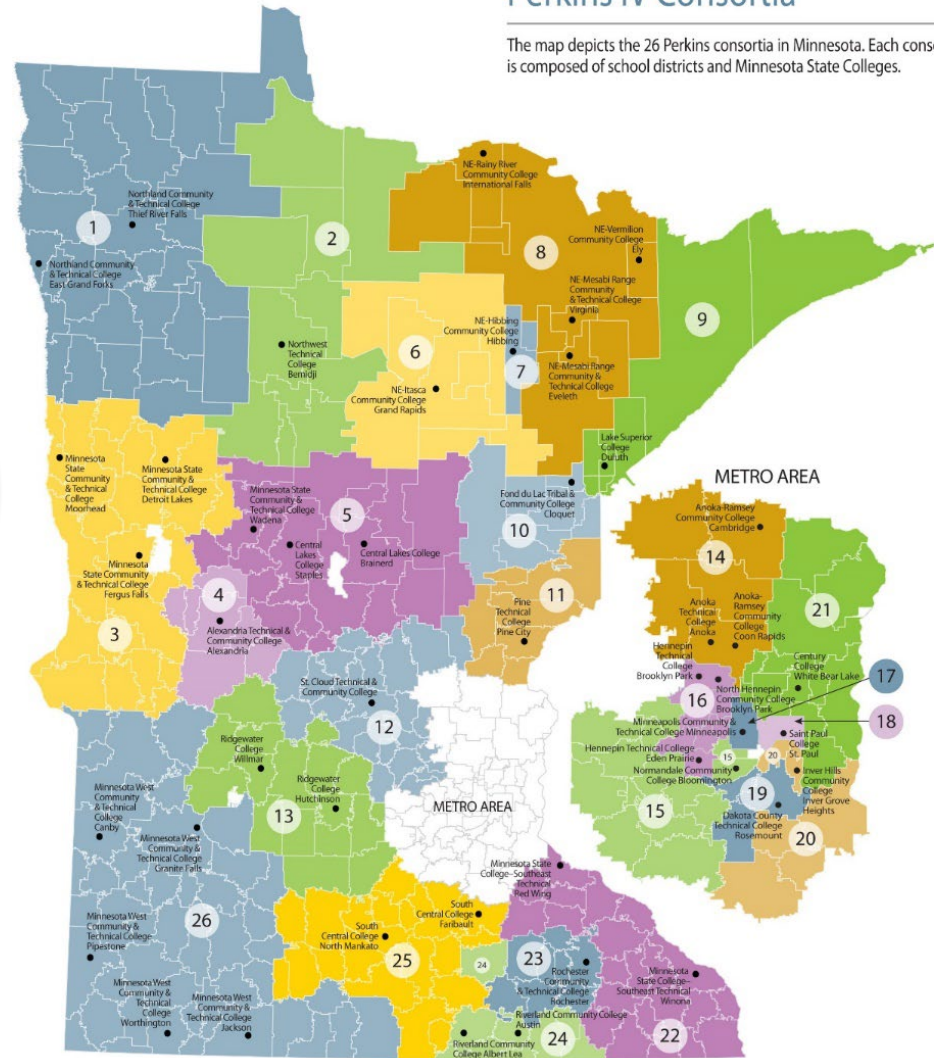
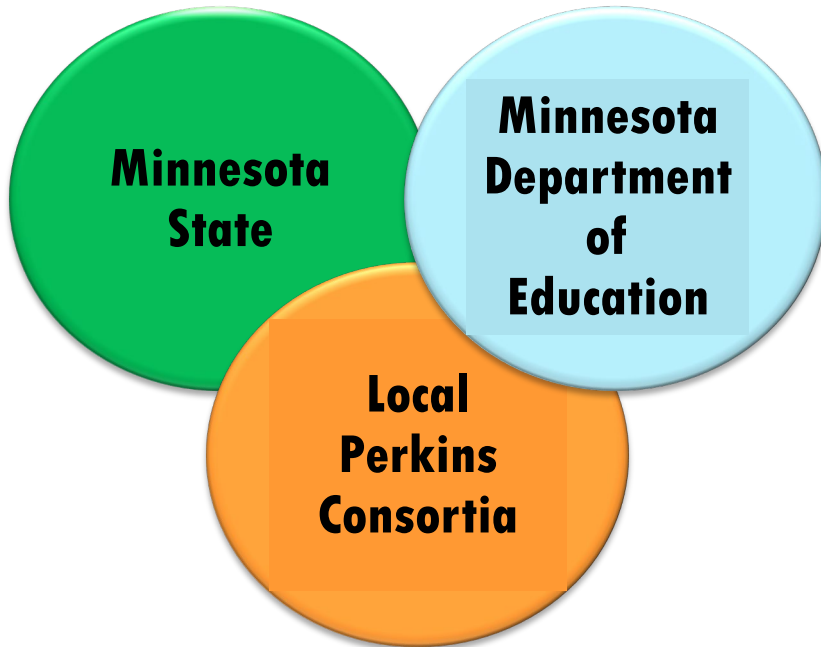
- State allocation
- Federal Carl D. Perkins Grant
- Leveraged equipment fund
- 2020-2021 biennial budget request for strategic investment in workforce development



Minnesota Leadership Model: State to Local Consortia

Perkins IV Consortia

The map depicts the 26 Perkins consortia in Minnesota. Each consortium is composed of school districts and Minnesota State Colleges.



Strategic Directions under Perkins V

Advancing CTE

- Comprehensive Needs Assessment
- Accountability
- Outreach
- Awareness and communication

Career-Connected Learning

- Career Pathways
- Career Preparation

Integrated Network

- Business and Industry
- State and federal programs; state agencies
- Educational Partners
- Consortia / Minnesota State / MDE

Equity and Inclusion

- Service Partnerships
- Providing resources
- Data/data management

Knowledgeable Experts

- Professional Development/technical assistance
- Licensure Preparation Programs
- Mentor/mentee relationships
- Consortia Leadership

Campus Programming and Perspective

- **President Dastmozd**—Saint Paul College



Rassoul Dastmozd, President/CEO

SAINT PAUL COLLEGE

start here. go anywhere.



SAINT PAUL COLLEGE

A Community & Technical College

GATEWAY
to
COLLEGE



Saint Paul Public Schools
A World of Opportunities

ENGAGE



the
Power
of **YOU**

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of **YOU**
TM

PSEO

Postsecondary Enrollment Options



I thought I would feel disconnected, but I have felt more of a sense of community at Saint Paul College than I have felt at any other school.

BRIDGET
Henry Sibley High School

EARN COLLEGE CREDITS WHILE IN HIGH SCHOOL!

Take advantage of this great opportunity!

Eligible high school sophomores, juniors, and seniors can take college classes for high school and/or college credit with the PSEO program at Saint Paul College. Attend part-time or full-time during the academic school year!

EXPERIENCE THE MANY BENEFITS!

Free Tuition & Books
Early Start on College Credits
Greater Variety of Courses
Rigorous Academics



SPRING 2019

priority deadline: Nov 1
final deadline: Dec 1

FALL 2019

priority deadline: May 15
final deadline: June 15

ELIGIBILITY REQUIREMENTS

Seniors: 2.0 GPA, rank in top half of your graduating class, and meet minimum ACCUPLACER testing requirements. **Juniors:** 2.0 GPA, rank in top third of your graduating class, and meet minimum ACCUPLACER testing requirements. **Sophomores:** 2.0 GPA, passing score on the eighth grade Minnesota Comprehensive Assessment Reading Test, and meet minimum ACCUPLACER testing requirements. Eligible sophomores may enroll in one career or technical education course.

Turn in your materials today! saintpaul.edu/PSEO

QUESTIONS? Contact Gao Vang, PSEO Coordinator
at 651.846.1713 or email: PSEO@saintpaul.edu



SAINT PAUL COLLEGE
A Community & Technical College
start here, go anywhere.

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Academy of Finance at Como High School





Career Pathways
Guided Pathways
Como and IT Finance Academy



Liberal & Fine Arts Programs

**STEM: Science, Technology,
Engineering & Math Programs**

Health Sciences

Business Program

Career and Technical Programs

Wellness and Service

programs

54

**Associate
Degree Programs**

77

**Certificate and
Diploma Programs**



SAINT PAUL COLLEGE

A Community & Technical College
start here. go anywhere.



SAINT PAUL COLLEGE

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Program	Participation
Career Pathways Academy -- Business, Computers, & Nursing Assistant	90 students in 2017-2018
Concurrent enrollment with SPPS -- Biology, Chemistry, English, Arts, Nutrition, College Algebra courses	550 students in 2017-2018
Nursing Assistant Training through Workforce Training and Continuing Education at LEAP high school and Humboldt High School	50 students in 2017-2018

Program	Participation
SPPS PSEO students at Saint Paul College	290 students in 2017-2018
Summer Credit Recovery	550 students summer 2017
Gateway to College	165 students in spring 2018
Right Track Internship	220 interns summer 2017

Program	Participation
Articulation Agreements	35 CTE Articulation Agreements
Como Academy of Finance partner <ul style="list-style-type: none"> • Articulated Credit • PSEO course delivery by contract • Travelers Edge 	350 students in 2017-2018
Focus Beyond Transition Coordinator position hosted at Saint Paul College <ul style="list-style-type: none"> • Partners with Saint Paul College Access and Disability Services 	50+ SPPS Students served
Adult Basic Education (HUBBS Center) <ul style="list-style-type: none"> • College Readiness Academy Partner • ABE math courses on campus for SPC students who need additional math remediation 	College Readiness Academy 70+ students in 2017-2018 ABE Math-360 students in 2017-2018

Comprehensive Workforce Solutions

A new model for doing business better and moving from competition to integration



Quick Facts: The Scope of Our Continuing Education and Customized Training Work

- Serve approximately 120,000 learners each year
- Provide over 2.2 million hours of training, through 2,700 contracts with business and industry
- Generate \$33 million dollars of external revenue



The Case for a New Model of Delivery

- Historic model was rooted in a culture of competition
- Loosely coordinated offerings, rather than comprehensive solutions
- Financially unsustainable
- External competition
- Market-based approach working with business and industry
- Disruption





An Enterprise Approach

- Creation of 8 “Enterprise Regions,” each functioning as one operational entity
- Single Customer Relationship Management (CRM) platform
- Single fiscal agent per region
- Redefined performance metrics at the regional level
- Local relationships retained at local campus



Implementation: Challenges and Opportunities

- Moving from autonomous to collective approach
- Culture of competition
- Moving from open enrollment model to sales-driven model
- Staff Turnover
- “This too shall pass”
- Determining non-negotiable parameters and degrees of freedom

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"Time is money - order more clocks."

Governance Structure

- CWS Steering Committee
- CWS Operations Committee
- Regional Advisory Councils

Regional Discussions and Perspective

CWS Steering Committee representatives

- **President Arthur**—Metropolitan State University
- **President Charlier**—Central Lakes College

Next Steps

- Robust Online Marketplace (Google/Amazon)
- Regional organizing principle for outreach activities
- Build out the function of “Workforce Navigators”
- Strengthen alignment with credit programming and creating additional learning pathways



Key Linkages

Minnesota State initiatives

- Collaborative campus and regional planning
- Transfer pathways
- Credit for prior learning expansion
- HR-TSM

National issues and trending themes

- The value and purpose of higher education
- Student success, enrollment, and changing student demographics
- Innovation and quality in curriculum, programming, services, and operations
- Leadership and change



Strategic Questions

1. What additional questions should we be asking as we move forward in establishing our regional and consortium approaches to workforce development?
2. As we reimagine Minnesota State, are there other opportunities that the board sees for expanding these collaborative approaches?
3. Are there additional policy implications that we should consider as we further this work?



Additional Background Information on Career Technical Education



Minnesota State Vision for Career Technical Education

To be a national leader in providing the highest quality contemporary and future oriented two-year career technical education that is:

- 1) Aligned with local, regional, and state workforce needs
- 2) Continually recreates a workforce that is highly skilled, adaptable to technological change, and prepared to solve the problems of the future
- 3) A driver of state and regional economic development

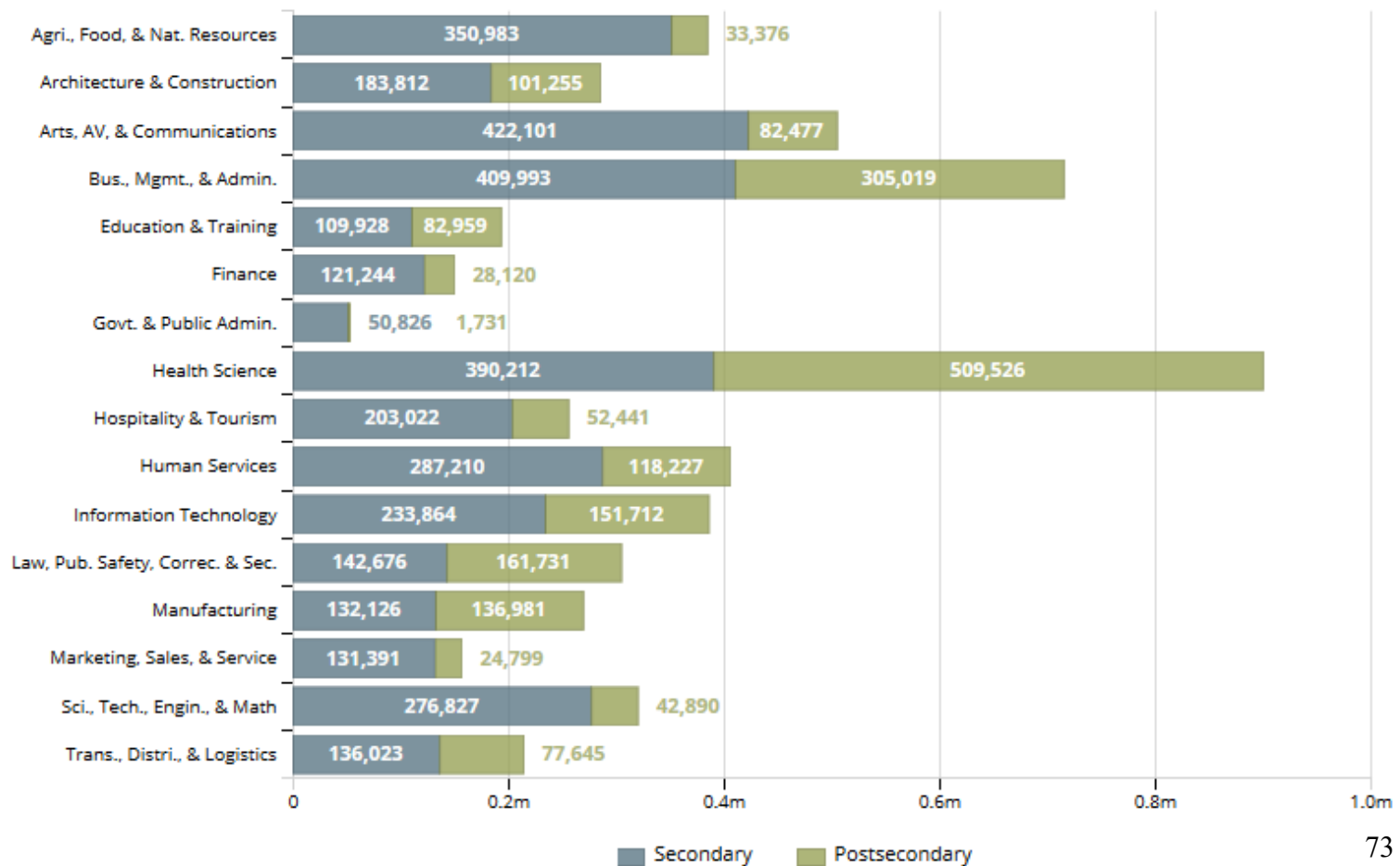
Leadership Council Priorities

- 1) Reclaim the public narrative surrounding career technical education to grow and strengthen career technical education enrollment and programming and build Minnesota's workforce
- 2) Expand and strengthen CTE programming to advance equity and address disparities
- 3) Grow the faculty pipeline for career technical education at both the secondary and post-secondary levels



Alignment of Secondary and Post-Secondary Career Opportunities in Minnesota

2016-2017 CTE Concentrator Enrollment by Career Cluster



Educating the People Who Make Minnesota Work

CTE credential programs range from:

- Short term certificates (39%)
- Diplomas (24%)
- Two-year associate degrees (38%)

In FY18, CTE credentials accounted for:

- 72% of all credentials conferred by our colleges
- 46% of all credentials conferred by the system

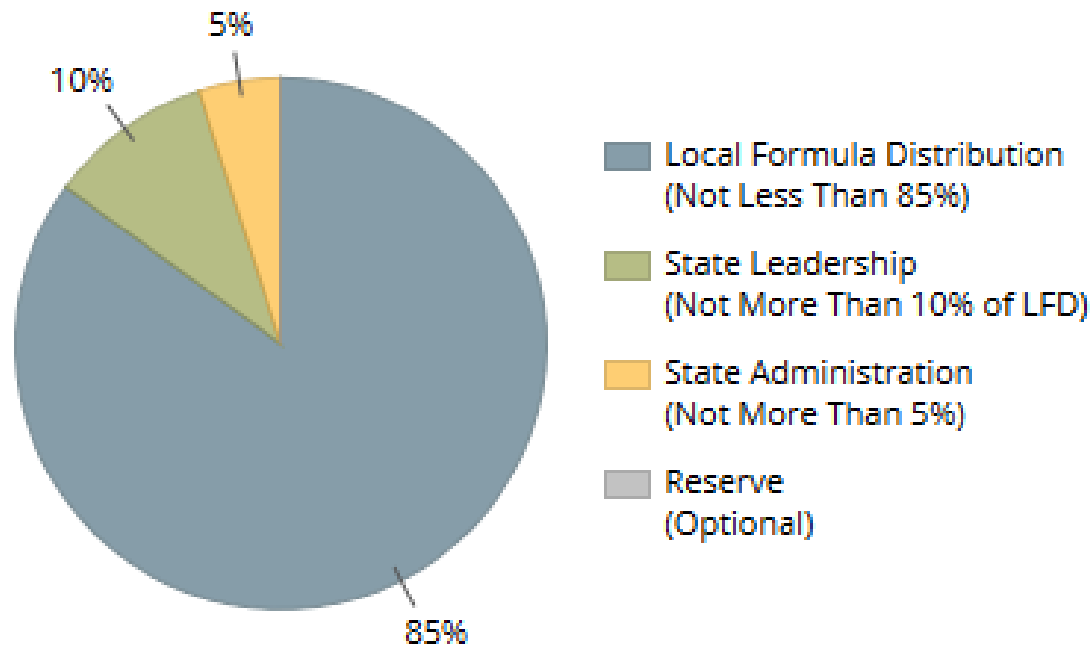


Career Technical Credentials Lead to Jobs

- 80% of postsecondary concentrators graduated or continued their education within 3 years
- 59% of postsecondary graduates directly entered the workforce after graduation
- 87% of postsecondary graduates were placed or retained in employment by the end of the 2nd quarter following the completion of their CTE program

Federal Funding for CTE Through the Carl Perkins Grant

Distribution of FY 2018 Total Title I Allocation

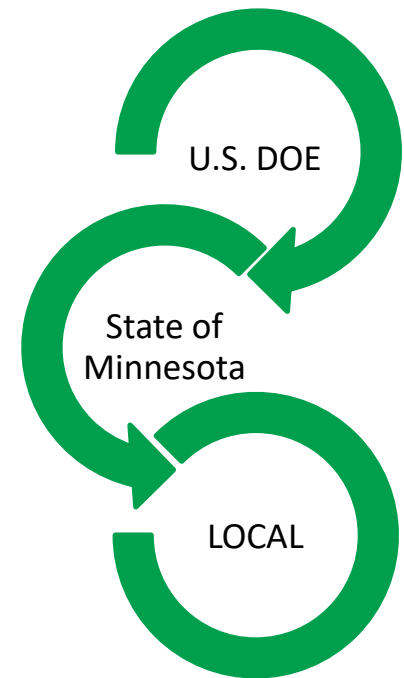


Current Minnesota CTE Goals under Perkins IV

1. Develop rigorous programs of study and career pathways
2. Partner with business, industry, and local communities
3. Improve services to special populations
4. Provide a continuum of service and transition for students
5. Sustain the consortia model of Minnesota school districts and 2-year colleges

Transitioning to Perkins V: What's the Same

- Purpose and Intent
- Focus on improvement and innovation
- Support of institutions and programs
- Formula based funding
- Importance of partnerships
- Support of special populations and non-traditional participants



Transitioning to Perkins V: What's Changing

State Plan

- Expanded consultation, including Governor sign-off
- Engagement with other agencies

Local Application

- Results of needs assessment
- Courses and activities to be supported, including state-approved program of study
- Career exploration/career guidance and counseling
- Activities for special populations
- Work-based learning opportunities
- State set targets for performance accountability measures

Transitioning to Perkins V: What's Changing

Formal needs assessment
now required

- includes consultation
- an evaluation of program
- alignments to state, regional, Tribal or local need
- responsive to high skill, high wage in-demand industry sectors or occupations.



Strategic Directions under Perkins V

Advancing CTE

- Comprehensive Needs Assessment
- Accountability
- Outreach
- Awareness and communication

Career-Connected Learning

- Career Pathways
- Career Preparation

Integrated Network

- Business and Industry
- State and federal programs; state agencies
- Educational Partners
- Consortia / Minnesota State / MDE

Equity and Inclusion

- Service Partnerships
- Providing resources
- Data/data management

Knowledgeable Experts

- Professional Development/technical assistance
- Licensure Preparation Programs
- Mentor/mentee relationships
- Consortia Leadership



Statewide Planning for CTE

Vision

- Advancing career and technical education empowers every learner to realize a rewarding career

Mission

- Quality career and technical education ensures every learner has equitable access to career-connected learning through a network of knowledgeable partners

Principles

We are committed to ensuring:

- An equity lens for all decision-making
- Inclusion of all stakeholders
- Being bold, innovative, and focused on continuous improvement
- Responsiveness to the evolving labor market



State CTE Plan Development and Submission Process

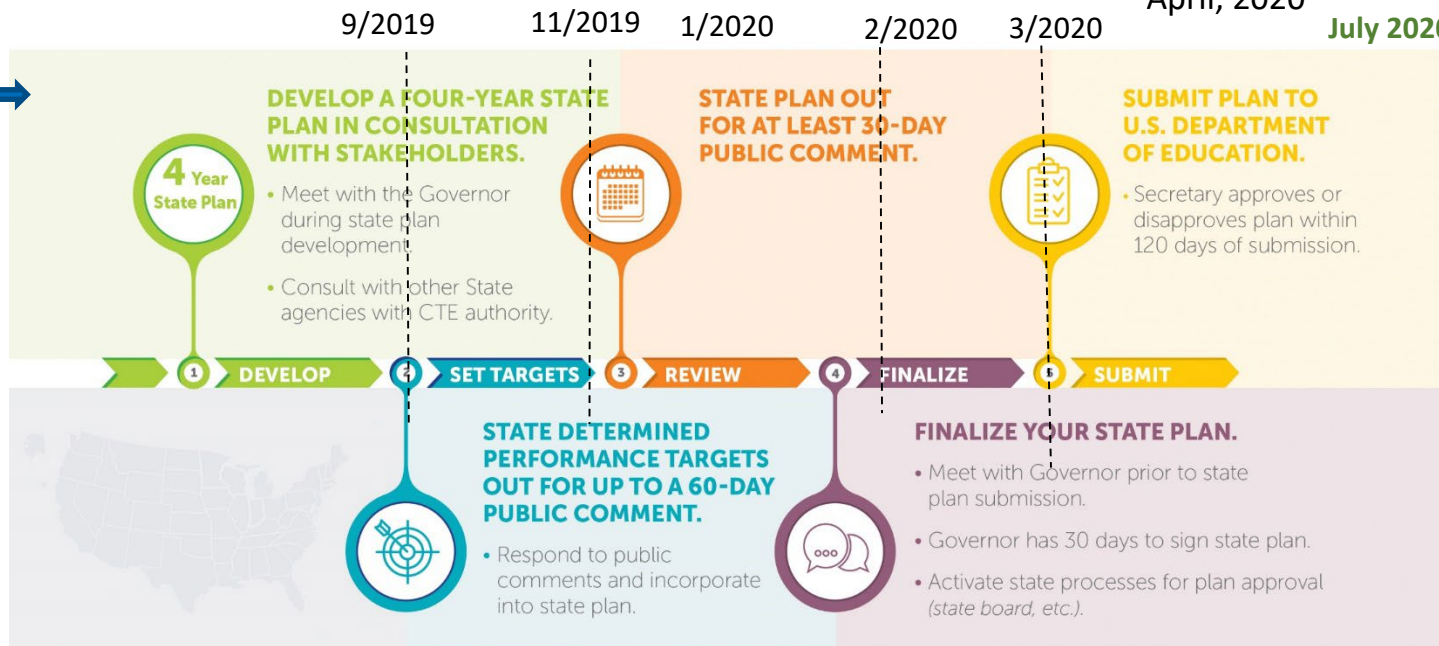
Transition Plan Submitted April, 2019

4-year Plan Submitted April, 2020

July 2020

Start

Begin implementation





MINNESOTA STATE

Audit Committee
March 19, 2019
2:30 p.m.
McCormick Room

Note: Committee/board meeting times are tentative. Committee/board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

1. **Minutes of January 29, 2019 (pages 1-5)**
2. Internal Audit Update (pages 6-13)
3. e-Procurement Controls Audit Results (pages 14-41)

Committee Members:

Michael Vekich, Chair
April Nishimura, Vice Chair
Bob Hoffman
George Soule
Jerry Janezich

Bolded items indicate action is required.



**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
AUDIT COMMITTEE MEETING MINUTES
January 29, 2019**

Audit Committee Members Present: Trustees Michael Vekich, Robert Hoffman, Jerry Janezich, April Nishimura, and George Soule.

Audit Committee Members Absent: None.

Other Trustees Present: Trustees Ashlyn Anderson, Alex Cirillo, Jay Cowles, Dawn Erlandson, Roger Moe, Louise Sundin, and Cheryl Tefer (phone).

The Minnesota State Colleges and Universities Audit Committee held its meeting on November 13, 2018, in the 4th Floor McCormick Room, 30 East 7th Street in St. Paul. Trustee Vekich called the meeting to order at 11:53 a.m.

1. Minutes of November 14, 2018

The minutes of the November 14, 2018 audit committee were approved as published.

2. Shared Services Governance Roadmap Advisory Project

Mr. Eric Wion, Interim Executive Director for Internal Auditing, began by introducing Mr. Chris Jeffrey, Ms. Christine Smith and Ms. Mallory Thomas from Baker Tilly. Mr. Wion gave a brief update on the FY19 Audit Plan projects. He stated that the projects were moving along as planned and everything was on schedule.

Chancellor Malhotra stated that this was an important project. Its genesis lies in the creation of the system itself. The Baker Tilly team and Executive Director Wion have been instrumental in engaging leadership in this very important conversation. This conversation is a conceptual framework to identify the process by which we will come to an understanding about whether future initiatives should be done at the enterprise level or if they are best left for the colleges and universities. Chancellor Malhotra further stated that they had robust discussions in Leadership Council and that this roadmap was an outgrowth of a very broad level of engagement and thinking.

Ms. Smith began by stating that from their vantage point, surveying institutions across the entire country, this topic was critical. In order to stay competitive, it is important to think aggressively about how to collaborate around all services, but in particular around institutional support services, and the way that those services support student success and the cost effective use of resources.

Ms. Smith stated that in their experience, enterprise shared services can serve as a catalyst to making critical changes in how a system goes about doing its business and delivering

services. One of the biggest benefits to embarking on an enterprise shared services program is that it offers the latitude to rethink everything that has been done, which is critical as the system works through this reimagining and transformational time period.

Ms. Smith reviewed the scope and the objective of the project. She stated that having a framework will be important for Minnesota State to recognize benefits. She noted that they had looked at best practices relative to shared services operations, and how the system designs and organizes support processes, and they also considered required change management actions as they put together this framework. The framework is a conceptual framework. Lessons from HR-TSM and lessons from NextGen will start to inform this framework as the system goes down the path of embracing other new enterprise shared services.

There are three parts to the roadmap. It starts with having clarity around strategy. The Leadership Council was adamant that they want a clear understanding of the strategy for moving toward a particular shared service. Future considerations for shared service initiatives will need to align with and carry out that strategy.

The second part centered on a set of governing principles. The system should only focus on processes that are able to result in those principles. In addition the roadmap provides a prioritization criteria approach to assist with determining which processes will have the highest impact.

The final piece of the work was to develop an actual governance roadmap. This contains all the specific sequencing of steps along the way, outlined in terms of what has to happen before you embark on trying to implement a new shared service. There should be a clear understanding of what the benefits will be so that everyone has a clear understanding about why the shared service was developed.

Leadership Council agreed on five core governing principles that are centered on effectiveness, efficiency, enhanced decisions, taking advantage of the scale that we have as a system, and finally enhancing agility which is important in the marketplace. In conversations with the Leadership Council, the presidents were very clear that any proposed enterprise shared service initiative should have a clear and positive effect on student success.

Ms. Smith stated that the Governance Roadmap will guide the “what” and the “how” enterprise shared service operations will be designed and executed. The roadmap will provide key considerations for each phase of the enterprise shared service project. It will ensure appropriate governance for all enterprise shared service initiatives. Finally the roadmap will mitigate risks related to financial sustainability, resource optimization, institution/system synergy and change management.

Ms. Smith stated that there are four steps that are critical relative to enterprise shared services governance. The first is to identify the overall enterprise shared services governance structure. The second step is to establish a solicitation and initial approval process that encompasses all shared service initiatives at Minnesota State. The third step is to adopt an initiative prioritization process including determining the weight for each criterion. And finally, identify upfront funding parameters, expected approval timelines and staff supports required to coordinate the enterprise shared services program and approval process.

Trustee Hoffman asked about how the roadmap would have impacted the implementation of HR-TSM and NextGen. Ms. Smith stated that many of these components were present in the NextGen implementation. She stated that the HR-TSM implementation may have had quicker success and there may have been better clarity of understanding of the goals and where the barriers were along the way.

Trustee Erlandson asked how the previous Campus Service Cooperative fit in with the new Shared Services project and if there were lessons learned from that initiative. Vice Chancellor King stated that the work of the Campus Service Cooperative was rolled primarily into the Finance Division. Chancellor Malhotra added that the work of the Campus Service Cooperative was primarily focused on large scale buying, procurement and purchasing. It was focused on the efficiency criteria which is only one of five criteria that are outlined in the governance roadmap. The governance roadmap is a much broader effort and much more linked to strategic positioning.

Trustee Janezich expressed concern that staff on campuses may reach a breaking point when additional responsibilities continue to be added. He wanted to know how the board would know when that level had been reached.

Chancellor Malhotra pointed out that that roadmap will require future initiatives to evaluate at the beginning if it rises to a priority level, by looking at the effectiveness and the efficiencies it will bring, and by looking at the principles that were agreed upon in advance. There will be a decision about how the initiative should be led, by the system office, by a consortium of institutions, or perhaps by an independent entity created like centers of excellence which have systemwide reach. And finally, how will the new initiative be resourced. Any new initiative will need to follow this roadmap from the beginning so that we are not just adding additional initiatives to the existing work without knowing the effect it will have on campuses.

Trustee Vekich added that part of the process is really trusting the system that is in place in management, in the presidents. The presidents have found that they can step up in a big way and talk about the fact that enough is enough. But he added that his sense was that this process, compared to what had been in place in the past, is much more strategic. This process is better laid out, has a clear roadmap to how things should be done, with

milestones that can determine whether something will have an impact and also how resources will be put in place.

Trustee Tefer agreed that one of the metrics that should be watched with any future initiative is the stress involved for the faculty and staff who are implementing all of these projects.

Trustee Cirrillo asked if there was a danger to always looking for a technical solution to every problem. He wondered if there were enterprise topics that would not involve technical solutions. Ms. Smith stated that there had been some recent conversations centered around academic advising that would look at ways to ensure that the best approach is in place, the best strategy, the best resources and ways to share resources. She added that could have a technology aspect in support of it, but it would not be the driver of what needs to change.

Trustee Nishimura praised the team for the presentation and the compilation of recommendations and next steps. She stated that enterprise shared service organizations are a foundation toward leveraging agility in broad systems and organizations. She added that when you can offload transactional things it frees up local teams to think more broadly and move quickly. She stated that there is often a technology aspect because in order to drive agility, organizations need to be thinking about applications can be put into place quickly. This ties directly back to the ERP and NextGen. Trustee Nishimura stated that without that backbone, colleges and universities will not be enabled to move quickly. She stated that all of these initiatives are streaming together into a beautiful web. She applauded the team for the thoughtful approach toward the future.

3. NCAA Agreed Upon Procedures External Audit

Mr. Wion introduced Ms. Brenda Scherer and Mr. Chris Knopik from CliftonLarsonAllen. The NCAA requires agreed upon procedures be performed every three years by a CPA firm. This review represented the final piece of CliftonLarsonAllen's work for the year.

Mr. Knopik reviewed the scope of the work and the background. He stated that this was not an audit but a series of agreed upon procedures which means that the NCAA lays out a specific list of requirements that the firm had to review. All of the reports were due by Jan 15, 2019. The reports are not required to be filed with the NCAA, they are maintained with the presidents at each of the universities.

Ms. Scherer reviewed the procedures that had changed since the last reporting period. She highlighted the change to the value of the institutional endowments which required them to get information from the foundations this year. She reminded the committee that there was no materiality threshold for this review so every variance, no matter how small, had to be included in the report. Ms. Scherer reviewed some of the common themes they found through the review.

Trustee Vekich thanked the team for their work. Chancellor Malhotra assured the committee that they would be talking to the presidents about the results.

The meeting adjourned at 12:30 p.m.

Respectfully submitted by Darla Senn

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Audit Committee

Date: March 19, 2019

Title: Internal Auditing Update

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input checked="" type="checkbox"/> Information | |

Brief Description:

An update on the status of Internal Auditing's Fiscal Year 2019 Audit/Project Plan will provided.

Scheduled Presenter(s):

Eric Wion, Interim Executive Director of Internal Auditing
Chris Jeffrey, Baker Tilly Partner

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

BOARD INFORMATION
INTERNAL AUDITING UPDATE

BACKGROUND

In addition to the routine and ongoing internal auditing activities, the audit committee approved 11 projects as part of the Fiscal Year 2019 Internal Audit Plan. An update on the status of those projects will be provided.

Date Presented to the Board of Trustees: March 19, 2019



March 19, 2019

Office of Internal Auditing

Internal Audit Report to the Audit Committee

FY19 Audit Plan Project Updates

FY19 Audit Plan Project Updates

Projects/Objective	Status
<p>Information Technology Risk Assessment Phase 1 – Perform an initial review to identify and prioritize top IT risks for the System Office IT systems and services. Develop a high-level approach for future IT risk assessment projects at the campus level.</p>	<p>Completed; Results discussed at joint Audit and Finance Committee meeting October 16, 2018.</p>
<p>Enterprise Shared Services Governance Roadmap – Develop a roadmap to govern and manage shared service implementation initiatives and operations; grounded in leading practice, considering potential risks, and informed by lessons learned.</p>	<p>Completed; Results discussed at joint Audit and Finance Committee meeting January 29, 2019.</p>
<p>e-Procurement Controls Review – As an extension of the purchasing card follow-up audit, perform a comprehensive review of the sourcing and procurement processes. Compare the System’s procurement approach to industry leading practices and assess risks related to methods of contracting and procurement across the System.</p>	<p>Completed; Results discussed herein.</p>

FY19 Audit Plan Project Updates

Projects/Objective	Status
<p>NextGen Project Risk Review (PRR) Phase 1 – Conduct business process reviews and assess specific project processes and products. Enhance management insight into project performance to mitigate the risk that the project will not achieve goals in terms of schedule, scope, and budget. Recommend and validate that appropriate and adequate internal controls are implemented with the system and business process changes.</p>	<p>Completed; Results discussed at Committee of the Whole meetings:</p> <ul style="list-style-type: none"> ✓ Checkpoint #1 (June 2018) ✓ Checkpoint #2 (October 2018) ✓ Checkpoint #3 (March 2019) <p>Future work to be completed:</p> <ul style="list-style-type: none"> ✓ Checkpoint #4 (June 2019) ✓ Checkpoint #5 (September 2019)
<p>Information Security Consultation Phase 2 – Develop methodology for assessing institution’s Top 5 (information security controls) implementation plan. Conduct pilot assessment with 4 institutions.</p>	<p>Completed fieldwork; Reporting is in process; Planning to discuss results at the April Audit Committee meeting.</p>
<p>HR-TSM Advisory – Continue to review the HR service center model progress to date, and the extent to which the desired project goals and objectives have been achieved. Review the Phase 2 plan and offer insights to enhance probability of successful execution, ensure appropriate timing, and highlight keys for project management.</p>	<p>Ongoing; Results discussed at joint Audit and HR Committee meetings in November 2018 and January 2019.</p> <p>An updated review will be performed in April and will be discussed at the joint meeting of the Audit and Human Resources Committees.</p>

FY19 Audit Plan Project Updates

Projects/Objective	Status
<p>ERM Advisory – Participate in the ERM Steering Committee and assist as requested. Assist the Committee in facilitating an annual enterprise risk management assessment; conduct facilitated discussions with key stakeholders.</p>	<p>Ongoing; Initiating ERM process for FY20.</p>
<p>NextGen Steering Committee Participation – Participate in the ERP Steering Committee, provide professional advice, and assist as requested.</p>	<p>Ongoing.</p>
<p>Enrollment Forecasting Review – Review enrollment forecasting practices across various colleges and universities and identify areas of strength and opportunities to align with industry leading practices. Consider opportunities to develop tools or resources that could be deployed across multiple colleges and universities.</p>	<p>In Process; College and University onsite fieldwork completed. Planning to discuss results in May.</p>

FY19 Audit Plan Project Updates

Projects/Objective	Status
<p>Institution Financial Controls Review Project Planning and Pilot – Develop and pilot a multi-year audit plan that would result in key financial controls being audited at each college and university.</p>	<p>In Process; Planning project scope and timeline.</p>
<p>Compliance Practices Assessment – Review Minnesota State’s compliance governance structures, accountabilities and responsibilities, and monitoring and oversight practices, with a focus on the delegation of responsibilities between the college and university and system office leadership.</p> <p>Project is being performed under Attorney Client Privilege.</p>	<p>Completed fieldwork; Reporting is in process</p>

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Audit Committee

Date: March 19, 2019

Title: e-Procurement Controls Audit Results

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

Minnesota State recently implemented a new procurement system called Marketplace. Marketplace is a third party cloud-based e-Procurement system that replaces the ISRS purchasing module. Internal auditing conducted an audit that identified and evaluated the eProcurement system's internal controls to determine if there were any gaps or opportunities to improve, develop, or strengthen the design of controls and related processes. The audit results and corresponding report will be discussed.

Scheduled Presenter(s):

Eric Wion, Interim Executive Director of Internal Auditing

Chris Jeffrey, Baker Tilly Partner

Mallory Thomas, Baker Tilly Senior Manager

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

BOARD INFORMATION
E-PROCUREMENT CONTROLS AUDIT RESULTS

BACKGROUND

Minnesota State recently implemented a new procurement system called Marketplace. Marketplace is a third party cloud-based e-Procurement system that replaces the ISRS purchasing module. Internal auditing conducted an audit that identified and evaluated the eProcurement system's internal controls to determine if there were any gaps or opportunities to improve, develop, or strengthen the design of controls and related processes.

Overall, the audit concluded Minnesota State designed effective internal controls over Marketplace processes and activities. No high risk control weaknesses were identified, however, four opportunities to improve controls were noted. These results and the corresponding report will be discussed.

Date Presented to the Board of Trustees: March 19, 2019



March 19, 2019

Office of Internal Auditing

Internal Audit Report to the Audit Committee

e-Procurement Controls Review Results

Summary and Conclusion

- During 2018, Minnesota State implemented Marketplace, an e-Procurement system that replaces the ISRS purchasing module, PCS.
- This system serves as a one-stop marketplace for goods and services that combines a powerful catalog and contract management tool with unique search technology.
- This internal audit evaluated the Marketplace e-Procurement system internal controls.

Conclusion

Minnesota State designed effective internal controls over Marketplace e-Procurement system processes and activities. No high risk internal control weaknesses or other issues were identified, however four opportunities for improvement were identified.

Internal Audit Scope

- The following activities were completed as part of the internal audit:
 - Performed on-site walkthroughs at the system office and Saint Paul College.
 - Reviewed e-Procurement system user security roles and incompatible roles that exist and reviewed the mitigating controls in place for identified incompatible roles.
 - Assessed the current status of the observations and improvement opportunities noted during the 2017 purchasing card audit.

Strengths

- The majority of purchasing activity is now executed through Marketplace.
- The configuration of the Marketplace system allows for automation of key processes and additional segregation of duties via access privileges.
- Marketplace captures robust audit trails and transaction history for the various activities executed in the Marketplace system.
- Saint Paul College has developed and maintained robust training documentation, user guides, and process documentation surrounding the capabilities and functionality of the Marketplace system as part of the college's role as pilot user of Marketplace.

Summary Observations

Observations	Risk Rating
Incompatible User Security Roles	Medium
<p>The system office did not prescribe specific mitigating controls to colleges and universities for incompatible security roles. In addition, Marketplace user roles are not reviewed on a consistent basis at colleges and universities.</p>	
Marketplace Control Improvement Opportunities	Low
<p>During our review we identified control improvement opportunities related to forwarding purchase orders, delegation of authority set up, invoice match requirements and purchasing card transactions to further enhance the control environment.</p>	
Procurement Monitoring and Reporting	Low
<p>Reporting capabilities for monitoring and analyzing procurement and purchasing activities within Marketplace are not used consistently or advantageously.</p>	
2017 Findings	Low
<p>Findings from the 2017 purchasing card internal audit have not been fully resolved. Certain management action plans remain ongoing due to the transition to Marketplace.</p>	
Management Action Plans	
<p>Management developed action plans, including estimated dates of plan completion, to address the observations above. See the audit report for further details.</p>	



MINNESOTA STATE

THANK YOU

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St. Paul, MN 55101

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e-Procurement Controls Review Detailed Report



March 19, 2019

Office of Internal Auditing

E-PROCUREMENT CONTROLS REVIEW

Audit Report

Minnesota State

Reference Number: 2019-04
Report Classification: Public



Minnesota State is an affirmative action, equal opportunity employer and educator.



MINNESOTA STATE

30 East 7th Street
St. Paul, MN 55101

651-201-1800
888-667-2848

March 19, 2019

Dear Members of the Minnesota State Board of Trustees,
Chancellor Malhotra, and
Vice Chancellor King

This report presents the results of the e-Procurement controls review internal audit.

The report contains observations, improvement opportunities, and recommendations to assist Minnesota State in improving processes and controls related to the e-Procurement system, as well as the associated risks for each observation. The results of the audit were discussed with system office leadership on February 19, 2019.

The project was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

We appreciate the excellent cooperation and assistance we received from system office and Saint Paul College employees.

Sincerely,

Eric Wion, CPA, CISA, CISSP
Interim Executive Director



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REPORT SUMMARY

Background

During 2018, Minnesota State implemented Marketplace, an e-Procurement system that replaces the ISRS purchasing module, PCS. Marketplace is a third party cloud-based software system from the vendor JAGGAER. This system serves as a one-stop marketplace for goods and services that combines a powerful catalog and contract management tool with unique search technology. The e-Procurement system is also a hub for driving contract compliance, identifying cost savings, and boosting operational efficiency. This internal audit evaluated the Marketplace e-Procurement system internal controls.

Objectives

- Identify and evaluate the e-Procurement system internal controls to determine if there are any gaps or opportunities to improve, develop, or strengthen the design of the controls and related processes.
- Review the status of the management action plans for the observations and improvement opportunities identified during the 2017 purchasing card internal audit.

Scope and Methodology

The following activities were completed as part of the internal audit:

- Performed on-site walkthroughs at the system office to assess the appropriateness of the design of e-Procurement system controls and to identify any potential gaps or improvement opportunities.
- Reviewed e-Procurement system user security roles and any potentially incompatible roles that exist, either individually or when assigned with other roles, and further reviewed the mitigating controls in place for identified incompatible roles.
- Performed walkthroughs at the system office and Saint Paul College¹ to assess the design of the vendor contracting set-up and approval process within the e-Procurement system.
- Performed on-site walkthroughs at Saint Paul College to further assess the execution of e-Procurement system controls in accordance with their design.
- Assessed the current status of observations and improvement opportunities noted during the 2017 purchasing card internal audit.

¹ Saint Paul College was selected for further walkthroughs during the internal audit as the college was a pilot user of the Marketplace system during the implementation process. The college was also involved in the development of training materials and user guides.

Conclusion

Minnesota State designed effective² internal controls over Marketplace e-Procurement system processes and activities. No high risk internal control weaknesses or other issues were identified; however, four opportunities for improvement were identified and are discussed later in the report.

Summary Observations

The following strengths and leading practices were identified during the review:

- The majority of purchasing activity, with the exception of some purchasing card activity, is executed through Marketplace.
- The configuration of Marketplace allows for automation of key processes, such as purchase order approval, budget checks against the accounting system (ISRS), automated workflows, and segregation of duties, to further enhance the design of the control environment.
- Access privileges limit the actions that users can perform and further support segregation of duties.
- Marketplace captures robust audit trails and transaction history for the various activities.
- Saint Paul College developed and maintained robust training documentation, user guides, and process documentation surrounding the capabilities and functionality of Marketplace. This documentation has been shared with Marketplace user groups and other colleges and universities, and is continuously updated to ensure consistent application.

The following are opportunities for improvement identified over the course of the audit, and are discussed in the Audit Observations and Recommendations section beginning on page 5:

- Marketplace's internal control framework can be further strengthened by updating the purchase order approval workflow set-up, Marketplace purchasing limits, and invoice match requirements. In addition, Minnesota State should continue to emphasize the use of Marketplace for the execution and approval of all purchasing card transactions.
- The system office did not prescribe and consistently communicate specific mitigating controls to colleges and universities for incompatible security roles. In addition, Marketplace system specific user roles are not reviewed on a consistent basis at colleges and universities.
- Reporting capabilities for monitoring and analyzing procurement and purchasing activities within Marketplace are not used consistently or advantageously.
- Findings from the 2017 purchasing card internal audit have not been fully resolved. Certain management action plans remain in process due to the transition to Marketplace. We will review the status of management action plans in May 2019. Refer to **Appendix B** for further discussion.

² An "Effective" conclusion indicates that no high risk observations related to internal controls were noted as a result of the audit. A "Satisfactory" conclusion indicates that while some high risk observations were noted, internal controls overall are sufficient to achieve objectives and ensure compliance. An "Improvement Needed" conclusion indicates that many high risk observations in internal controls were identified that, in the aggregate, could result in significant errors or irregularities, or significant compliance concerns, that are not detected on a timely basis.

In conjunction with management, we rated observations as high, medium, or low risk³ observations. Refer to the Detailed Report section for further discussion on each observation, and the associated recommendation and management action plan. We will track the management-provided action plans to address each observation and periodically report on management's progress. See Detailed Report section below for further information.

³ High risk indicates significant likelihood and significant exposure to Minnesota State for compliance concerns, reputational risk, legal action against Minnesota State, and/or the creation of a significant liability for Minnesota State. Medium risk indicates a moderate possibility of these outcomes occurring and moderate exposure. Low risk indicates a slight possibility of these outcomes occurring and low exposure.

DETAILED REPORT

Approach

We performed the following activities to evaluate the design of the current controls in place related to the e-Procurement system:

- Performed on-site walkthroughs at the system office to assess the appropriateness of the design of e-Procurement system controls and to identify any potential gaps or improvement opportunities.
- Reviewed e-Procurement system user security roles and any potentially incompatible roles that exist, either individually or when assigned with other roles, and further reviewed the mitigating controls in place for identified incompatible roles.
- Performed walkthroughs at the system office and Saint Paul College to assess the design of the vendor contracting set-up and approval process within the e-Procurement system.
- Performed on-site walkthroughs at Saint Paul College to further assess the execution of e-Procurement system controls in accordance with their design.
- Assessed the current status of observations and improvement opportunities noted during the 2017 purchasing card internal audit.

We met with key stakeholders at the system office and Saint Paul College to understand the Marketplace system capabilities and the design of the applicable processes, internal controls, and workflows. We discussed the following topics during our on-site walkthroughs:

1. Contract set-up, initiation, and approval
2. Vendor management and vendor catalogs
3. Encumbrance set-up, initiation, and approval
4. Purchase requisition and purchase order set-up, initiation, and approval
5. Receipt of goods and services and invoicing process
6. Payment processing
7. System access and user roles

A summary description of the process for each topic above is provided at **Appendix A**.

Audit Observations and Recommendations

I. Marketplace Control Improvement Opportunities

Marketplace’s internal control framework can be further strengthened.		Risk Rating: Low
Observation(s)	<ol style="list-style-type: none"> 1. Forwarding purchase orders: Marketplace workflow allows users to forward purchase orders to a different user for approval; however, the subsequent approver may not have the appropriate level of authority to approve the specific purchase order in accordance with the Marketplace workflow set-up or delegation of authority rules. 2. Delegation of authority setup: Marketplace allows institutions to establish workflow functionality by cost center or dollar limits that may not be in alignment with the established delegation of authority. 3. Invoice match requirements: Marketplace configurations allow for matching <u>either</u> the quantity <u>or</u> the price between the invoice, purchase order, and receiving documents during the receipt of goods, rather than requiring a match of both quantity and price in accordance with defined thresholds. 4. Purchase card transactions: Purchasing card transactions can occur outside of Marketplace, increasing risk that certain processes and controls are circumvented. 	
Risk(s)	<ol style="list-style-type: none"> 1. Purchase orders may not be approved in accordance with established delegation of authority limits or defined Marketplace workflow configurations. 2. Delegation of authority rules and limits may not reflect current college or university business practices, and may allow for purchases to be made outside of current authority levels and purchasing limits. 3. Goods and services are received at an incorrect or inappropriate quantity or price. 4. Colleges and universities not utilizing automated workflows are more susceptible to error, circumventing of internal controls for review and approval of purchases, and may require additional processing time when using manual processes. 	
Recommendation(s)	<ol style="list-style-type: none"> 1. Explore Marketplace options to limit the ability to forward purchase orders to users without appropriate delegated authority. If unavailable, implement detective controls to monitor this activity. 	

	<ol style="list-style-type: none"> 2. Review of the delegation of authority limits should occur on a pre-defined, periodic basis at each college and university to continuously update defined workflow activities within Marketplace. In addition, the system office should work with colleges and universities and Marketplace user groups to determine standard practices for delegation of authority documents, and whether standard practice will require delegation of authority rules and limits to be reflected within the Marketplace workflows. 3. Three-way match settings in Marketplace should be updated to require both price <u>and</u> quantity to be matched within defined thresholds. 4. Continue to establish ghost card purchases within Marketplace and minimize the use of purchasing cards outside of Marketplace.
<p>Management Action Plan(s)</p>	<p>Plan:</p> <ol style="list-style-type: none"> 1. The system office and procurement unit will work with JAGGAER to identify alternative and more effective options for managing the forwarding of approvals, and research the reporting and oversight options that exist to monitor and report on this activity. 2. Delegation of authority is managed at each college or university based on local staffing and structure. The system office and procurement unit will review current practices for opportunities to further standardize and continue to train schools that Marketplace role assignments need to be based on their delegation of authority. 3. The system office and procurement unit will review three-way match settings for various order types. Blanket order workflow did not require three-way match previously, but testing the three-way match for blanket orders within Marketplace is in process, with a planned implementation date of 6/30/2019. 4. The system office and procurement unit continue to implement ghost card accounts in Marketplace as a more secure and automated alternative to traditional purchasing card activity. They are reviewing current catalog options and exploring new options, with user input, to reduce the use of non-catalog orders and purchasing card activity outside Marketplace. <p>Estimated Completion Date: 10/31/2019</p> <p>Owner: Michael Noble-Olson, procurement unit, and colleges and universities of the system.</p>

II. Incompatible User Security Roles

<p>The system office did not prescribe and consistently communicate specific mitigating controls to colleges and universities for incompatible security roles. In addition, Marketplace system specific user roles are not reviewed on a consistent basis at colleges and universities of the system.</p>	<p>Risk Rating: Medium</p>
<p>Observation(s)</p>	<ol style="list-style-type: none"> 1. The system office did not design tools to use or prescribe the specific mitigating controls to be implemented by colleges and universities for any assigned incompatible roles (i.e. segregation of duties conflicts). Specific reports or data queries are not currently available for colleges and universities to use to ensure they are reviewing the appropriate data to mitigate risks related to incompatible security roles. 2. Colleges and universities do not consistently perform a periodic review specific to Marketplace system user security roles, access rights, assigned cost centers, or workflow approval authority levels, in order to facilitate timely updating of the security module and to identify the mitigating controls for any assigned incompatible roles in Marketplace.
<p>Risk(s)</p>	<p>Incompatible roles and segregation of duties conflicts reduce the operational effectiveness of internal controls as users may override existing controls.</p>
<p>Recommendation(s)</p>	<ol style="list-style-type: none"> 1. The system office should work with colleges and universities to identify specific mitigating controls and monitoring tools within Marketplace for incompatible roles, and determine which mitigating controls and monitoring tools are required at the college and university level. 2. Marketplace system administrators at each college and university should review Marketplace system user roles, assigned cost centers, and workflow approval authority levels on a periodic basis, and update the security module to identify mitigating controls when Marketplace users are assigned incompatible security roles.
<p>Management Action Plan(s)</p>	<p>Plan: The system office will work to develop tools in ISRS and in Marketplace to facilitate regular monitoring and reporting to provide colleges and universities the ability for timely and effective management of incompatible roles and mitigating controls. The system office will also work with colleges and universities as needed to verify that appropriate mitigating controls have been implemented.</p> <p>Estimated Completion Date: 5/31/2019</p> <p>Owner: Michael Noble-Olson with support from financial reporting</p>

III. Procurement Monitoring and Reporting

Reporting capabilities for monitoring and analyzing procurement and purchasing activities within Marketplace are not used consistently or advantageously.		Risk Rating: Low
Observation(s)	Marketplace provides expanded reporting capabilities beyond what previously existed for monitoring and oversight of purchasing and procurement activities. Marketplace offers predefined reports to review and analyze procurement activities and purchasing trends on a regular and formal schedule to identify inconsistencies or inappropriate activities on a timely basis. However, monitoring of procurement and purchasing activities is not occurring consistently and the reporting and monitoring opportunities available within Marketplace have not been fully assessed.	
Risk(s)	Purchasing and procurement activity that is inconsistent with Minnesota State strategies and objectives may not be monitored and reviewed on a timely basis to help identify certain purchasing transactions or trends that require research and follow-up.	
Recommendation(s)	Minnesota State should identify key reporting metrics, further assess the reporting capabilities available within Marketplace, and routinely monitor against these metrics using the data and reporting available in Marketplace. This monitoring may occur at the colleges and university level, the system office, or both.	
Management Action Plan(s)	<p>Plan: The Marketplace user group reporting sub-group will continue to review Marketplace reporting capabilities and develop best practices to identify key metrics and potential for better spend and contract management.</p> <p>Estimated Completion Date: 10/31/2019</p> <p>Owner: Michael Noble-Olson and procurement unit</p>	

IV. Unaddressed Findings from the 2017 Purchasing Card Internal Audit

Findings from the 2017 purchasing card internal audit have not been fully resolved. Certain management action plans remain in process due to the transition to Marketplace.		Risk Rating: Low
Observation(s)	Certain findings from the 2017 purchasing card internal audit remain in process. Refer to Appendix B for management’s status update of each individual finding.	
Risk(s)	Previously identified risks from the 2017 purchasing card internal audit remain unaddressed, which could result in purchasing and	

	procurement process inefficiencies and gaps in the internal control framework.
Recommendation(s)	For each outstanding finding from the 2017 purchasing card internal audit, the system office should determine whether the identified management action plan needs to be revised to ensure findings are being addressed in a timely manner.
Management Action Plan(s)	<p>Plan: Refer to Appendix B for further discussion on the status of management action plans.</p> <p>Estimated Completion Date: Refer to Appendix B for estimated completion dates.</p> <p>Owner: Michael Noble-Olson</p>

APPENDICES

Appendix A: Marketplace System Walkthrough Summary

We discussed controls with key stakeholders in the procurement and purchasing process areas at the system office and Saint Paul College to understand the Marketplace system capabilities and the design of the applicable processes, internal controls, and workflows.

Topic	Summary Process Walkthrough
Contract Set-Up, Initiation, and Approval	<p>Marketplace has workflow configuration to route all required contract approvals based on the specific vendor, type of contract, or contract details to facilitate appropriate execution of contracts. Marketplace receives vendor data from the State of Minnesota’s StateWide Integrated Financial Tools (SWIFT) accounting and procurement system. The SWIFT database sends vendor and statewide contract information to Marketplace daily.</p>
Vendor Management and Vendor Catalogs	<p>The vendor approval process occurs outside of Marketplace. Vendor information flows directly from SWIFT to Marketplace on a daily basis. Vendor management activities are performed by Minnesota Management and Budget (MMB), thus reducing the level of effort required by Minnesota State and Marketplace administrators, and limiting the ability of Marketplace users to add or edit vendor information directly in Marketplace. Vendor catalogs are hosted by Minnesota State in Marketplace for certain vendors, such as Office Depot. Any vendor that has a catalog set up in the system is a preferred vendor, and Minnesota State routinely negotiates special pricing to update the information related to products and pricing directly in Marketplace.</p>
Encumbrance Set-Up, Initiation, and Approval	<p>The encumbrance set-up and approval process is performed within ISRS. The interface between ISRS and Marketplace automatically compares the purchase order (PO) amount against the cost center budget throughout the entire procurement process prior to the encumbrance of funds. These automated checks verify there is sufficient budget in ISRS for the purchase and the cost center is valid for the purchase. Marketplace does not allow a purchase order to be created if there are insufficient funds in ISRS.</p>
Purchase Requisition and Purchase Order Set-Up, Initiation, and Approval	<p>The purchase requisition and purchase order process is completed within Marketplace. A separate workflow exists for the preliminary purchase requisition and subsequent creation of a PO. Once a purchase requisition is initiated, it is automatically routed through a predefined workflow to ensure it is appropriately validated and approved throughout the process.</p>

Topic	Summary Process Walkthrough
	<p>Requisitions and POs route to the assigned individual for approval and an email notification is sent to the approver once the requisition is in their queue. Upon completion of the approval workflows, a PO is automatically created in Marketplace with a unique PO number, and is routed to purchasing for final review and approval before being sent to the vendor. If the original PO amount is edited at any point in the process, the updated PO is automatically re-validated against the ISRS budget and re-routed through the approval workflow. In addition, purchases over \$100,000 route for approval to the Vice Chancellor of Finance.</p>
<p>Receipt of Goods and Services and Invoicing Process</p>	<p>The receipt of goods and services is recorded in Marketplace. The receiver will enter the receipt, and a three-way match between the invoice, purchase order, and receipt is completed within Marketplace. Marketplace allows the invoice to be partially received, in the event of separate shipments. The Marketplace matching process automatically flags quantities or prices that do not match between the PO, invoice, and goods receipt. The system has defined thresholds to flag any price differences in excess of 10% or \$200 between purchase order and invoice amounts. College and university accounts payable department(s) perform the matching and approval of good receipts against the PO and invoice, but cannot adjust the original purchase order.</p>
<p>Payment Process</p>	<p>Payment for goods or services is processed through ISRS once the matching and approval workflow is complete in Marketplace. Marketplace system configuration prohibits college and university purchasing department(s) from submitting the purchase request for payment. An automatic interface between Marketplace and ISRS approves an invoice for payment after final matching of goods and approval for payment is completed in Marketplace.</p>
<p>System Access and User Roles</p>	<p>The system office is responsible for overall administration and configuration of Marketplace. However, colleges and universities grant individual user access. Each college or university has a delegated system administrator who is able to create rules unique to their operations (i.e. Delegation of Authority). Automated workflows and levels of approval are designed for key steps in the purchasing process in accordance with the requirements of each college and university. Marketplace workflow steps are assigned to users based on their access levels, job responsibilities, and designed rules within the Marketplace system.</p>

Appendix B: 2017 Purchasing Card Internal Audit Report Findings

In 2017, we performed a purchasing card internal audit to review the overall procurement strategy at Minnesota State, and assess the status of the management action plans from the 2014 purchasing card audit. Below is the status of each observation from the 2017 audit.

2017 Observation(s)	Management's Status Update	Estimated Completion Dates
Unaddressed Findings from the 2014 Audit		
<p>Closing Purchasing Card Accounts - The current Pcard guideline does not address ongoing monitoring by institutions for the closing or freezing of accounts when no longer needed.</p> <p>2017 Risk Rating - Low</p>	<p>In Process - Purchasing card procedure 7.3.3 outlines requirements for management and review of Pcard holders and activity. Colleges and universities must develop internal processes that adhere to the procedure. The current procedure language does not adequately address the need for timely oversight and monitoring of Pcard users and activity for open but under-utilized accounts. As ghost card accounts, which are unique purchasing card numbers assigned to each college or university, are implemented, it is anticipated that the need for individual Pcard accounts may reduce which will be monitored and evaluated closely. The procedure is on schedule for review in fiscal year 2020.</p>	<p>Original Date: 6/30/2018 Updated Date: 3/31/2020</p>
<p>Opportunities for Improvement - Opportunities for improvement noted during the 2014 Pcard audit have not been fully addressed in accordance with the Campus Service Cooperative (CSC) 2014 Pcard program plan.</p> <p>2017 Risk Rating - Medium</p>	<p>In Process - The majority of opportunities for improvement were contingent on the remaining nine colleges and universities moving to the Minnesota State negotiated contract with US Bank and all colleges and universities adopting common automated business practices and improved internal controls.</p> <p>All but one has transitioned its Pcard program to US Bank. While colleges and universities are encouraged to adopt tools to automate business processes and internal controls, system office resources are currently focused on the new e-Procurement system and implementing</p>	<p>Original Date: On-going; the system office will establish a review schedule to monitor progress during fiscal year 2018. Updated Date: 6/30/2020.</p>

2017 Observation(s)	Management's Status Update	Estimated Completion Dates
	<p>ghost cards as a more secure and automated alternative to traditional purchasing card activity. Ghost card accounts are unique Pcard numbers assigned to each college and university in Marketplace. It is anticipated the need for individual Pcard accounts may decrease as a result of purchases being made in Marketplace.</p>	
Overall Sourcing Strategy		
<p>Communication of Sourcing Strategy - The system does not have a defined sourcing strategy that can be clearly communicated and implemented by each individual institution.</p> <p>2017 Risk Rating - Medium</p>	<p>In Process - The overall sourcing strategy continues to be developed and communicated to colleges and universities as part of the transition to Marketplace.</p> <p>Historically, each college or university has managed its own sourcing activity. However, recently there has been movement towards a more collaborative approach. Marketplace user groups will work with the system office procurement unit to optimize the use of the new Marketplace sourcing module (which is planned for implementation beginning in the spring of 2019) to help better manage sourcing at each college and university and throughout the system.</p>	<p>Original Date: On-going; the system office will establish a review schedule to monitor progress during fiscal year 2018.</p> <p>Updated Date: 12/31/2019</p>
Purchasing Card Program Efficiencies		
<p>Transition to US Bank - Some institutions have not transitioned to US Bank for purchase card administration.</p> <p>2017 Risk Rating - Medium</p>	<p>In Process - Minnesota State University, Mankato has not yet transitioned to US Bank. Staffing shortages and other high priority projects have delayed the university's conversion; they plan to complete the conversion by 6/30/2020.</p>	<p>Original Date: 6/30/2018</p> <p>Updated Date: 6/30/2020</p>

2017 Observation(s)	Management's Status Update	Estimated Completion Dates
<p>Use of Automated Workflow Tools - The majority of institutions do not utilize the automated workflow tools that are available within the Pcard systems. These tools automate traditionally manual processes resulting in efficiencies and improved controls. This was also discussed as an opportunity in the 2014 audit.</p> <p>2017 Risk Rating - Low</p>	<p>In Process - Automated workflow within Marketplace, US Bank, and ISRS Cost Allocation is part of the new workflow that has been developed for the use of ghost cards in Marketplace. As we continue to implement, all schools will utilize the new workflow, which will also be extended to include automation of Pcard activity outside of ghost cards.</p>	<p>Original Date: 6/30/2018 Updated Date: 6/30/2020</p>
e-Procurement Implementation		
<p>Project Management Resources - Some institutions lack the capacity necessary to develop training related to e-Procurement and assist with e-Procurement implementation throughout their specific institution.</p> <p>2017 Risk Rating - Low</p>	<p>In Process - The Marketplace user group meets bi-monthly and has established sub-groups to focus on user feedback and initiatives to support training, sharing of best practices, and better align overall practice across the system.</p>	<p>Original Date: 6/30/2018 Updated Date: 12/31/2019</p>
<p>Rebate Program - Institutions receiving rebates could be impacted financially by the implementation of the e-Procurement system.</p> <p>2017 Risk Rating - Low</p>	<p>In Process - The implementation of ghost cards in Marketplace is in process. The system office will review all Marketplace spend activity for trends and opportunities and will consult with the user group on recommendations for action.</p>	<p>Original Date: On-going; the system office will establish a review schedule to monitor progress during fiscal year 2018. Updated Date: System office will establish a review schedule to monitor progress by 12/31/2019</p>

Office of Internal Auditing

30 East 7th Street, Suite 350

St. Paul, MN 55101-7804

651-201-1800

888-667-2848

www.MinnState.edu



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MINNESOTA STATE

Committee of the Whole

March 19, 2019

3:30 PM

Minnesota State

30 7th Street East

St. Paul, Minnesota

Note: Committee/board meeting times are tentative. Committee/board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

Committee of the Whole, Michael Vekich, Chair

1. **Minutes of January 29, 2019 (pp. 1-8)**
2. NextGen Update and Project Risk Review #3 (pp. 9-40)

Bolded items indicate action is required.



**MINNESOTA STATE
BOARD OF TRUSTEES
COMMITTEE OF THE WHOLE**

JANUARY 29, 2019

9:30 a.m.

McCormick Room

Committee Members Present: Chair Michael Vekich and Trustees Ashlyn Anderson, Alex Cirillo, Jay Cowles, Dawn Erlandson, Bob Hoffman, Jerry Janezich, Roger Moe, April Nishimura, Rudy Rodriguez, George Soule, Louise Sundin, and Samson Williams

Present by Telephone: Trustee Cheryl Tefer

Absent: Trustee AbdulRahmane Abdul-Aziz

Cabinet Members Present: Chancellor Devinder Malhotra, Senior Vice Chancellor Ron Anderson, Vice Chancellors Ramon Padilla, President Scott Olson, and Interim Executive Director of Internal Auditing Eric Wion

The Minnesota State Board of Trustees Committee of the Whole held its meeting on January 29, 2019 in the McCormick Room, 30 East 7th Street in St. Paul, MN.

Chair Michael Vekich called the meeting to order at 9:30 a.m.

NextGen Project Update

Chair Vekich called the committee of whole to order and introduced, Vice Chancellor Ramon Padilla and President Scott Olson

Chair Vekich expressed his appreciation to Vice Chancellor Padilla and the NextGen team as well as Director Eric Wion from internal audit, for the NextGen report. This work is being conducted in line with the overall governance as well as processes the board expects.

Vice Chancellor Padilla greeted the board members and stated that today 's report will include a celebration. This report began with a presentation from Director Wion from internal audit.

Director Wion stated that the board requested that Internal Audit provide ongoing advisory services as well as assurance services to the NextGen project team, the steering committee, as well as the board. Currently Internal Audit is working on the third project risk review (PRR). This work is focused on reviewing the future state business process documentation for completeness, and alignment with the current business state processes. Reviewing it for identification of key reports, internal controls, and any policy changes that might be required as part of NextGen. The results of this third PRR will be presented at the March board meeting.

Director Wion stated that the board requested a review of the state of Minnesota's Office of the Legislative Auditor's (OLA) reports for large scale projects, more specifically, the state of Minnesota's licensing, automobile licensing and registration system called MNLARS. The state conducted three audits, the reports were reviewed to see if there were some lessons that could

be applied to the NextGen project. One of the significant differences is that MNLARS was a custom-developed application to replace a legacy system. Whereas Minnesota State is looking at purchasing an off the shelf, commercially available software package that is designed for higher education. Minnesota State plans to configure it, not customize it, to meet its needs. The findings and recommendations were reviewed for areas of applicability to NextGen. Internal Audit determined whether the project team identified these risks and whether the team was managing these types of risks.

The presentation provides summary of the OLA findings and recommendations that are applicable to NextGen, as well as the current and future impacts the items could have on NextGen. Then internal audit determined whether NextGen in phase one of the project had addressed the types of issues that were identified. The good news is that overwhelmingly the issues had been addressed or were in progress. Overall though, the project team had been addressing these areas, the findings and recommendations that internal audit identified in these three reports. The takeaway was things look well, really good.

The board packets include a detailed document of the report. This internal report was provided to the project team and steering committee.

Chair Vekich stated that it is important that Minnesota State look at the OLA report on MNLARS, to make sure that NextGen has addressed the critical business. From what the board has seen and read, is there anything there between any one of you that keep you up at night?

Director Wion responded that there is nothing there that keeps me up at night.

Trustee Hoffman asked Director Wion what the number one concern he has going forward?

Director Wion responded that NextGen is a big project. Phase one is the easiest part of this project. Once Minnesota State has acquired or selected a product and start to execute that is really where the rubber hits the road and it becomes a much more difficult project for many reasons. From this perspective, there are many decisions to be made around how are to configure this system to conduct business, on how to train employees across the system. These are really big tasks that are going to take a lot of heavy lifting, a lot of work. However, the project is being planned really well; it is being executed to date really well.

Chair Vekich stated that he has two concerns first is funding, and the second is keeping the discipline of the process in place.

Vice Chancellor Padilla thanked the trustees and Chair Vekich for the kind kudos on a project that is going well. When a project is going really well there is a project manager behind the scenes that's orchestrating it all. The NextGen project manager is absolutely fantastic. Melinda Clark the NextGen Project Manager greeted Chair Vekich and the Trustees. Since the December report the NextGen project has remained on track. The working teams have finalized future state business processes and they will be published on the NextGen site. Over the last couple of months CampusWorks and the Request for Proposal (RFP) team have been drafting the

requirements for the RFP with the goal of publishing in June. CampusWorks change lead has presented a draft of the NextGen readiness assessment to the steering committee last week. The Minnesota State change lead position has been posted and closed. The goal is to have that position filled by the end of February. The major milestone summary shows that this phase is over 50% complete. The RFP is on track to be published once a third party review of the full RFP is complete and the funding strategy is finalized. The next major milestone that is to identify the ERP vendor and complete the negotiations by end of March 2020.

Project Manager Clark presented the activities summary highlighting a few activities that support of the Change Management plan. Once the change lead has been filled the process of planning and developing toolkits that the transition management teams will leverage to assist us in building awareness for students, faculty, and staff will begin. Training resources, FAQs, communications, those will all be part of those toolkits and will be added as the project progresses through its phases.

Vice Chancellor Padilla stated that in every large project that spans a significant length of time. It is important to pause and see where you have been, check where you are going, and celebrate the accomplishments that you have made to date. This is a long road so it is important to celebrate those wins as you have them. This project initiation took place in 2015, as a priority in Charting the Future. It went through that whole review of listening sessions, both with Charting the Future and then with third party vendor CampusWorks. Phase one is probably the most important piece of work moving forward. This is the readiness phase. In June 2019, Minnesota State will make the decision to move forward with buying a product.

Over 200 people worked on the current and future state. It is no small task to coordinate all individuals to come together, to look at their current business processes, and their future business processes and figure out what they should be. Brent Glass, Associate Vice Chancellor for Student Affairs provided a presentation on the work that happened in the student services area.

Associate Vice Chancellor Glass shared a brief overview of the current and future state process. Last April, the working teams began drafting 500 current state administrative and student processes for Finance, Facilities, Human Resources, and Academic and Student Affairs.

In May, faculty, staff, and students were invited to provide their feedback online at virtual review meetings or by attending one of the four regional review sessions held throughout the state. This slide is one example of the 500 current state processes as it is supported by ISRS today. Each current state document captures high-level tasks, roles, and deliverables. In July, the working teams were asked to imagine the possibilities as they took the 500 current state processes and proposed a future state with a goal of improving the student experience and enhancing business processes that will better serve faculty, staff, and students. In October and November, faculty, staff, and students were invited again to provide their feedback on this future state. In addition, the statewide student associations invited members of the NextGen team to their conferences to conduct future state focus groups with student leaders.

The future state process includes improvements to Minnesota State's technology infrastructure to better coordinate the identification of resources that manage relationships and information and enhance the promotion of basic needs resources on and off campus. It also streamlines the communication process to get the resources in the hands of the students when they need it the most.

Trustee Hoffman inquired what role or expertise CampusWorks provided.

Associate Vice Chancellor Glass responded that CampusWorks assisted the NextGen working groups and teams by providing the framework for the process of developing the current and future state and assisted with the parameters of developing the RFP. Vice Chancellor Padilla stated that CampusWorks also facilitated all the sessions. They also have expertise is in ERP selection and implementation.

Trustee Erlandson stated that looking back at the slide with the pyramid that preceded your presentation - Please provide information on how the concepts of precision education could be applied to the reimagining work and student success as it relates to technology

Vice Chancellor Padilla stated that precision as in education can be described as tailored and customized for the individual student. From an experience standpoint, the new system selected will provide them a more tailored experience than ISRS can provide now. The goal is to have a system that will allow the development of customized plans towards graduation. While allowing faculty and students to see if they are on track. This will provide an alert should a student go off track. These are the kinds of things that are currently not enabled.

Associate Vice Chancellor Glass stated that beyond doing the academic planning and graduation planner, the technologies that in future state will certainly assist in the processes intrusive advising as well as the coordination of student success initiatives. This will provide the data that needed to make informed decisions on the initiatives.

Chancellor Malhotra stated, higher education is facing two major challenges. One is that the need to scale up Minnesota State's operations. The goals are to bring in more students, to help more students graduate, and into the workforce. On the other side, the demographics have changed, who students are and how they learn has changed. Minnesota state needs to be able to individualize and personalize the educational experience for students. These goals may seem contradictory, but that is where technology comes in. Technology helps us to resolve that inherent conflict in that challenge.

Trustee Cowles stated that the student services, the student support processes are designated for FY 23-25 and would presumably implemented by the conclusion of 2025. That is five or six years from now. Is the NextGen process slowing or drawing resources from current efforts to add customization, personalized instruction, and enhanced student services in order to support the development of this future state? Alternatively, is it in fact adding value directly today through the discussion and facilitation process and in fact resulting in improvements in the meantime, until there is a new system?

Vice Chancellor Padilla responded that the answer is all of the above. There are certain things that are slowing, for instance enhancements to the current ISRS system. However, there are certain things that are moving forward. Minnesota State cannot be in stasis for five years. The organization has to move forward in strategic areas. Business process exercises are used to inform the organization. From a teaching and learning standpoint, the platform will be one that supports all of those things.

Senior Vice Chancellor Anderson stated that the NextGen software is an infrastructure backbone; it is not the totality of Minnesota State's academic technology enterprise. There will be tension as Minnesota State moves into the next five years between the things to be put in place from an educational technology piece and the NextGen project. Therefore, work will continue to be done on things like graduation planner. The hope is that the new ERP system will have graduation planner as an integrated component, but Minnesota State cannot wait five years to start using that kind of technology. Minnesota State is looking at a product that will align with other software the campuses are currently using.

The same is true in all different aspects of the educational technology space. Work continues not only to address student success initiatives, but also on some of the academic programming initiatives as well. These things will move in parallel, but keep in mind that there is a very real tension. Minnesota State has a limited capacity and so work continues to prioritize.

Trustee Erlandson inquired if the budget request includes funding for robust technology focused on student and academic needs.

Senior Vice Chancellor Anderson responded that the budget request is for the NextGen software or product itself. It is not inclusive of all those other needs, other funding streams will be utilized to meet some of those academic technology needs.

Chair Vekich inquired where that decision-making happens, is that driven somewhere from the system office down or is that all campus based?

Senior Vice Chancellor Anderson responded decision-making is made using a combination of both. Within the system, the Executive Steering Committee (ITC) is a governance structure looking at information technology business decisions to prioritize projects across all the different divisions of the system. Academic and Student Affairs has the educational innovations unit, that works with a campus-based technology committee. This unit is more focused on the academic technologies. This group makes decisions about funding recommendations for different academic technology tools that are supported financially as part of the online fee that is attached to all the courses that are taught online and that group manages that budget and that process.

Vice Chancellor Padilla stated the NextGen RFP team has 57 plus members from the campuses and system office. This team is actively involved in the selection of the ERP; currently they are working on requirements and building an RFP. This work is scheduled to be complete by the end of February. The draft RFP will be submitted to a third-party reviewer who will see if

anything was missed or needs to be clarified. The goal is to finalize the requirements and release the RFP in June. Between July to September the RFP team will score the proposals. From September to November, demonstrations and reference checks on the finalists will take place. In addition, from December to January, providing Board of Trustee approval, Minnesota State will be move forward to sign a contract.

Trustee Hoffman inquired is Minnesota State is seeking one vendor or more than one.

Vice Chancellor Padilla responded that the vendors in this area may choose to bid on their own or they may choose to collaborate with an integrator. That is typically, what happens with ERP implementations.

President Olson thanked the board for their commitment to this project, and students. The important element of the NextGen project is change management. The campuses have transition management teams. These teams exist to try to make sure that what is going on up here is well communicated to folks on campuses. That everyone knows what is going on and that the campus is prepared, ready for this massive undertaking. The change readiness assessment is complete and the final report will be made available to the board in March. There were 1859 respondents, and every single institution participated.

Part of the survey assessed the respondents' awareness of the NextGen project. Human Resources and in Information Technology staff report that they are extremely aware of what is going on with NextGen. The Finance, and Academic Affairs and Student Affairs groups reported feeling moderately aware of what is going on, and the student support staff reported feeling like they kind of know what's going on. The faculty group is the least aware, and this is where there is a lot more work to do. This might be somewhat logical because the faculty probably use ISRS the least so they are not in it all the time like those other groups, but they need to be better informed.

Fifty-seven percent of the respondents report that they have a basic understanding of NextGen so that is kind of the largest single group, but there are folks who are above and below that. Sixty-four percent of all but the faculty group, 64% report that they understand that NextGen will change their work a great deal or completely. Therefore, 64% of the folks that use it most are acknowledging that they understand this means a complete change or a huge change in how they do their work. The faculty responded that this project would moderately change their work. This is probably accurate because again faculty is not, the power users of ISRS. Seventy-six percent feel that NextGen is important to the mission as a system.

Trustee Cowles inquired is there are there key benchmarks as aspiration to the change management process.

Vice Chancellor Padilla stated that this survey was the benchmarking round for organizational change readiness in terms of just trying to see the current state. This information will be used as a starting point. The goal is to raise the numbers in all these areas and achieve organizational change readiness.

Trustee Sundin inquired if these conversations are taking place in other organizational groups or structures in addition to meet and confer. Meet and confer is very limited in its scope. This issue needs to have a broader discussion.

President Olson confirmed that information does not always flow out of meet and confer in this way, because that is not its purpose. Efforts should include open forums on the topic.

Vice Chancellor Padilla stated that the transition management teams play a major role in addressing these concerns. These teams are made up of a cross section of folks on the campuses from all the different areas. They work to make sure the word is being spread horizontally across the campus. In addition, the communication strategy takes place vertically. The Vice Chancellors for Academic and Student Affairs, Finance, Information Technology and Human Resources communicate to their communities.

Trustee Nishimura inquired if there any central repository where all this information is housed online so that anyone can go?

Vice Chancellor Padilla confirmed that there is a SharePoint site that all the documents go to and encouraged folks to sign up as friends of NextGen. In addition, a newsletter is provided on a quarterly basis. Multiple modalities of communication will be used to get the message across.

Vice Chancellor Padilla stated that before long phase two of the NextGen Project would be kicked off. Minnesota State will be selecting a vendor and then the finance cutover will take place in July of 2022, HR cutover will take place in January of 2023, and then the student solutions cutover will be in spring of 2024. That is just look down the road.

Vice Chancellor Padilla stated, finally and probably most importantly for today, Chair Vekich and members of the board before this meeting is complete please thank the members of the NextGen teams for their work.

Chair Vekich thanked Vice Chancellor Padilla and expressed on behalf of the trustees their deep gratitude for the significant time the NextGen teams devoted to this incredibly important work, their willingness to engage in this heavy lifting reveals two things. First, the participants in the teams understanding of how critical NextGen will be to Minnesota State Colleges and Universities. Second, the commitment these participants have to the success of students and to the programmatic and financial sustainability of campuses.

What these teams have accomplished will help Minnesota State align the future NextGen tool to key student and employee experiences that Minnesota State campuses and the system need to be able to provide an extraordinary education to students.

Chair Vekich acknowledged the three representatives from the functional areas that were the focus of the NextGen teams and are in the audience. Brent Glass, Associate Vice Chancellor Student Affairs. Barb Biljan, System Director HRIS and HR Shared Services. Denise Kirkeby,

System Director Financial Reporting. The attendees applaud these three individuals and all of the people who participated in this work.

The meeting adjourned at 10:30 a.m.

Respectfully submitted

Christine Benner, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Committee of the Whole

Date: March 19, 2019

Title: NextGen Update and Project Risk Review #3

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input checked="" type="checkbox"/> Information | |

Brief Description:

Interim Executive Director of Internal Auditing Eric Wion will provide the board with a NextGen Project Risk Review and Vice Chancellor Ramon Padilla will give a brief project status update and then discuss the NextGen Readiness Assessment.

Scheduled Presenter(s):

Eric Wion, Interim Executive Director of Internal Auditing
Ramon Padilla, Vice Chancellor – Chief Information Officer

**MINNESOTA STATE
BOARD OF TRUSTEES**

INFORMATION ITEM
NextGen Update and Project Risk Review #3

BACKGROUND Interim Executive Director of Internal Auditing Eric Wion will provide the board with a NextGen Project Risk Review and Vice Chancellor Ramon Padilla will give a brief project status update and then discuss the NextGen Readiness Assessment.

Date Presented to the Board of Trustees: March 19, 2019



March 19, 2019

Office of Internal Auditing

Internal Audit Summary Report

NextGen Project Risk (PRR) Review Results - Checkpoint 3

NextGen PRR – Background

- Approved as part of the annual Audit Plan
- Provides ongoing and objective assessments of NextGen for two purposes:
 1. Providing assurance to the Board on project risk management
 2. Providing assurance and advisory guidance to the project Steering Committee on project risk leading practices

NextGen PRR – Categories of Risk Areas Reviewed

Project governance and management

Leadership, oversight, guidance, and decision-making over the project

Organizational change management

Planning, communications, training, support related to the successful transition and adoption

Stakeholder involvement

Participation of key business process and control owners in definition and validation of requirements

Project execution

Evidence of all implementation activities, including operational, technical, and compliance controls

NextGen PRR – Leading Practices for Board’s Role

Project governance and management

- Approve upcoming key milestones as recommended by the Steering Committee
- Monitor project risks (via regular project team updates and PRRs)

Organizational change management

- Promote and support the project goals
- Direct any individual wanting to provide feedback to the project team

Stakeholder involvement

- Promote and support the participation of key stakeholder constituencies in the project

Project execution

- No board role in project execution

NextGen PRR Checkpoint 3 – Conclusion



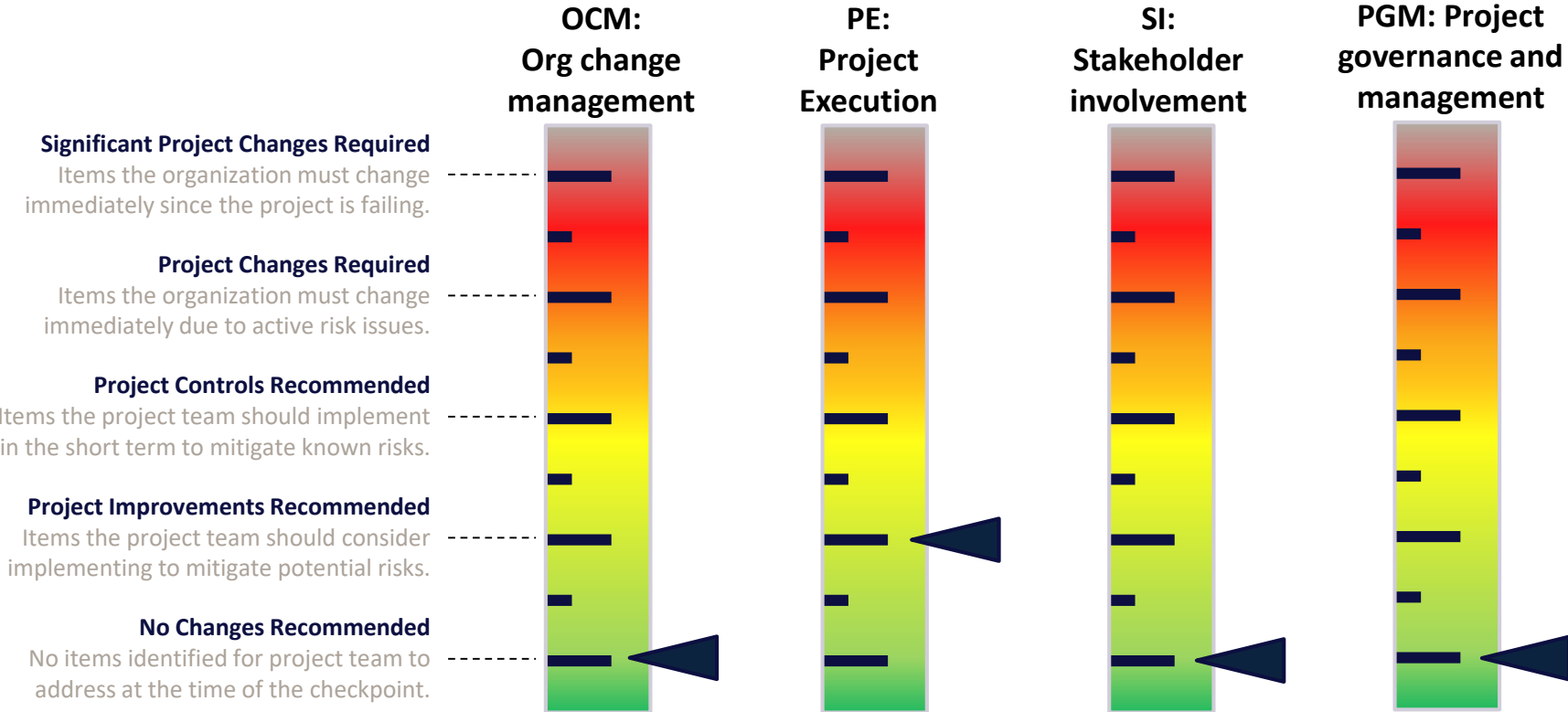
Current Checkpoint Conclusion

Current stage of NextGen Phase 1 is finalizing the request for proposal (RFP) document and the supporting RFP review and scoring processes; at this time, the overall risk of not achieving success, not meeting the revised timeline, and not staying within budget for Phase 1 is still low.

Note: Conclusion is based on the information available to Internal Audit and analyzed as of March 4, 2019.

NextGen PRR Checkpoint 3 – Current Results

Internal Audit noted ongoing opportunities to enhance certain project activities in one of the four PRR process areas.



NextGen PRR Checkpoint 3 – Strengths

- Review of MNLARS project findings from State of Minnesota Office of Legislative Auditor to address potential lessons learned with applicability to NextGen
- All relevant current state processes were successfully incorporated into future state documentation
- Policy items that will need resolution during the implementation are documented in future state documentation

NextGen PRR Checkpoint 3 – Review Activities

- Provided on-going feedback to project leadership
- Assessed MNLARS project and applicability to NextGen
- Reviewed the future state business process documentation and identified any missing processes, internal control activities, or reporting requirements
- Evaluated project team actions to address recommendations from PRR Checkpoints 1 and 2
- Validated results with project leadership

NextGen PRR Checkpoint 3 – Recommendations

- Internal Audit did not identify any new recommendations during this checkpoint
- One prior recommendation remains open; the project team is addressing
- Seven prior recommendations were resolved by the project team since Checkpoint 2

NextGen PRR Checkpoint 3 – Prior Recommendations

Recommendation	Impact	Status
<p>PE-2-01: Future state business process documentation should identify (i.e., mark with a symbol on the process flow documents) preliminary or likely internal control activities (e.g., approvals, reviews, reconciliations). This initial effort should attempt to identify the most important system/automated controls for each business process.</p> <p>The project team can leverage Internal Audit’s initial identification of control activities in the current state documentation as a starting point for the identification of future state controls (see annotated current state business process documentation provided under separate cover).</p> <p><i>[Project Improvement Recommended]</i></p>	<p>Internal controls, both automated and manual, are critical to effective and compliant business processes that are implemented with the new system. Identifying those control requirements and including them in the request for proposal is important for evaluating vendor proposals and implementing the control activities as part of the system implementation project, instead of attempting to add controls after the fact.</p> <p><i>[PMI PMBOK, 5th Edition; Section 1]</i> <i>[CMMI for Services, V1.3; Section 11]</i></p>	<p><i>Partially Resolved - Future state documentation does include control activities, such as approvals, reviews, decision points, however these controls are not yet explicitly identified in the documentation. The specific controls will be identified and confirmed during implementation phases, as the controls will be dependent on system functionality.</i></p>

NextGen PRR Checkpoint 3 – Prior Recommendations

Internal Audit will continually track all checkpoint recommendations and report on the status of each during every checkpoint report. The summary of the prior recommendations is reflected in the table below. The specific details of the prior recommendations are included on the following pages.

PRR Process Area	Total Prior Recommendations	Total Resolved Recommendations	Total In progress Recommendations	Total Unresolved Recommendations
Project governance and management [PGM]	5	5	0	0
Project Execution [PE]	2	1	1	0
Organizational change management [OCM]	4	4	0	0
Stakeholder involvement [SI]	3	3	0	0

NextGen PRR – Next Steps

- Work with project team to implement recommended improvements
- Continue serving as ex-officio member of Steering Committee
- Execute Checkpoint 4 activities in April and May
- Report Checkpoint 4 results in June 2019



March 19, 2019

NextGen ERP Update

Board of Trustees Meeting

Topics

- Status Update / Upcoming Milestones
- Change Management: Readiness Assessment
- Recap of Upcoming Activities
- Appendix
 - Project Objective & Overview
 - Topics Presented to Date
 - NextGen vs. Legacy Rewrite

PREPARED BY : Melinda Clark

REPORT DATE : 2/26/2019

OVERALL HEALTH STATUS

	OVERALL	SCOPE	SCHEDULE	BUDGET	RESOURCES
CURRENT STATUS	ON TRACK	ON TRACK	ON TRACK	ON TRACK	ON TRACK
LAST STATUS	ON TRACK	ON TRACK	ON TRACK	ON TRACK	ON TRACK

Phase 1 Budget (FY18-FY19)

Legislative Funds	\$ 8,000,000.00
Campus/System Office Contributions	\$ 8,000,000.00
Total Funding Sources	\$ 16,000,000.00
Spent to Date	\$ 3,030,899.87
Current Obligations	\$ 2,399,026.72
REMAINING BUDGET	\$ 10,570,073.41

HEALTH STATUS NOTES:

Overall status remains ON TRACK. The NextGen Organizational Readiness Assessment has been completed and posted to the NextGen site. The Minnesota State Change Management Lead position has been filled with a start date of March 6. CampusWorks and the Minnesota State RFP Team have completed an initial draft of RFP requirements. A draft of the RFP (with requirements) will be forwarded to a 3rd party, legal and internal audit for additional feedback. Assuming there are no major issues, the RFP will be published June 2019.

The status of Legacy Technology deliverables (on the following slide) remains AT RISK due to 3rd party delays in the Exadata project (a subproject of NextGen). Delays are expected to extend the Exadata project completion date beyond the current support agreement date of March 31st. The issue has been escalated to Exadata project leadership who are working with Oracle to extend the service agreement date to accommodate the new schedule. Once completed, the Exadata project and NextGen's Legacy Technology deliverables will be back on track.

PHASE 1 TIMELINE

FY18												FY19						FY20														
Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4			Q1			Q2			Q3		
JUL 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019	JUN 2019	JUL 2019	AUG 2019	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020
RFP for BPR and ERP Consulting Services												Business Process Reviews (HR, Finance & Student)																				
												Planning			Current State			Future State & Gap Analysis														
												RFP Process, Evaluation, Vendor Selection for ERP Solution																				
												RFP Planning & Draft Requirements						Conduct Final Reviews			Post RFP, Evaluation, Vendor Selection, Contract Negotiations											
												Legacy Technology Preparation																				

2/26/2019

PREPARED BY : Melinda Clark

REPORT DATE : 2/26/2019

MILESTONE STATUS

MILESTONES	START DATE	END DATE	LEADERSHIP COUNCIL REVIEW	BOARD OF TRUSTEES REVIEW	STATUS
Business Case w/ High-level Timeline for ERP Replacement	7/2015	3/2016	3/2016	3/2016	COMPLETE
Funding Strategy	1/2016	6/2017	6/2017	6/2017	COMPLETE
Project Charter	9/2017	9/2017		1/2018	COMPLETE
Risk Management Plan	1/2018	1/2018	--	--	COMPLETE
Communications Plan	1/29/18	4/03/18	5/2018	6/2018	COMPLETE
Change Management Plan	1/24/18	7/27/18	9/10/18	--	COMPLETE
PHASE 1					
Planning	1/23/18	4/04/18	--	3/2018	COMPLETE
Current State Process Reviews	2/12/18	6/29/18	--	--	COMPLETE
Future State Business Process Mapping	7/16/18	1/18/19	1/2019	1/2019	COMPLETE
Conduct ERP Request for Proposal (Draft, Post, Evaluation)	7/16/18	11/2019	--	--	ON TRACK
Finalize Phase 2 Funding Strategy	5/2019	5/2019	5/2019	5/2019	ON TRACK
Vendor Selection (Selection, Negotiations)	12/2019	3/2020	12/2019	12/2019	Not Started
Legacy Technology Updates	7/2016	3/2020	--	--	AT RISK
PHASE 2					
Finance Planning & Implementation	4/2020*	9/2022*	TBD	TBD	Not Started
HR Planning & Implementation	4/2021*	12/2022*	TBD	TBD	Not Started
Student Planning & Implementation	4/2022*	8/2024*	TBD	TBD	Not Started

*Tentative – dates subject to change during implementation planning with ERP vendor.

PREPARED BY : Melinda Clark

REPORT DATE : 2/26/2019

Summary of Activities

ACCOMPLISHMENTS

- ✓ BPR: Conducted Vendor Showcases
- ✓ BPR: Student, HR and Finance Teams finalized current state business processes
- ✓ BPR: Student, HR and Finance Teams began mapping future state
- ✓ BPR: Conducted Data Management Team and IT Team Kickoff
- ✓ BPR: Data Management and IT Teams began mapping current & future state
- ✓ BPR: Student, HR and Finance Teams map future state
- ✓ BPR: Data Management and IT Teams map current & future state
- ✓ BPR: Conducted Data Management Tech Talk with Minnesota State Community
- ✓ BPR: Conducted IT Tech Talks with Minnesota State Community to identify current & future state 3rd party integration needs
- ✓ BPR: Conducted Future State Regional Reviews
- ✓ BPR: Finalized Future State Processes (all teams)

- ✓ CM: Finalize Change Management Plan
- ✓ CM: Launched Readiness Assessment
- ✓ CM: Conducted Transition Management Team Kickoff
- ✓ CM: Conducted Readiness Assessment
- ✓ CM: Identified Transition Management Teams
- ✓ CM: Fill Minnesota State Change Management Lead Position
- ✓ CM: Publish Organizational Readiness Assessment

- ✓ RFP: Began RFP Planning
- ✓ RFP: Finalized RFP Timeline
- ✓ RFP: Identify RFP Team
- ✓ RFP: RFP Team Kickoff

UPCOMING ACTIVITIES

February 2019

- RFP: Conduct Final Reviews of RFP Requirements

March 2019

- RFP: Conduct 3rd Party Review of RFP Requirements (March – April)
- RFP: Conduct Final Reviews of RFP Requirements (March - May)
- CM: Post Request for Instructional Designer

April 2019

- RFP: Complete 3rd Party Review of RFP Requirements
- RFP: Conduct Final Reviews of RFP Requirements (March - May)
- CM: Identify Instructional Designer(s) for Change Management Training Materials

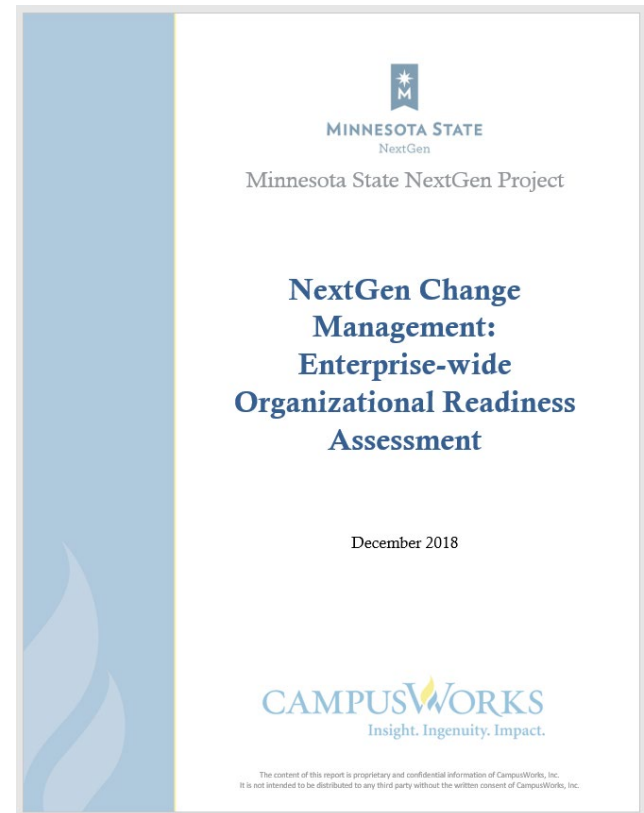
May 2019

- RFP: Complete Final Reviews of RFP Requirements
- RFP: Finalize RFP Score Sheet
- CM: Plan Wave 1 Toolkits / NextGen Awareness Materials

**Next Board of Trustees
update: June 2019**

Change Management | Readiness Assessment

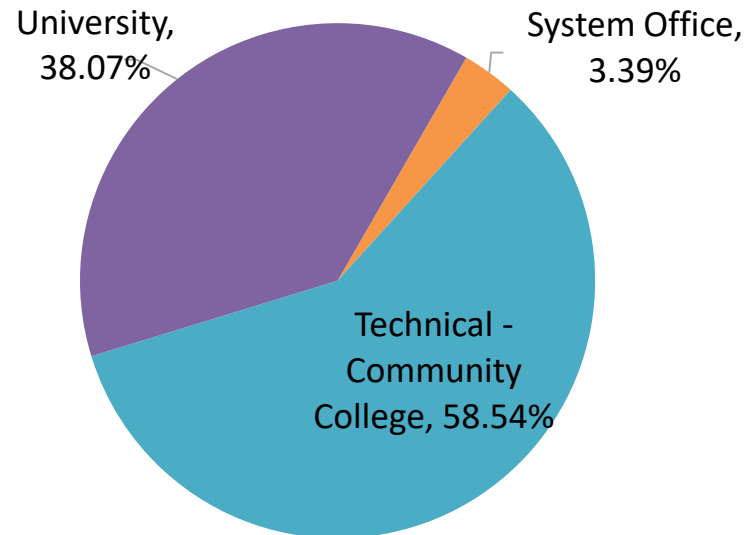
- Provides a benchmark
- Creates a realistic understanding of how the change will affect the organization
- Assists in guiding the change plan and future activities
- Minnesota State is well positioned for NextGen at this point in the project



Change Management | Readiness Assessment

SURVEY RESPONSE RATE: 11.24%

- Received responses from all institutions (see appendix, Response Rate)
- Responses received by institution type:



Change Management | Readiness Assessment

WHAT WE LEARNED - STRENGTHS

- **Respondents understand the need/nature of the change.**
70% of respondents believe NextGen is important to achieving the mission and vision of their institution (see appendix, Mission and Vision of the Institution).
- **Respondents are empowered. They're ready to support NextGen!**
73% feel empowered to change how I they do their job to improve the student/employee experience (see appendix, Empowerment).
- **Respondents have trust in leadership and Minnesota State's ability to implement NextGen.**
70% agree or strongly agree that managers, senior leadership, and presidents are committed to NextGen (see appendix, Leadership's Commitment).
- **Presidents and senior leaders feel equipped to support their staff and institution.**
75% of leaders agree they can support staff through the change process (see appendix, Ability to Support Staff Through the Change).

Change Management | Readiness Assessment

WHAT WE LEARNED - OPPORTUNITIES

- Communicate how decisions are made and reasoning behind them (topics include decision to buy vs. build, funding strategy, implementation timeline).
- Increase communications and level of details as implementation approaches.
- Utilize more communication modalities.
- Identify training plans for the ERP implementation and long term.

NEXT STEPS

The high-level aspects of the change management strategy continue to hold. Opportunities will be used to further enhance planned deliverables.

Change Management | Deliverables

STRATEGY OBJECTIVES

**NextGen Change
Transition Management**
(on-going)



- Local transition management teams (**COMPLETE**)
- Local NextGen activity coordination (on-going)
- Transition monitoring and reporting feedback (on-going)
- Issue mitigation and resolution (on-going)

**NextGen Change
Management Training**
(2019)



- Curriculum development (LMS) for NextGen Change Management training modules (Summer 2019)
- Leadership equipped with NextGen Change Management tool kits (Fall 2019)
- Supervisors trained in NextGen Change Management (Fall 2019)

**NextGen Change Management
Readiness & Engagement**
(on-going)



- Engage Institutional Presidents and Vice Chancellors (on-going)
- Stakeholder Conference, forums, and meetings (on-going)
- Experience Workshops (**COMPLETED**)
- Future State process development (**COMPLETED**)
- Gather input through surveys and other vehicles (**COMPLETED**)
- Institutional Readiness Assessment Plan (**COMPLETED**)

**Change Management
Sustainability**
(2019 – 2020)



- Long-term Change Management structure (**COMPLETED**)
- Change Management strategy for ERP implementation (March 2020)
- NextGen software training approach (March 2020)

*Dates to be revised based on recent schedule change.



MINNESOTA STATE
NextGen

APPENDIX

Response Rate

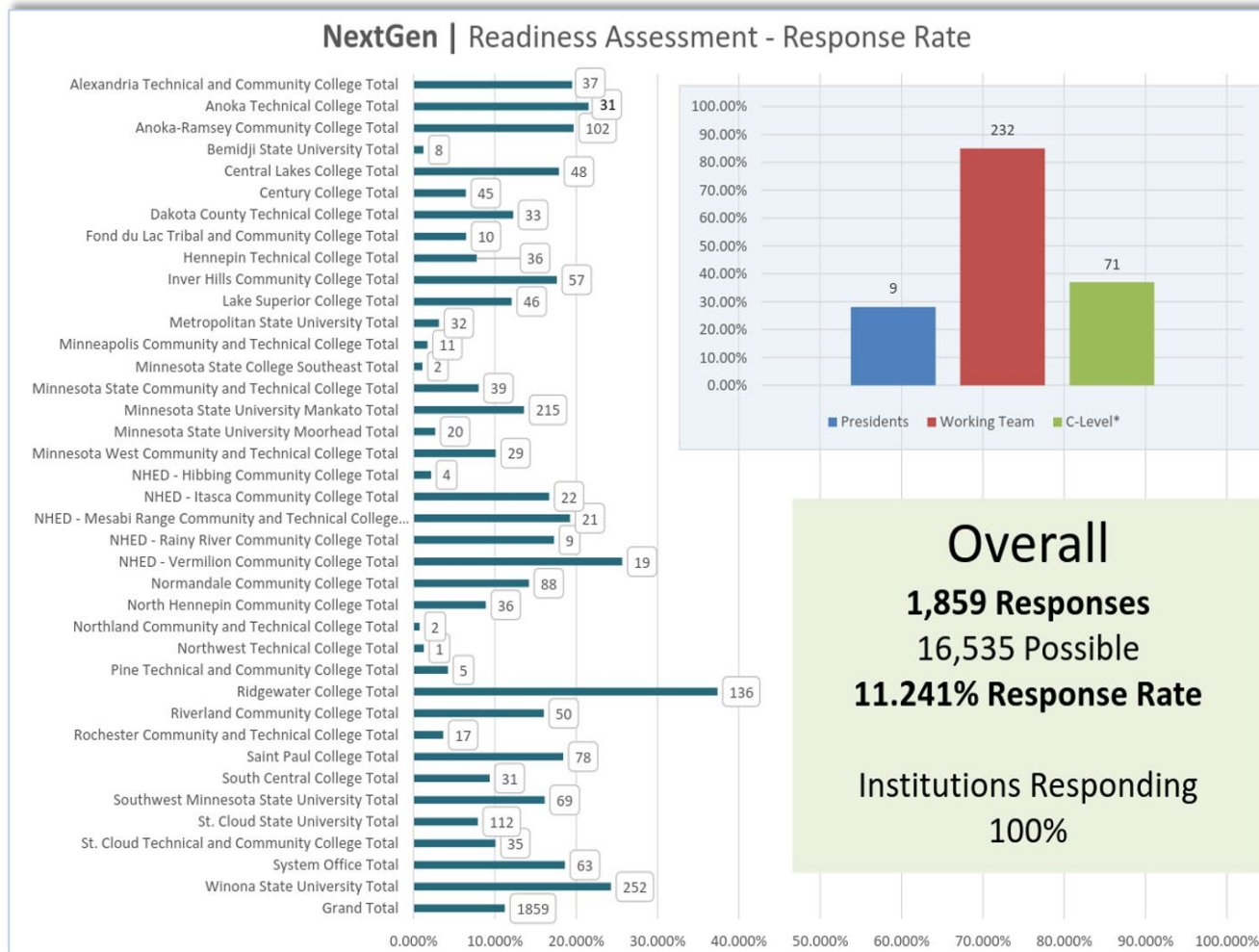


Figure 3 - Response Rate

Northeast Higher Education District results are not shown on the chart due to a discrepancy in the representation of that response. The Northeast Higher Education District response rate was 267% (8 responses out of a possible 3). This is most likely due to a categorization error that would only affect the response rate calculation. The NHED responses were used in all other tables/graphs.)

Mission and Vision of the Institution

The NextGen project is _____ to achieving the mission and vision of my institution:

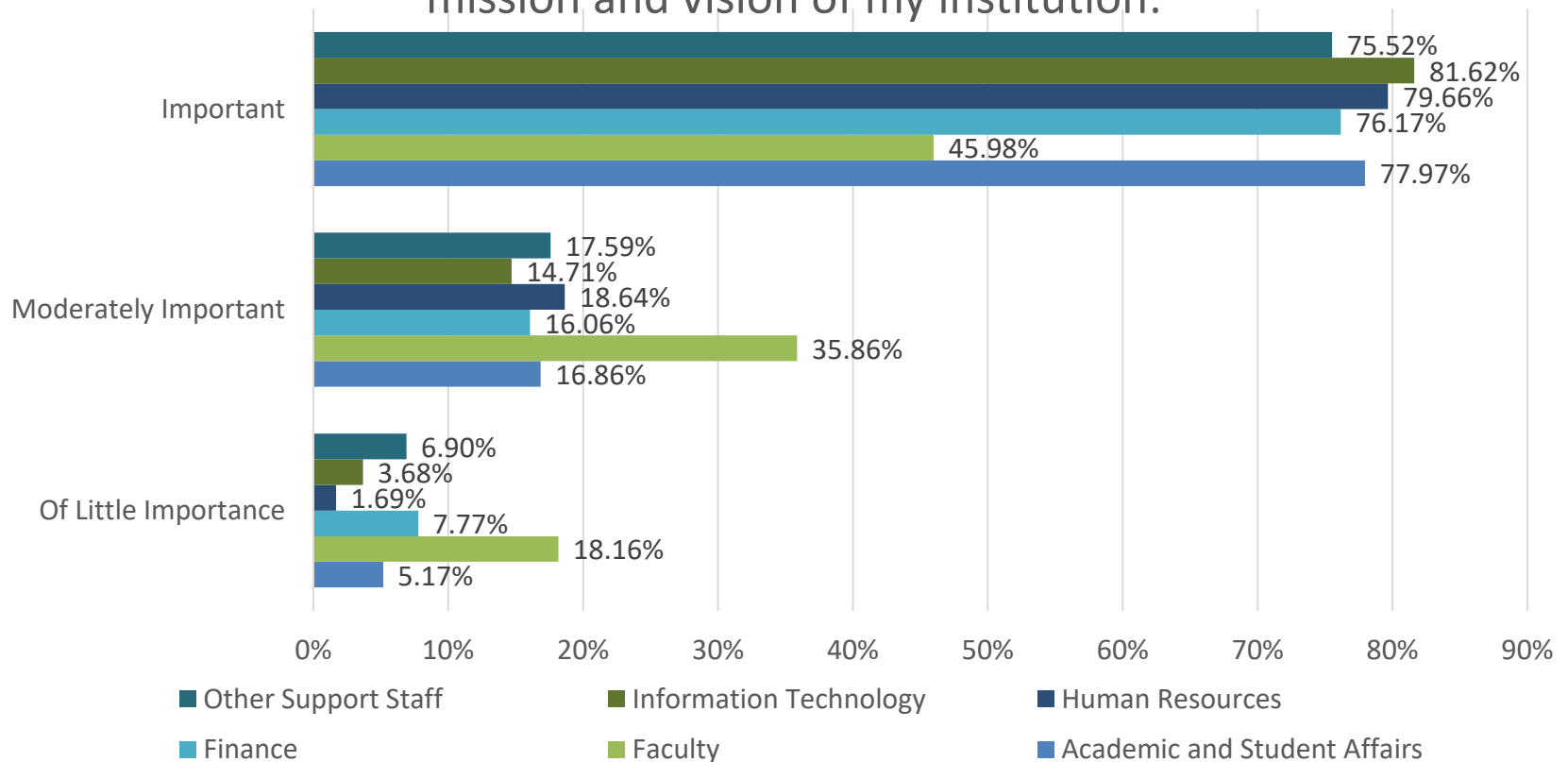


Figure 20 - Mission and Vision of the Institution

Leadership's Commitment to NextGen

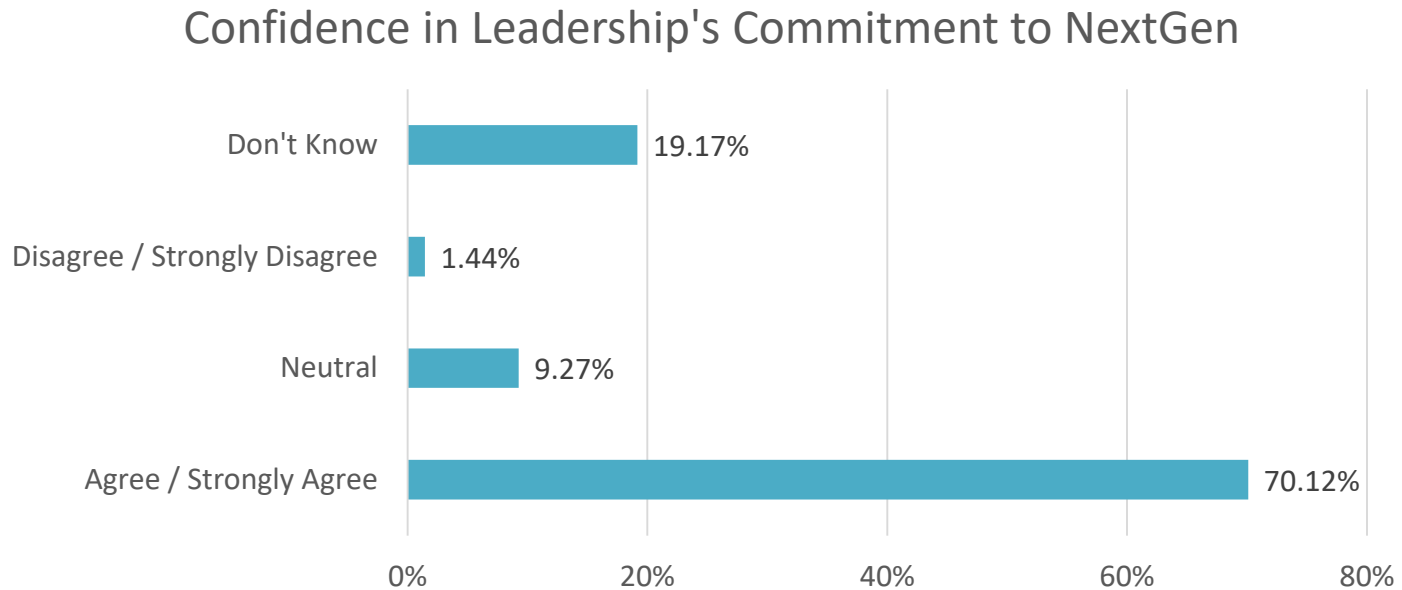
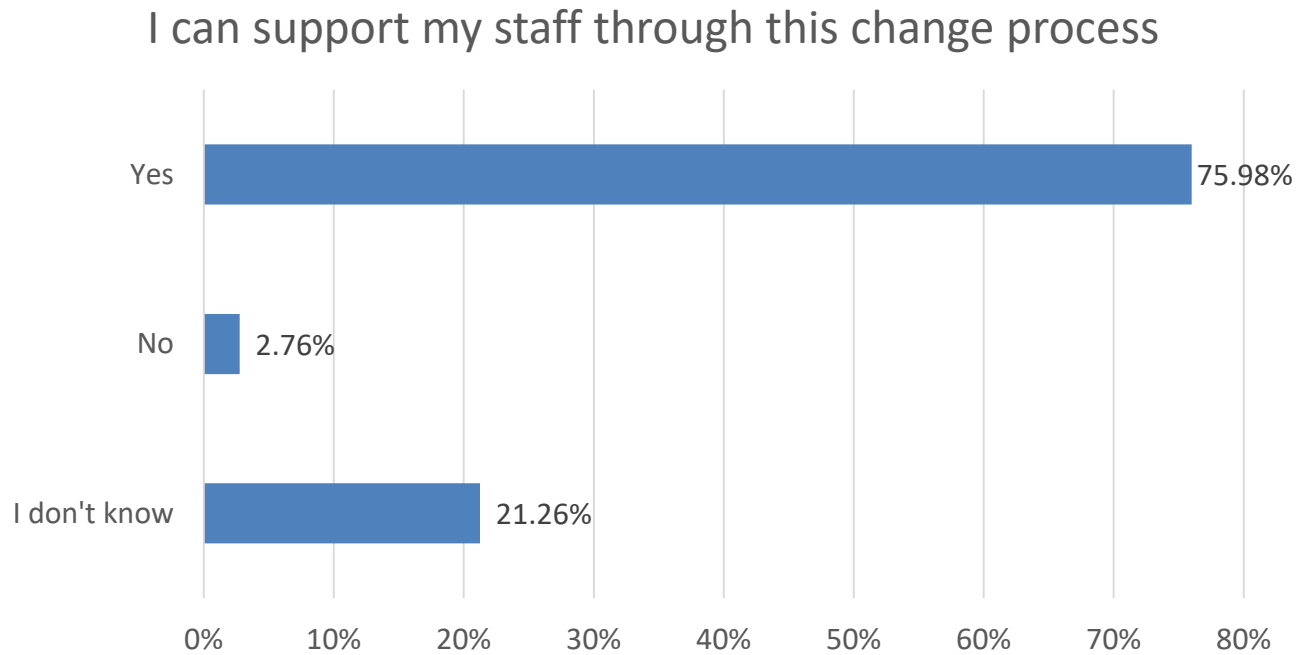


Figure 22 - Leadership's Commitment to NextGen

Ability to Support Staff through the Change



Figure_24 - Ability to Support Staff through the Change

Empowerment

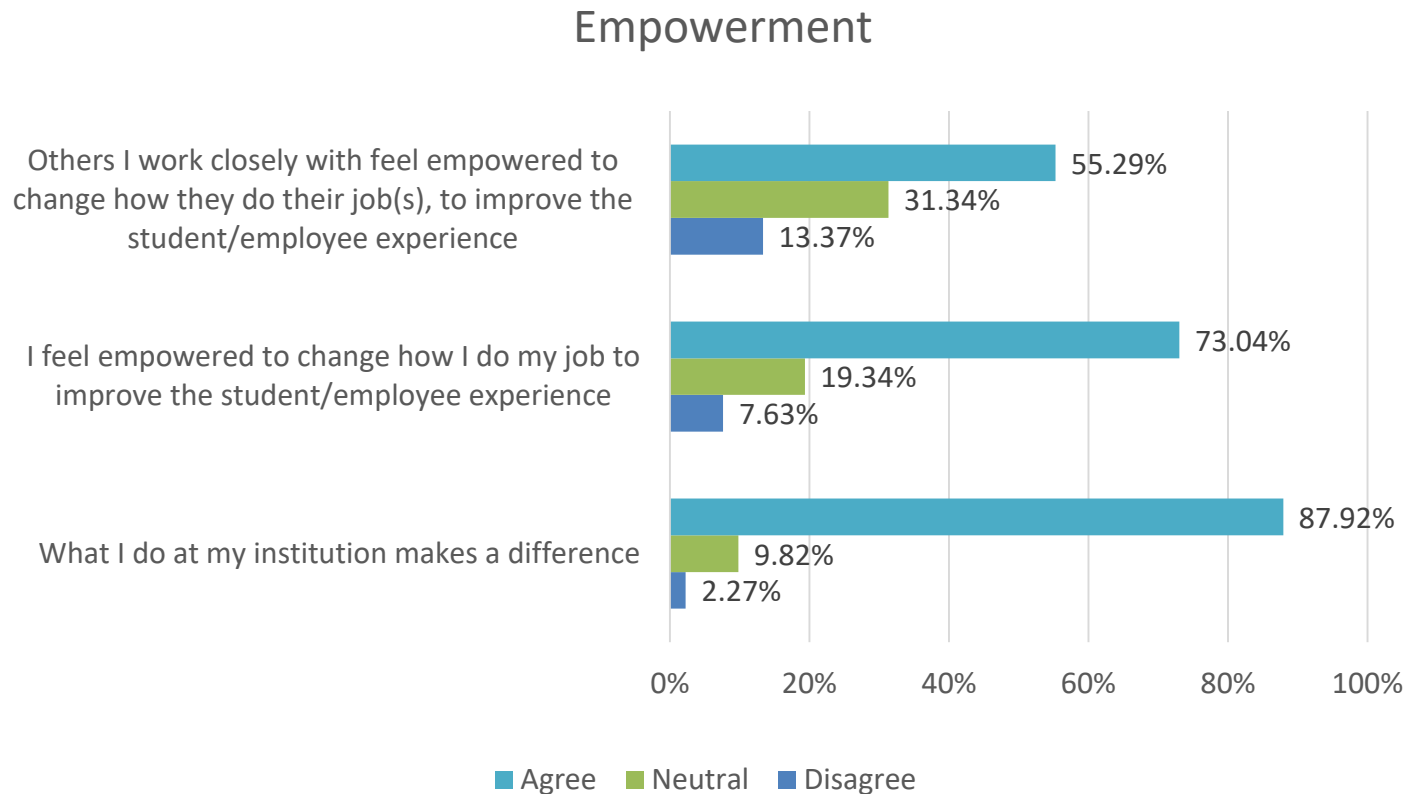


Figure 42 - Cultural Empowerment

Topics Presented To Date

BOT SESSION	TOPICS PRESENTED	DECISIONS MADE
June 2014	<ul style="list-style-type: none"> • Topic introduced 	
October 2015	<ul style="list-style-type: none"> • Student Experience (overview) • Update on listening sessions and business case development 	
March 2016	Presentation of NextGen Business Case	Board supports.. <ul style="list-style-type: none"> • moving forward with planning • submitting FY2018 biennial legislative request
October 2016	Presented estimates timeline and budget	NextGen updates to be presented to Board biannually - in January and June
June 2017	<ul style="list-style-type: none"> • Received \$8M from FY2018 legislative request - enough for team to kickoff Phase 1 (business process reviews, RFP, legacy technology preparation) • RISK! Failure to provide sufficient funding to enter into long term contracts for Phase 2 (implementation) will add significant and critical delays to the project. 	Board supports... <ul style="list-style-type: none"> • moving forward with Phase 1 • submitting FY2018 supplemental funding request and FY2019 biennial legislative request
January 2018	<ul style="list-style-type: none"> • Introduction of ERP Steering Committee • Introduction of Phase 1 and vendor (CampusWorks) 	Board supports... <ul style="list-style-type: none"> • Project overall design • Phase I timeline

Topics Presented To Date

BOT SESSION	TOPICS PRESENTED	DECISIONS MADE
March 2018	<ul style="list-style-type: none"> Project organization structure Reviewed program dashboard template Communication Plan for BOT and Leadership Council Updates 	Board supports... <ul style="list-style-type: none"> Revised project team structure Reporting format Update cadence for BOT and LC
June 2018	<ul style="list-style-type: none"> Communications Plan Change Management Strategy 	Board supports... <ul style="list-style-type: none"> Communication vehicles and cycles Change Management Strategy and looks forward to seeing the Change Management Plan during the September Board Meeting.
September 2018	<ul style="list-style-type: none"> Revised timelines (RFP schedule, implementation schedule) Change Management Plan (deliverables, resources and timeline) 	Board supports... <ul style="list-style-type: none"> Revised timeline Change Management Plan
January 2019	Internal Audit Update <ul style="list-style-type: none"> Internal Audit Activities Update Key Lessons Learned from OLA MNLARS Study Project Update <ul style="list-style-type: none"> Our Journey: From initiation to now Current and Future State Business Processes (Overview) RFP Process: Teams & Timeline Change Management Update Implementation Timeline 	Board supports... <ul style="list-style-type: none"> The process taken to identify current state business processes and propose future state business processes The framework for conducting the ERP RFP



MINNESOTA STATE

**Finance Committee
March 20, 2019
9:00 am
McCormick Room
30 7th Street East
St. Paul MN**

Note: Committee/board meeting times are tentative. Committee/board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

Finance Committee, Roger Moe, Chair

1. **Minutes of November 13, 2018 (pp. 1-8)**
2. **Contracts Exceeding \$1 Million: (pp. 9-12)**
 - a. **Increase In Contract Value And Term For Oracle Services**
 - b. **Microsoft Purchases Contract**
 - c. **Uniface Contract Renewal**
 - d. **Project Management Services Master Contracts**
3. College and University Financial Performance Update (pp. 13-21)

Committee Members:

Roger Moe, Chair
Robert Hoffman, Vice Chair
AbdulRahmane Abdul-Aziz
Ashlyn Anderson
Jerry Janezich
April Nishimura
Samson Williams

President Liaisons:

Richard Davenport
Joe Mulford

Bolded items indicate action is required.



**Minnesota State Board of Trustees
Finance Committee Meeting Minutes
November 13, 2018
McCormick Room
30 7th Street East
St. Paul, MN**

Finance Committee members present: *Roger Moe, Chair; Bob Hoffman, Vice Chair; Trustees Ashlyn Anderson, Jerry Janezich, April Nishimura, Samson Williams and Chancellor Devinder Malhotra.*

Present by Telephone: *Bob Hoffman, Vice Chair*

Finance Committee members absent: *Trustee AbdulRahmane Abdul-Aziz*

Other board members present: *Trustees Alex Cirillo, Dawn Erlandson, George Soule, Louise Sundin, and Cheryl Tefer. In addition, Board Chair Michael Vekich, and Board Vice Chair Jay Cowles were present.*

Cabinet Members Present: *Vice Chancellor Laura King*

Committee Chair Moe called the meeting to order at 9:31 AM

1. Approval of the Finance Committee Meeting Minutes

Committee Chair Moe called for a motion to approve the Finance Committee Meeting Minutes from October 16, 2018. Trustee Janezich made the motion, Trustee Anderson seconded. The minutes were approved with the following edits requested by Board Vice Chair Cowles: On page 6 and page 9, strike the references to "Chair Cowles".

2. FY2020-FY2021 Legislative Biennial Budget Request (Second reading)

Committee Chair Moe offered some brief remarks in support of the budget request before inviting Vice Chancellor King to present the second reading. President Joe Mulford (Pine Technical & Community College) and President Richard Davenport (Minnesota State University, Mankato) joined Vice Chancellor King at the presenter's table.

The board discussed formulation of the request at its September retreat and heard a more comprehensive presentation at the October Finance Committee meeting.

In developing the proposal, both statewide student associations, all statewide bargaining units, the Leadership Council, and the Board of Trustees were invited to provide input and guidance.

Many of the themes and suggestions identified by these groups have been incorporated into the legislative operating budget proposal.

The proposal requests \$246 million in additional funding over the biennium (\$96.5 million in FY2020 and \$149.5 million in FY2021):

Campus Investments:

- \$169 million to keep our tuition affordable by funding inflationary costs at three percent each year of the biennium and repair a portion of the structural funding gap from the FY2018-FY2019 biennium.
- \$37 million to support ISRS NextGen, a mission-critical, multi-year technology infrastructure project to replace our out-of-date enterprise technology system.

Strategic Investments:

- \$25 million in targeted financial support to strengthen access and help our students advance and succeed, especially diverse student populations.
- \$15 million to address the workforce gap through innovative career, technical and workforce programming serving business and industry.

The required materials will be submitted at the conclusion of the board's November meeting. There has not yet been any indication of a staff meeting with Minnesota Management & Budget (MMB) leadership and the new administration but an invitation is expected in December. The incoming administration has until February 19th, 2019 (third Tuesday in February) to submit its operating budget proposal to the legislature.

The Minnesota State biennial budget proposal recognizes the statutory authority of the Board of Trustees to govern and operate Minnesota State, including setting tuition rates. If the proposed legislative request is fully funded by the legislature, it is recommended that the board commit to holding undergraduate tuition rates at their current levels.

The committee's recommended motion is found on page 15.

Committee Chair Moe invited President Joe Mulford to provide additional comments.

President Mulford stated that there have been many discussions in support of the budget within the leadership council and the 2-year sector. Many of the ideas within the request were formulated out of those discussions. Trustee Erlandson commended all for the work done, particularly the strategic priorities embedded within the proposal. On the College Promise program, it is important that we share with the new administration that Minnesota is not on the leading edge of this. Minneapolis College and others piloted this many years ago. We must share what is happening around the country and highlight the College Promise Campaign.

Vice Chancellor King agreed and stated that there are at least 2 dozen variations of this program in effect around the country. Each are a little different but all are targeted at improving persistence through degree completion and advancement.

President Davenport stated that there has been a robust conversation around the proposal within the Leadership Council. Both 2 and 4-year presidents fully support the proposal even though they serve different populations. The budget does a good job of reflecting the differences with the breakout on the grants and the extra support in workforce development. The presidents are fully behind this.

Committee Chair Moe invited Brent Jeffers, president, Inter Faculty Organization (IFO) to make a few comments.

President Jeffers stated that the campuses continue to face financial challenges, such that an inflationary request only would not have been adequate. This would have continued to have a profound negative impact on students. IFO's primary input to the chancellor was to ask the campuses what they need, not only for inflationary costs but for growth. IFO appreciates the request because it reflects that priority. IFO also appreciates the money allocated for the structural deficit. This is a first step to help move past the problems created in past budgets. Faculty appreciate the creative thinking that went into the goals of increasing recruitment and retention efforts. Although there are some concerns about the details, IFO is willing to work with the board and system office to address these concerns. Faculty are committed to working hard through the month of May to ensure the needs of students, campuses, and communities are fully understood by the legislature. IFO supports the legislative request and thanks the Chancellor's Office and Vice Chancellor King.

Trustee Williams thanked the administration for their work and stated that they have clearly sought out the interests of the students and not downplayed what students are faced with. He suggested that there should be a strategy in place to keep students informed of the grant program benefits and to ensure that students are aware of these upcoming scholarships.

Vice Chancellor King indicated that there is good communication with both student associations but we are 7 months from knowing what we can celebrate because we have to go through the legislative process.

Chancellor Malhotra offered some closing comments. There were three organizing principles established at the start of the process: student success, diversity, equity and inclusion, and programmatic and financial sustainability. This request embodies all three of those principles which were the building blocks for developing this proposal. Additional themes that have emerged on the partnership tour have included affordability, and enhancing access to our institutions, and community workforce building. These elements are also represented in this budget proposal. We are very excited about this proposal and look for your leadership as we engage the incoming administration and legislature around this issue.

Committee Chair Moe called to adopt the following recommended motion:

The FY2020-FY2021 legislative request strengthens the state's commitment to access and affordability, invests in critical technology infrastructure, and supports student success. The Board of Trustees approves the 2020-2021 biennial budget request in the amount of \$817,919,000 in FY2020 and \$870,919,000 in FY2021 for a total of \$1,688,838,000. The Board strongly urges the state of Minnesota to support Minnesota State's biennial budget request.

The Board of Trustees has been granted the authority in state statute to govern and operate Minnesota State. The board, after full consultation with Minnesota State constituencies, will make final budget decisions, including setting tuition rates, at the conclusion of the legislative session. If the legislative request is fully funded, the board intends to hold undergraduate tuition rates at current levels.

Trustee Hoffman made the motion. Trustee Anderson seconded. The motion was adopted.

3. Increases to Board Established Fee Maximums

Vice Chancellor King began by reminding the board that staff presented the Fee Study at the October Finance Committee meeting.

The study in the October materials illustrated a comparative analysis of the total fee package of Minnesota State college students compared to similar colleges across the country. The Minnesota State package of required fees is lower than the average by about \$30 per year or approximately 5%. Universities were also compared across the nation with their peers and were found to rank 32 out of 49 in the fees charged to university students, a difference of about \$800 per year.

Fee practices in the study found that fee maximums governed by board policy have not been increased in at least 10 years and in some instances as long as 18 years. The recommended board action today is to raise the fee maximums for both the technology and health services fees. Pent up demand exists in both of these areas because of expanding technology and health services requirements.

This action would enable, in concert with the chancellor's guidance, an increase of no more the \$18 overall in college fees and no more than \$35 overall in university fees. The chancellor's guidance to the presidents limits mandatory fee increases to no more than 3% in aggregate. Therefore these fee amounts would be the cap in what we could expect to see, even though the board action raises the maximums allowed in policy. Board practice establishes fee maximums in policy and then delegates to the presidents, with consultation of the chancellor, individual fee increases so long as they are maintained underneath the board's maximums.

The recommended board motion is on page 20 of the packet.

Committee Chair Moe invited questions from the committee members.

Trustee Anderson asked if the table on page 19 showed the annualized impact of the recommended full increase amount per full time student. Vice Chancellor King stated that the table showed what would happen if the fee increase was from the current cap to the new cap but that that will not happen due to the aggregate 3% increase limit. The cap goes up \$80 but the aggregate limit only goes up by \$18 (colleges) or \$35 (universities).

Trustee Nishimura stated that it will be important to communicate the value-add to the students.

President Davenport commented that NextGen will generate extra costs that need to be absorbed. Technology today is nothing like it was since the last fee increase and an increase in this area is very much needed. It is also important to make sure faculty understand the fee increase around technology. The same is true with health services. A challenge not reflected here is finding qualified health services professionals who are not affiliated with another institution and free to work in a health service environment. This requires cooperation with Mayo Clinic or other health services clinics in our region.

President Mulford added that the Leadership Council had robust discussions about fees. All are concerned about increasing costs on students but also sustaining our organizations and making sure that the quality of education is up to date and state of the industry. Industry moves very quickly, particularly around technology. As a primarily technical institution, resources are critical in making sure computers are new whether it be in the automotive program or welding program. There is more and more pressure on resources to support simulation equipment in nursing programs or new software in scan tools in the auto program. Technology is everywhere.

Committee Chair Moe invited Frankie Becerra, President of LeadMN to testify.

President Becerra thanked the chancellor and Vice Chancellor King for their measured recommendations in targeting the proposed fee maximum increases to technology and health services only. LeadMN appreciates that the chancellor has outlined that the fee increases be limited to only 3% in aggregate and would encourage the board to adopt this as a policy. There are some concerns in the increases of technology fee maximums in that this fee would be used to offset the NextGen costs, placing the burden of the costs of this project on the shoulders of students. There is a concern that allowing the increases in the technology fee, this would be a back door to ask students to support the bill for the NextGen system. LeadMN does not believe that the health services fee increase is necessary because none of the 12 colleges that currently charge the fee has yet hit the fee maximum. LeadMN previously raised concerns about the proposal to automatically increase fee maximums based on inflation. The committee did not

move this issue forward for board approval. At this time we have not heard from student leaders that the fee maximums were an issue. There is also some concern about the message that increasing fee maximums may send to legislators during the next legislative session given that legislators have made it very clear that they are concerned about rising student fees.

Trustee Cowles asked Vice Chancellor King if there was a previous discussion of a new category of fees around orientation. There is no reference to this category in the motion. Where did that discussion conclude?

Vice Chancellor King responded that before the board last spring was a review of the tuition and fee policy. The policy included language to clear up some confusion about the approach to orientation fees. The board adopted language that would provide clarity about the conditions under which an orientation fee could be charged. There was a recommendation that no fee be charged at the colleges until there was completion of a study on the relationship between orientation fees and student success. The study is on the verge of release. The fee is in policy, its availability is in policy, and it is governed by 5.11 and treated as an optional fee so it is not in the discussion over fee maximums. There is language requiring a vote by campus student associations before it can be installed at the colleges and universities.

Trustee Anderson asked about the bylaws stating that a student referendum is required for any increases over 2%. Given that the recommended increases are at 3% in aggregate, will the presidents contact the student groups for opinions?

Vice Chancellor King said that she could guarantee that there will be robust consultation on campus about the entire budget process and all the fees. However, the fees that State statute requires a referendum for increases over 2% are just the athletic fees and student life and activity fees. The referendum requirement does not concern the other fees in this discussion. There is language that governs the technology advisory process but it does not call for a referendum.

Trustee Sundin asked for a clarification of the required fees listed on page 21, in particular the first line which states "Senior Citizen in Lieu of Tuition". Does this mean that seniors can either pay tuition or the fee?

Vice Chancellor King responded that this is like an audit fee for senior citizens to take a class for a charge of \$20.

Trustee Williams expressed some concern that we are going above 3% when we are obligated to have discussions with student groups.

Vice Chancellor King stated that for clarity purposes, the chancellor's guidance to presidents is that aggregate increase of fees is limited to 3% but individual fee increases could exceed this.

However, other fees would drop to meet the overall aggregate increase limit of 3%. It is not expected that the technology fee will increase 3% but that the presidents work with their students and staff to encourage a balanced conversation about what their needs are on campus. Guidance recommends that there be overall limits but individual flexibility based on campus interests.

Following up on comments made by the representative from LeadMN, Vice Chancellor King stated that it is correct that none of the colleges are at the limit on the health services fee cap. This action would have no impact on the colleges other than the 3% overall increase. The benefit for the health services fee increase is at the universities where all but one of them are at the limit and facing tremendous pressure. In the case of the technology fee, Vice Chancellor King recalled that many of the colleges and universities are at the cap but could not be more specific without the data in hand.

Trustee Cowles reminded Vice Chancellor King that LeadMN was seeking assurances that technology fees will not be used to offset NextGen costs and that the fee increases in this area would be applied to ancillary services. Trustee Cowles asked if the vice chancellor could reassure us of this distinction.

Vice Chancellor King stated that the budget proposal just approved asks the legislature to pay the full cost of the NextGen project. This discussion will conclude in the spring based on the outcome of the legislative decision. The message to the campuses has been that the system office does not have a view on how campus budgets will determine the source of their contribution to the NextGen project, should one be needed. The technology fee is governed in policy as to its purposes. It is directed towards technology that is facing students and technology that the student advisory process brings forward. The system office is trying not to take a position and is trying to defer to the presidential leadership around this question.

Chancellor Malhotra added that when a fee increase is proposed, a robust consultation with students occurs. The administration makes it very clear what the fees will be used for. There are already safeguards in place if student groups do not want fees to be used for a particular purpose. At the campus level, a consultation always occurs between the students and administration.

Trustee Erlandson asked if it is possible to audit a class if you are not a senior and how much does it cost. Vice Chancellor King called on the campus representatives for an answer. President Mulford responded that he could not recall if anyone had been allowed to audit without a tuition payment. President Davenport stated that it was the same for the universities.

Committee Chair Moe called to adopt the following recommended motion:

The Board of Trustees establishes the fee maximums as displayed in Attachment 1.

Trustee Anderson made the motion. Trustee Janezich seconded. The motion was adopted.

The meeting adjourned at 10:33 a.m.

Respectfully submitted: Don Haney, Recorder

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance Committee

Date: March 20, 2019

Title: Contracts exceeding \$1 million:

- a) Increase in contract value and term for oracle services
- b) Microsoft purchases contract
- c) Uniface contract renewal
- d) Project management services master contracts

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

Board Policy 5.14, Procurement and Contracts, requires that contracts, including amendments, with values greater than \$1,000,000, must be approved in advance by the Board of Trustees.

The system office is seeking approval to:

- a) Extend its contract with Oracle for cloud services, software, and support services for a system wide database that is used by all colleges and universities and the system office.
- b) Enter into a new system-wide Microsoft Enrollment for Education Solutions agreement (EES), ending June 30, 2024, with a Microsoft large account software reseller that is available through the State of Minnesota master vendor program.
- c) Renew the Uniface licensing agreement which provides all Minnesota State campuses and the system office with access to this deployment platform used with enterprise mission-critical applications, like the Integrated Student Record System (ISRS).
- d) Award up to three master contracts to vendors to provide Project Management Resources for NextGen initiatives and other projects needed by the system office.

Scheduled Presenter: Laura M. King, Vice Chancellor - CFO

**MINNESOTA STATE
BOARD OF TRUSTEES**

BOARD ACTION

CONTRACTS EXCEEDING \$1 MILLION:

- a) **INCREASE IN CONTRACT VALUE AND TERM FOR ORACLE SERVICES**
- b) **MICROSOFT PURCHASES CONTRACT**
- c) **UNIFACE CONTRACT RENEWAL**
- d) **PROJECT MANAGEMENT SERVICES MASTER CONTRACTS**

BACKGROUND

Board Policy 5.14, Procurement and Contracts, requires that contracts, including amendments, with values greater than \$1,000,000, must be approved in advance by the Board of Trustees. All of the contracts before the committee have system wide benefit.

a. INCREASE IN CONTRACT VALUE AND TERM FOR ORACLE SERVICES

The system office is seeking approval to extend its contract with Oracle for cloud services, software and support services for a system wide database that is used by all colleges and universities and the system office. Oracle was competitively bid and negotiated by the Midwest Higher Education Compact (MHEC) and is on their approved contract list. Minnesota State is eligible to purchase from the compact as an entity of the State of Minnesota. In January 2018, the Board approved a contract totaling \$7,000,000 and six (6) years for this particular service. Today's action will add one (1) year and \$2,500,000 the contract. The cost over seven (7) years will not exceed \$9,500,000. Funding to migrate to the cloud service is funded in the ERP NextGen budget. On-going maintenance for the cloud services, software and support services is budgeted in the operating ITS budget.

b. MICROSOFT PURCHASES CONTRACT

The system office is seeking approval to enter into a new system-wide Microsoft Enrollment for Education Solutions agreement (EES), ending June 30, 2024, with a Microsoft large account software reseller that is available through the State of Minnesota master vendor program. The contract will be for up to five (5) years which includes renewals. A mini bid has been issued with all Microsoft large account software resellers that are available through the State of Minnesota. Responses are due March 18, 2019. The cost over the five (5) years will not exceed \$13,800,000. The Microsoft EES provides all Minnesota State colleges and universities and the system office with access to the latest versions of Microsoft software for faculty, staff and students. The Microsoft EES offers educational discounts, electronic distribution of software, and software asset management. System-wide participation assures licensing compliance for both new and legacy software versions. The entire Microsoft catalog of software products is

available under this agreement. Products include operating systems, desktop productivity tools, client access licenses, server software, server licenses, and Azure cloud services. As the system moves from on premise hardware to using Microsoft's cloud, Azure, costs will increase from previous agreements. Campuses and the system office pay directly to the third party reseller for all costs related to the Microsoft EES.

c. UNIFACE CONTRACT RENEWAL

Uniface is a single source provider of this deployment platform. The Uniface licensing agreement provides all Minnesota State campuses and the system office with access to this deployment platform used with enterprise mission-critical applications, like the Integrated Student Record System (ISRS). Uniface also provides an integration framework that enables Uniface applications to integrate with all major products such as Oracle, Microsoft SQL Server, supports file systems, operating system text files and a wide range of other technologies. The system needs to renew the Uniface contract in July 2019 for three (3) years with contract extensions up to three (3) additional years which will not exceed \$2,400,000. This will allow ISRS to be in place throughout the implementation of the future NextGen ERP system. The cost of this contract is supported in the system Information Technology budget.

d. PROJECT MANAGEMENT SERVICES MASTER CONTRACTS

The system office is seeking approval to award up to three master contracts to vendors to provide Project Management Resources for NextGen initiatives and other projects needed by the system office. The term of the contracts will be five (5) years with two (2) optional one (1) year renewals, totaling a maximum seven (7) year term per master contract. An RFP was posted in December 2018. There were twelve (12) responses. As a need for a program manager, project manager and/or project coordinator in the system office arises, all master contract holders will receive notice to submit potential candidates. Minnesota State will review and select preferred candidate. Funds will come from the NextGen budget or for non NextGen related projects the department requesting the resource. The master contracts collectively will not exceed \$6,500,000 for the maximum seven (7) year term and will be supported in the system Information Technology and Next Gen budgets.

RECOMMENDED COMMITTEE MOTION

The Finance Committee recommends the Board of Trustees adopt the following motion:

- a. The Board of Trustees authorizes the chancellor or his designee to execute a contract with Oracle on behalf of system wide cloud services for a term of up to seven (7) years ending in June 2025, for a total amount not to exceed \$9,500,000. The Board directs the chancellor or his designee to execute all necessary documents.
- b. The Board of Trustees authorizes the chancellor or his designee to extend an agreement with a State of Minnesota contract holder Microsoft large account software reseller for a term, including renewals, not to exceed five (5) years ending June 30, 2024 and amount not to exceed \$13,800,000. The Board directs the chancellor or his designee to execute all necessary documents.

- c. The Board of Trustees authorizes the chancellor or his designee to execute a contract with Uniface on behalf of system wide licensing for a term of up to six (6) years ending in June 2025, for a total amount not to exceed \$2,400,000. The Board directs the chancellor or his designee to execute all necessary documents.
- d. The Board of Trustees authorizes the chancellor or his designee to execute a master contract with the selected vendors for project management resources for a term of up to seven (7) years, for a total amount not to exceed \$6,500,000 collectively between all master contract holders. The Board directs the chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD MOTION

- a. The Board of Trustees authorizes the chancellor or his designee to execute a contract with Oracle on behalf of system wide cloud services for a term of up to seven (7) years ending in June 2025, for a total amount not to exceed \$9,500,000. The Board directs the chancellor or his designee to execute all necessary documents.
- b. The Board of Trustees authorizes the chancellor or his designee to extend an agreement with a State of Minnesota contract holder Microsoft large account software reseller for a term, including renewals, not to exceed five (5) years ending June 30, 2024 and amount not to exceed \$13,800,000. The Board directs the chancellor or his designee to execute all necessary documents.
- c. The Board of Trustees authorizes the chancellor or his designee to execute a contract with Uniface on behalf of system wide licensing for a term of up to six (6) years ending in June 2025, for a total amount not to exceed \$2,400,000. The Board directs the chancellor or his designee to execute all necessary documents.
- d. The Board of Trustees authorizes the chancellor or his designee to execute a master contract with the selected vendors for project management resources for a term of up to seven (7) years, for a total amount not to exceed \$6,500,000 collectively between all master contract holders. The Board directs the chancellor or his designee to execute all necessary documents.

Date Presented to the Board of Trustees: 3/20/19

Date of Implementation: 3/20/19

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance Committee

Date: March 20, 2019

Title: College and University Financial Performance Update

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input checked="" type="checkbox"/> Information | |

Brief Description:

Minnesota State FY2018 and FY2017 financial statements and an update on FY2018 college and university financial health indicators will be presented to the committee for discussion.

Scheduled Presenters:

Laura M. King, Vice Chancellor – CFO
Steve Ernest, System Director, Financial Planning & Analysis



March 19-20, 2019

FINANCE

College and University Financial Performance Update

**Board of Trustees
Finance Committee Meeting**

Presentation Overview

Minnesota State FY2018 and FY2017 financial statements results

FY2018 college and university financial health indicators

Financial Results Summary

- System reported an operating gain of \$10.3M, less than 1% of FY2018 revenue*
- 17 colleges and universities reported an operating loss in FY2018 (22 in FY2017)*
- Campus budget reserves preserved – critical risk management strategy

* Excludes the unfunded pension liability entries



FY2018 financial results indicate sound financial position; cost management critical

- Sound financial position maintained
- Continued reliance on state operating appropriation to support mission critical services; state's funding pattern contributed to the operating gain in 1st year of biennium
- Tuition revenue pressure due to declining enrollments and modest tuition rate increases at the universities and colleges
- Enrollment management and cost management strategies critical



Key Performance Metrics Fiscal Year 2018 vs. 2017

FYE 128,830 students (FY2018) vs. 131,640 (FY2017)
Headcount 244,825 students (FY2018) vs. 250,446 (FY2017)

\$2.04 billion revenue up 2.6% compared to FY2017
\$2.30 billion net position up 1.7% compared to FY2017*
\$38.3 million increase in net position compared to FY2017*

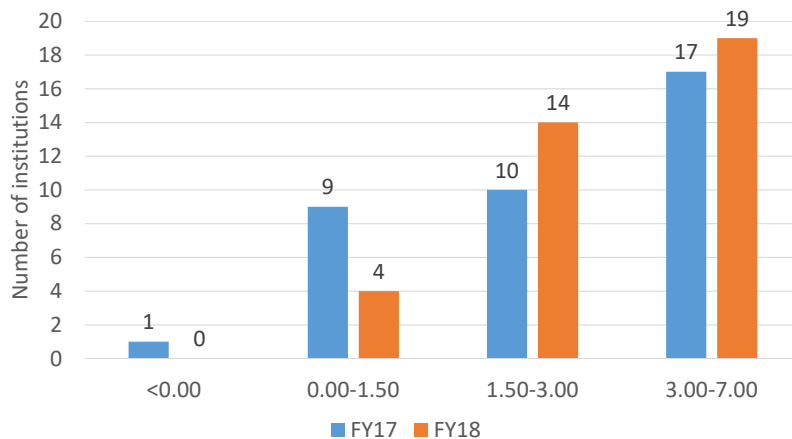
College and university operating reserve

- \$100.5 million, decrease of \$2.5M compared to 2017
- 7.0% of revenue; board requirement = 5% to 7%

* Excludes the unfunded pension liability entries



Improvement in CFI results compared to FY2017



Excludes the unfunded pension liability entries



Five indicators measure financial health

Two enrollment-based indicators

- **A1.** Long-term enrollment decline of more than 8 percent over two years
- **A2.** Short-term enrollment shortfall more than 2% compared to budget

Two cash-based indicators

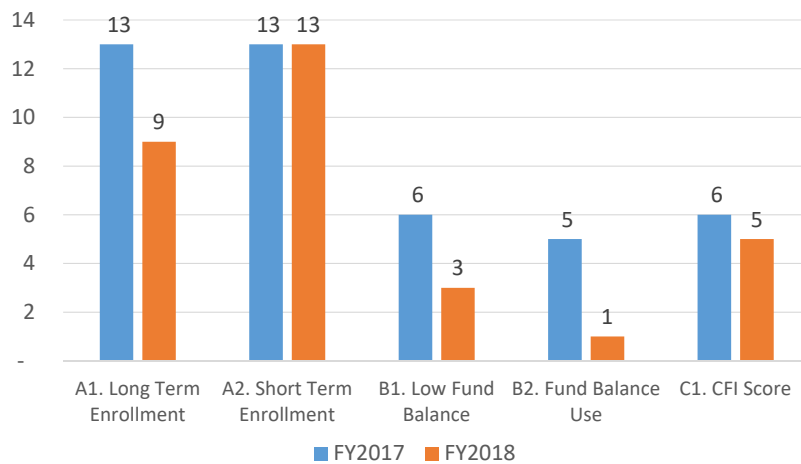
- **B1.** General fund cash balance less than 20 percent of annual general fund revenue
- **B2.** General fund balance decline of 10% or more over three year period

One accrual-based indicator

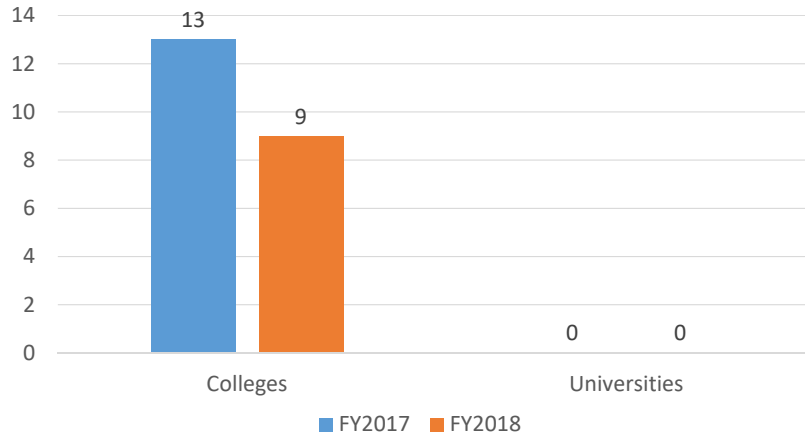
- **C1.** Adjusted CFI (without pension liability entries) below 1.5 (2-year average) or 0.5 (most recent year)



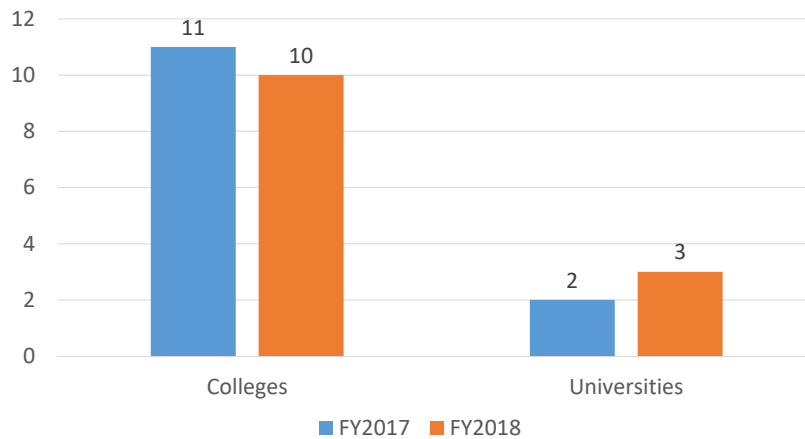
Disciplined campus leadership led to fewer indicators triggered in FY2018



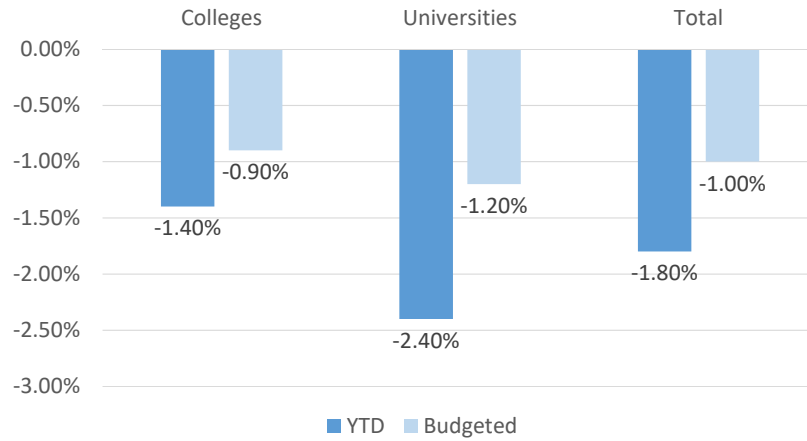
A1. Rate of enrollment decline moderating with improvement in number showing decline of more than 8% over two years



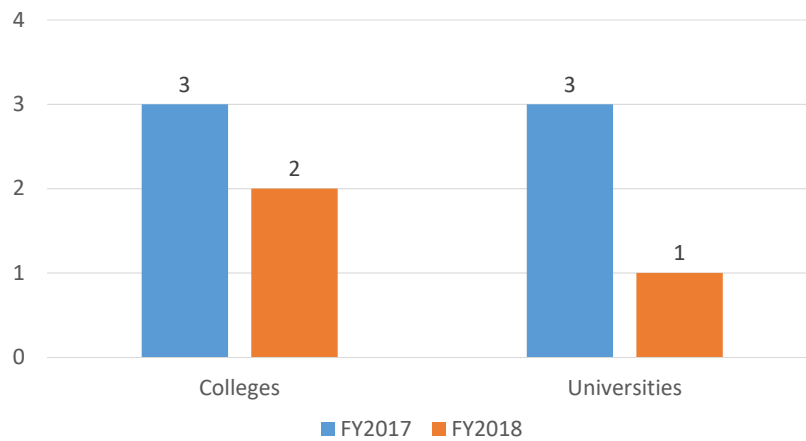
A2. Budget enrollment outlook accuracy holding steady with 13 colleges and universities underperforming outlook by more than 2%



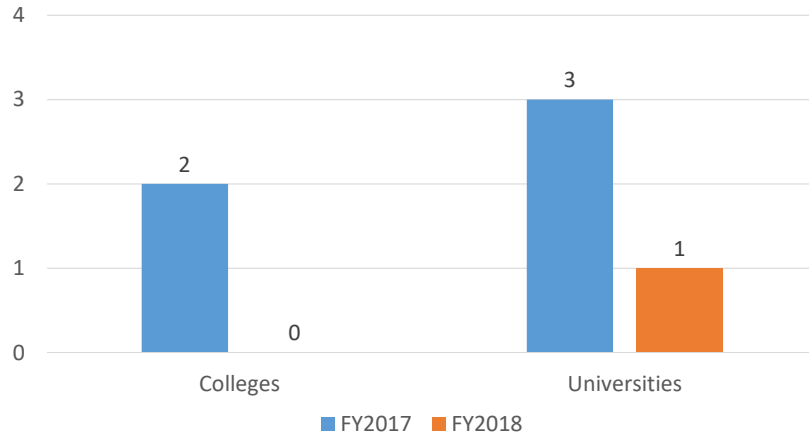
A2. Overall, year-to-date enrollment outlook is lower than budgeted enrollment



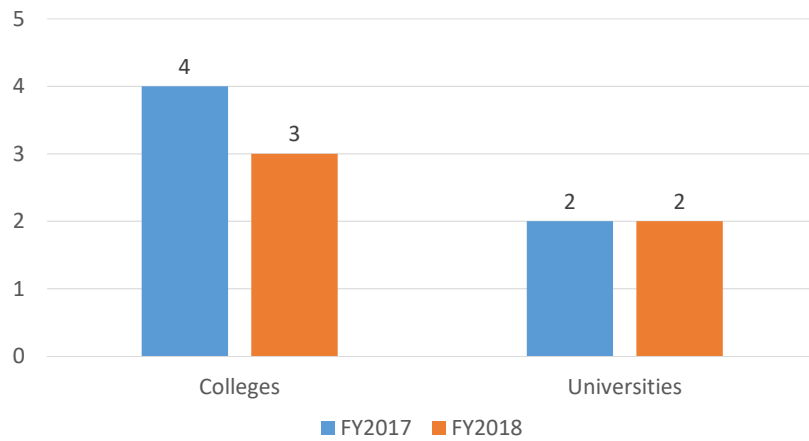
B1. Two colleges and one university report fund balances below 20% in FY2018



B2. One university consumed more than 10% of fund balance over past 3 years



C1. Slight improvement in the number of colleges and universities that triggered the CFI score indicator in FY2018



Financial Health Reporting and Monitoring

- Nine enrollment plans or updates to enrollment plans were submitted resulting in colleges and universities developing specific strategies and measures related to enrollment (A1)
- Thirteen revised FY19 operating budgets were submitted (A2)
- Nine institutions have submitted new or updated financial plans or a report on use of fund balance (B1,B2 & C1)



Colleges and Universities Financial Health Summary

- Colleges and universities continue to face financial and enrollment challenges that they are working hard to solve
- State funding pattern continues to create structural issues that must be addressed
- Most institutions doing an excellent job, some addressing significant challenges
- Financial health indicators are working – timely identification of issues and responses





MINNESOTA STATE

Diversity, Equity, and Inclusion Committee

March 20, 2019

10:00 A.M.

McCormick Room

30 7th Street East

Saint Paul, MN

Note: Committee/board meeting times are tentative. Committee/board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

- 1. Minutes of Joint Meeting of the Diversity, Equity, and Inclusion and Finance Committees on October 16, 2018 (pp. 1-6)**
2. Strategic Equity Update (pp. 7-9)
3. Equity by Design Update (pp. 10-25)

Committee Members:

Rudy Rodriguez, Chair

Louise Sundin, Vice Chair

AbdulRahmane Abdul-Aziz

Ashlyn Anderson

Jay Cowles

April Nishimura

George Soule

President Liaisons:

Anne Blackhurst

Sharon Pierce

Bolded items indicate action is required.



Minnesota State Board of Trustees
Joint Diversity, Equity and Inclusion and Finance Committee Meeting Minutes
October 16, 2018
Winona State University
East Hall, Kryzsko Commons,
175 West Mark St. Winona, MN

Joint Diversity, Equity, and Inclusion and Finance Committee members present: Rudy Rodriguez, Chair; Roger Moe, Chair; Louise Sundin, Vice Chair; Bob Hoffman, Vice Chair; Trustees AbdulRahmane Abdul-Aziz, Ashlyn Anderson, Jay Cowles, Jerry Janezich, April Nishimura, George Soule (phone), Samson Williams and Chancellor Devinder Malhotra.

Other board members present: Alex Cirillo, Dawn Erlandson (phone), Cheryl Tefer, and Michael Vekich

Guest Presenter: Michael Noble-Olson, Chief Procurement Officer

Chair Rodriguez called the meeting to order at 11:21 AM.

Chair Rodriguez: The purpose of the meeting is to provide an overview of the key findings from the 2017 Joint Disparity Study. We will hear some of the proposed strategies and action plans from Dr. Clyde Pickett, Michael Noble-Olson – Chief Procurement Officer and Vice Chancellor Laura King. I will turn it over to Dr. Pickett.

Dr. Pickett addresses the members of the committees and trustees:

We are here this morning to provide an overview and review of the findings of the 2017 2017 Joint Disparity Study that Minnesota State was a participant of along with 9 other public entities. We will present not only the overview of findings but will present information on proposed strategies and actions to positively adjust the findings of the study and further advance our equity goals in the areas of procurement. With me today are my colleagues, Vice Chancellor King and Chief Procurement Officer, Michael Noble-Olson of the System Office. Please note this is a work in progress but more importantly, an expression of our commitment to improve and advance equity and inclusion across the enterprise. It represents a very important element of economic equity and the impact on our state. In our on-going efforts to support equity and inclusion, a team of system leaders has been working on a strategic action plan before you today.

Vice Chancellor King and Chief Procurement Officer Noble-Olson will present the findings and then I will return to talk about some our strategies and plans we have for improving our performance.

Vice Chancellor King: Many of you had a briefing from us last spring as this work was emerging out of the public square. We would like take a few minutes to study the results here again today, never had it on a formal committee agenda and there was a lot

of information coming across your desk in the spring then lay our leadership commitment. Then Dr. Pickett will talk through our proposed strategies and action steps.

The 2017 Joint Disparity Study is a periodic study conducted by Minnesota Department of Administration to re-authorize TGED program. They opened up participation open to other local entities and Minnesota State chose to participate. Other participants included: State of Minnesota – Dept. of Administration and Transportation, Metropolitan Airports Commission, Metropolitan Council, Cities of Minneapolis and St. Paul, Hennepin County, and Metropolitan Mosquito Control District.

The work was done by Keen Independent Consultants, an experienced firm who has conducted over 100 studies in the past 25 years. These types of studies are designed to provide a legal foundation for a public entity offering gender and race preferences in procurement. The study question was to examine whether there was a level playing field for minority and woman owned firms in the marketplace and in public entity procurement.

Their scope was both qualitative and quantitative, looking at W/MBE (women/minority business entity) availability and utilization and market conditions. Michael worked with our IT folks and shipped them an enormous amount of data concerning over 10k procurements done by Minnesota State over a 5-years study period FY12-FY16, about \$1 billion of activity (including construction, professional and technical goods and services, and other contracts). Some spending that was excluded were government, non-profit, utilities, banks, insurance, educational institutions, travel, most hospital/physician services, etc., because of little to no discretion. For example, if you only have one gas or electrical company in town, you don't have any other options.

All in all, about 5,000 business entities was found available for this work. The qualitative findings concluded on behalf of Minnesota State and all participants practices that in fact unequal opportunities for W/MBE to enter and advance in the marketplace or as employees and capital formations and requirements. Key take away is that these disparities were present across all the parties and industries. The report is available on the Department of Administration's website in both chapter and summary forms for each of the participants.

Due to a lot of questions that were asked last spring regarding the findings of all participants and how they did. 92780934 This final report offered summary information for all participants and individual reports with specific data for each party. The study found that the marketplace had about 20% of the firms were W/MBE available to do the work but the utilization rate amongst all the parties was 10%. The consultant has developed a "Disparity Index" which is the fraction represented by utilization over

availability, so 10.35% over 19.85% = 52% which is considered substantial disparity. Overall for Minnesota parties to the study there is substantial in our purchasing practices for the disadvantage of W/MBE available in the marketplace to do the work but not getting the work. The consultants view is that the disparity index below 80 is considered substantial. The availability results for all parties are the same but we underperform the overall average in terms of utilization. I will turn this over to Michael who will talk about this regarding Minnesota State's data particularly.

Chief Procurement Officer Michael Noble-Olson: As Vice Chancellor King mentioned, the availability is about 20% in the marketplace, the breakdown between women owned is 13% and minority owned makes about up almost 7%. Regarding our utilization, minority owned vendors comes under 1.5% and women owned is about 6% so our disparity index according to Keen's formula, comes to 38%. As stated, a significant disparity is under 80 so we underperform a little bit compared to the overall results of 52. We definitely have some work ahead of us as our performance is uneven between the W/MBE, our utilization of women owned is slightly higher to minority owned because we have one women owned construction locally that has done significant work for the system.

Summary of our results divided amongst four categories: Construction, Professional Services, Goods and Other Services as well as across the vendor identities except for two instances (metro versus outstate), our results shows substantial disparity. Similar charts were done for all participants in the study and the results are substantially the same. For Minnesota State, based on the 5yrs of data, our utilization for all spend categories by group shows uneven performance. For example of African Americans vendors, is about 0.5% but availability is under 3%, that category alone is a significant disparity. Our findings were that we as a system is that we room for improvement which provides a benchmark. Minnesota State findings were consistent with the overall conclusions for all entities and that they're persistent, metro and non-metro greater areas.

Trustee Sundin: Is it because when we host opportunities that the W/MBE doesn't apply or are they turned down?

Chief Procurement Officer Noble-Olson: It is a combination of structural disadvantages, less resources and access to certain things.

Vice Chancellor King: Some of these barriers we can fix because currently for them to get vendor preference, the Department of Administration have them go through a certification process. Many found the process to be cumbersome so it drives vendors away. In the qualitative reports, from interviewing quite a few vendors, most stated it took too much time and when they are a small shop they cannot afford to go through the process. One of the recommendations as we go through the presentation, we can

add to the pool of resources. The governor has been really good in support of the effort as well as Leadership Council to the success of this program.

Trustee Sundin: Can we seek out W/MBE and is it permissible for us to expand our list?

Vice Chancellor King: Trustee Sundin, we have jumped ahead, which is great as we have the answers to your questions. So let's just hold questions for a second so we can get to our recommendations. Let's get back to the presentation and then we can discuss. The consultants offer advice to all parties on recommendations for program design. Leadership Council is in support of this effort and shares our commitment with our four step strategy listed here.

Chief Procurement Officer Noble-Olson: Part of our policy commitment and goals, we have a goal setting for 2026 across all procurement activities. We want to include annual improvement goals but it will require substantial change in what we as a system practice. We are looking to partner with the Department of Administration and others for M/WBE rostering and certification lists; amend state procurement standards and rules which will include "Doing business as" or "Doing business with Minnesota State"; and Capacity development training and education. We will also expand partnerships with minority and women professional organizations.

Vice Chancellor King: We recognize that this will be aggressive but achievable; it will be supported by accounting and reporting infrastructure to meet the goals and target. We will work to implement public sector and higher education best practices. Focus on Equity Select program for smaller purchases, update policies and procedures, offer training and education to our system office, college and university leadership as well as procurement personnel.

The passion that we feel about this and commitment and recognize that by next spring that we will come back with some policy rewrites that are necessary to capture the work. One of the things to Trustee Sundin and others' questions, we expect to expand the programs that we accessed in order to expand the universe of vendors that's available to us, that is one of the ways we can make a difference here. We will commit to substantial action, build partnerships with state agencies but we recognize that it represents a cultural shift that will really take intentionality, time and commitment.

From an action step standpoint, we expect purchasing policy and procedure rewrites, procurement changes; some goal setting; and certainly some training and reporting. Much of the work has already started, we will keep going forward with a timeline to bring results as soon as January of next year.

This a very aggressive timeline, we recognize that, but we will do our best to execute on it as it is central to our mission and commitment to equity and diversity and in our grasp to make a difference in our days ahead.

Dr. Pickett: As we conclude and we facilitate an opportunity to discuss this matter more, we of course summarize that our participation in the disparity study found inequity. There are opportunities to improve utilization and participation to with regard to W/MBE. If we think of all system procurement, there is an opportunity for broad partnership and an opportunity we have now for a basis for legal preface to advance this work. Certainly we can improve our efforts and cultivate ongoing relationships by doing so is a further extension and prioritization of our work to impact equity and inclusion. This is a shift as noted, system policies and commitment, it resuscitates practice to commit equity, a commitment by all parties. A shift in culture and commitment but an opportunity to truly advance equity in its fullest context. Thank you for allowing us the opportunity to present this and look forward to the discussion.

Discussion:

Trustee Cowles: Back to slide 16 in regards to goals, the goals by 2026, it's unclear of the third bullet but more meaningful to me in the light of the report's framing is to identify whether we would erase the finding of substantial deficit by 2026 or a very focused system goal is to be consistent with that. Considering this to be a measure of the entire system as well as individual campuses, consider this is a collaborative effort that ought to recognize or have recognition or even financial reward associated with success or outstanding performance. I think this could be a terrific area identifying a system value that is highly defined.

Vice Chancellor King: Trustee Cowles, to your question for slide 16, the 3rd bullet, it was constructed to eliminate substantial disparity across all sectors by 2026 because the gap was different by sector, we had different rates of improvement.

Trustee Cowles: Great, that is a more meaningful statement.

Vice Chancellor King: I think you're urging us to turn this into a singular goal expression is also a good advice and we'll do that. As far as financial incentives for high performing campuses, I'll defer to the Chancellor.

Trustee Rodriguez: I just have a few brief comments to continue on, I agree with your comments on being intentional and it'll be difficult work. It's not easy to move the needle in some of these areas, it requires dedicated resources, in terms of people, investment and technology but also changing policies to identity and perhaps develop suppliers. This work can fit with our Reimagining the Future work and we are looking at this work as a deficit. I would encourage you to take a look at the possibilities to use supplier diversity to build our reputation, deliver better innovation and deliver a better

cost and price for each sourcing or event. In the public sector, how do we leverage the power of diversity to fuel our growth and ambition for change? In looking to define diversity, we should also explore different dimensions of diversity, like LGBTQ and Veterans suppliers were not on the list. So we shouldn't limit what we've done in the past but what's best in class, as it can help build our reputation. In relation to workforce development, how can we help these suppliers build with all the resources that we have, offer support and encouragement to work with a diversity owned firm to help them establish those partnerships. Another thing that we need to consider is, how do we measure supplier diversity when it is only one firm and it's not diversity owned. To the extent to encourage other firms to review their representation numbers to have Tier 2 reporting. Have the expectations with all the firms that we work with to have them disclose their representation numbers as part of the process of doing business with us. In order to make progress, be transparent, showing that we aren't where we want to be but discussing our ambitions publicly as it'll hold us responsible and create trust with the public.

Dr. Pickett: Chair Rodriguez, we certainly appreciate the comments as we advance this work, that goes a long way in terms of our efforts to connect not only with who was identified in the study but to have a broader net, to talk about true equity and outreach for all parties.

Trustee Sundin: As much as the Chancellor evaded the opportunity to leap in and throw some money on the table, I do think that incentives and rewards are appropriate here. At some point, it should be a part of the discussion.

The meeting adjourned at 11:52 AM.
Recorder, Ka Her

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Diversity, Equity, and Inclusion Committee

Date: March 20, 2019

Title: Strategic Equity Update

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input checked="" type="checkbox"/> Information | |

Brief Description:

This session will provide an update to the committee about the Office of Equity and Inclusion with campus visit reflections, strategic planning process overview, policy review, and national trends in higher education.

Scheduled Presenter(s):

Clyde Wilson Pickett, Chief Diversity Officer

**MINNESOTA STATE
BOARD OF TRUSTEES**

INFORMATION ITEM
Strategic Equity Update

EQUITY AND INCLUSION OFFICE INFRASTRUCTURE

The Office of Equity and Inclusion (OEI) continues to advance staff support to better assist the strategic enterprise diversity, equity, and inclusion agenda for the Minnesota State system. As a part of this undertaking, several administrative staff additions were executed.

In fall 2018, Ka Her transitioned to the role of Executive Assistant and Briana Williamson joined the OEI team as the Director of Equity Assessment, having previously served at Minnesota State University, Mankato. In February 2019, Andriel Dees joined the OEI as the Civil Rights/Title IX Compliance Officer and in her role will guide compliance efforts for federal and state nondiscrimination laws.

Additionally, OEI successfully submitted a proposal to host a College Health Corps VISTA position that will join OEI team this fall and will provide support to ongoing campus and community outreach efforts.

COMPLIANCE AND TITLE IX

In the fall of 2018, the Department of Education announced proposed changes to Title IX. In concert with Office of the General Counsel, Human Resources, Academic and Student Affairs, and campus Title IX designees, the Office of Equity and Inclusion participated in a review of the proposed changes and began drafting a response for comment, per the open comment period shared by the Department of Education. This process remains ongoing as the Department of Education reopened the comment period for responses to the proposed changes. The Office of the General Counsel advanced comments to The Office of Equity and Inclusion has advanced a system review of the proposed changes and began drafting a response for comment.

The OEI continues to ensure compliance for recipients of federal funds in the areas of Title VI, VII, IX of the Civil Rights Act as well as ADA via OCR (Office of Civil Rights) site visits across system colleges. For 2018-2019 the following colleges are part of the OCR site-visits (Central Lakes College, Minneapolis College, Minnesota State College Southeast, and Minnesota State Community and Technical College).

OFFICE OF CIVIL RIGHTS SITE REVIEWS

For 2018-2019, the following colleges are part of the OCR site-visits (Central Lakes College, Minneapolis College, Minnesota State College Southeast, and Minnesota State Community and Technical College).

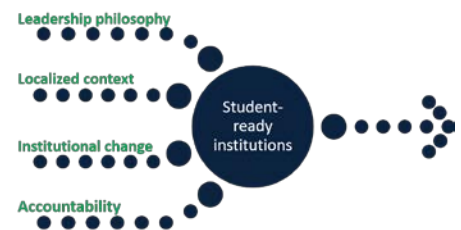
NATIONAL TRENDS IN HIGHER EDUCATION

The following trends indicate areas of priority for colleges and universities across MN and around the country:

- The disproportionate impact of food and housing insecurity affecting students
- The impact of federal government shutdown and implications for non-traditional and adult learners
- An increase in students seeking mental health support
- Supporting religiously diverse students (sanctuary spaces and foot washing basin installation)

EQUITY BY DESIGN

The Office of Equity and Inclusion continues to work with Central Lakes College, Dakota Community and Technical College, Minneapolis College, Bemidji State University, and other pilot campuses to advance Equity by Design. Equity by Design is a data-informed methodology to influence organization development, readiness and re-design of student success strategies. Equity by Design supports higher education leaders to address educational disparities, moving beyond policy and planning to direct institutional practices. With clear expectations and prescribed desired outcomes for leadership philosophy, localized context, institutional change and accountability. Equity by design provides a wide array of capacity building tools for campuses to become student-ready spaces for higher learning.



EQUITY LENS TO POLICY REVIEW

An equity lens to policy review includes equity as an imperative for the development and application of policy and its impact on all constituents. Implementation of an equity based approach to policy review emerged from system and campus needs of a uniform application of processes and procedures in campus operations. A system-wide workgroup has drafted a tool that:

- Infuses equity as an area of consideration of policy and procedure.
- Prioritizes the consideration of disparate impact to underserved and marginalized populations.
- Provides campuses a tool they can operationalize in the development, implementation, and assessment of policies.

CAMPUS CLIMATE ASSESSMENT

In 2018 the Office of Equity and Inclusion rolled out a strategic framework for Campus Climate assessment and shared it broadly with campuses. Pilot teams from Southwest Minnesota State University, North Hennepin Community College, Minneapolis College and Minnesota State Community and Technical College are working close with the Organizational Effectiveness Research Group to develop a campus climate assessment tool.

- Campuses will begin utilizing the assessment beginning January 28th – February 28, 2019
- Campuses have created an individualized plan to incentivize participation from stakeholders.
- The Office of Equity and Inclusion continues to provide leadership and technical assistance to the pilot institutions.

PROFESSIONAL DEVELOPMENT

The Office of Equity and Inclusion continues to provide a wide-range of professional development and competency development opportunities across the system. These efforts aim to support employees and campuses in cultural competency development and underscore equity as a priority. This spring, professional development offerings include:

State of Minnesota Demographic Trends	January 22, 2019
Power in Diversity Professional Development Day	January 25, 2019
Bias Response Protocol Training	February 21, 2019
Sexism and Impact Training	March 22, 2019
Equity Minded Language for Higher Education Leaders	April 19, 2019

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Diversity, Equity, and Inclusion Committee

Date: March 20, 2019

Title: Equity by Design Update

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input checked="" type="checkbox"/> Information | |

Brief Description:

This session will provide an update to the committee on Equity by Design including background information with project workgroup updates, campus summaries and the re-engineering to incorporate leadership strategy. The committee will also be provided with the next steps in project development/scholarship and metrics for Equity by Design.

Scheduled Presenter(s):

Clyde Wilson Pickett, Chief Diversity Officer
Josefina Landrieu, Assistant Chief Diversity Officer

MINNESOTA STATE
BOARD OF TRUSTEES

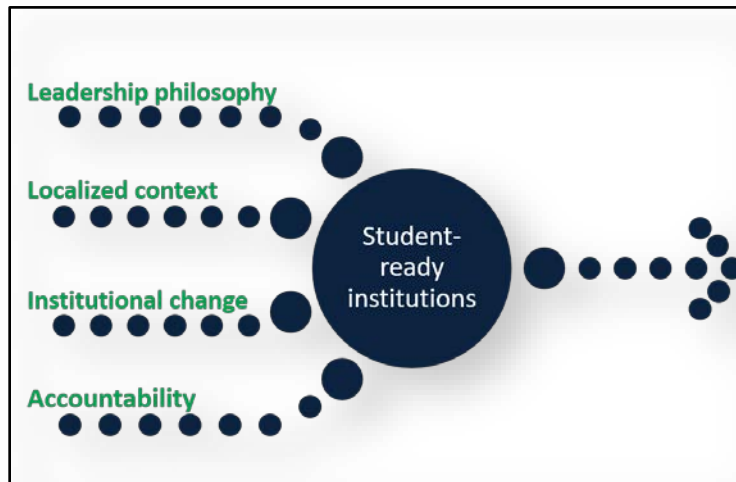
INFORMATION ITEM
Equity by Design Update

EQUITY BY DESIGN: WHAT IS IT?

Equity by Design is an organizational methodology that helps equip higher education leaders with tools to address disparities and assist with policy and planning to advance institutional equity-minded practices. The methodology is influenced by the research and literature of Dr. Estela Bensimon (2014) at the Center for Urban Education at the University of Southern California. Furthermore, this work:

- Is data-informed.
- Influences organizational development.
- Prepares institutions to be **student-ready**.

HOW DOES EQUITY BY DESIGN WORK?



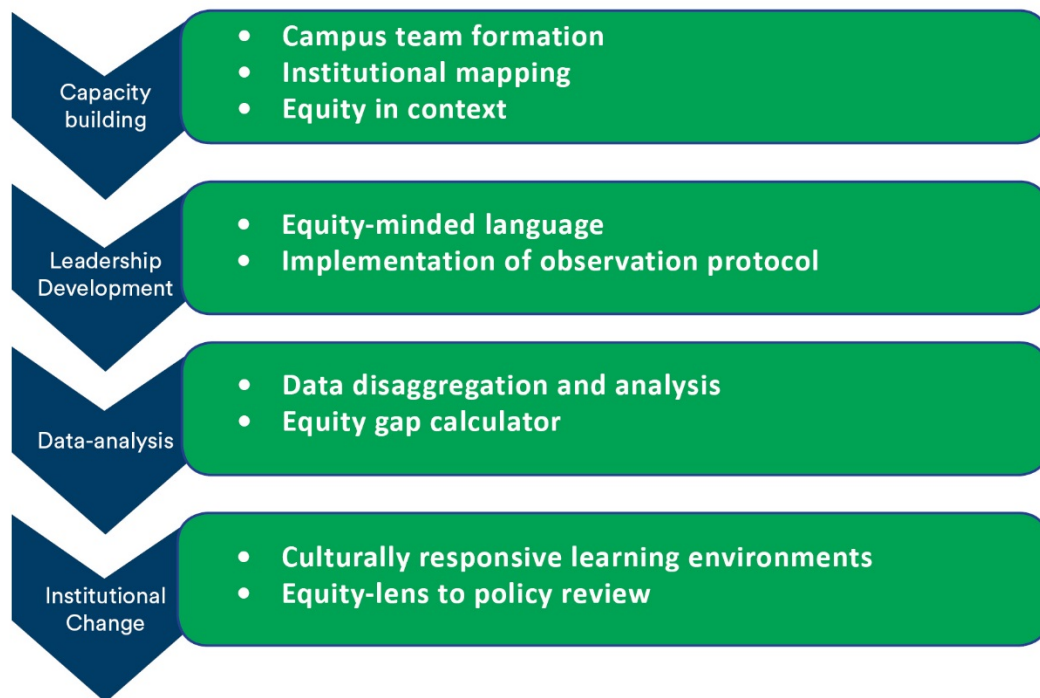
The following components are necessary for the successful implementation of the Equity by Design methodology:

- **Leadership Philosophy:** Higher education leaders who wish to engage their campus teams in the use of Equity by Design must be committed to understanding equity. Leaders should support data disaggregation and analysis

close to practice; in doing so they foster an environment where faculty and academic leaders execute an in-depth view of department and course success rates. Particular focus and attention is placed on students’ race and ethnicity, first generation, and socio-economic status and their impact on academic outcomes.

- **Localized Context:** The Equity by Design methodology considers the institutional readiness to implement the work on campus. Such readiness includes the campus capacity to collect, analyze, and disaggregate data in actionable and meaningful ways. A campus-based infrastructure and strategy that prioritizes diversity, equity and inclusion in campus operations and outcomes. Furthermore, implementing Equity by Design must consider the socio-cultural environments of the campus and the surrounding community.
- **Institutional Change:** Equity by Design requires higher education to make changes at the institutional level as campuses strive to be student-ready spaces. As a result of engaging in an Equity by Design process, campuses apply a magnifying glass to data and practices that illustrate academic equity-gaps. In doing so, campus teams and leaders will drive change in organizational structures, practices, and policies.
- **Accountability:** Equity by Design tools and resources necessitate data-informed analysis of equity gaps at the department or course level. Implementation of the Equity by Design tools leads campuses to understand disparate impact of policies and practices and promotes opportunities to identify disparity. Most importantly, this work underscores the need for campus leaders to shoulder responsibility and determine campus-based solutions that address academic equity gaps. These campus-based strategies with system partners to further drive broader strategy.

EQUITY BY DESIGN TRANSFORMATIVE TOOLS AND RESOURCES



CAMPUS PILOT EQUITY BY DESIGN (2017-2018)

Pilot campuses completed an Equity by Design process in 2017-2018 under the leadership of the Office of Equity and Inclusion. The pilot process represented 13 Minnesota State institutions. Pilot campuses:

- Conducted equity-minded analysis of course and program level data to identify gaps
- Strengthened capacity for data disaggregation and analysis.
- Began implementation of proposed recommendations

Throughout the pilot year the Office of Equity and inclusion continued technical assistance to campuses, began developing scholarship and disseminating the concepts of Equity by Design methodology. In addition, a comprehensive toolkit is currently under development for implementation in fall 2019.



March 2019

Office of Equity and Inclusion

Strategic Equity Update & Equity by Design

Board of Trustees
Diversity, Equity, and Inclusion Committee

AGENDA OVERVIEW

- CDO Campus Visits
- Equity by Design Project Update
- Campus Climate Assessment Update/Timeline

CDO Campus Visit Reflections

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CAMPUS VISIT THEMES/TRENDS

- Changing Campus/Community Demographics
 - Impact of Enrollment Management strategy
 - Impact on student support
 - Impact on community partnership and engagement
- Campus Community Relations
- Diversity in Representation of Faculty and Staff
- Access and Opportunity Funds
- CDO Positioning and Support

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EQUITY BY DESIGN PROJECT UPDATE (Methodology and Next Steps)

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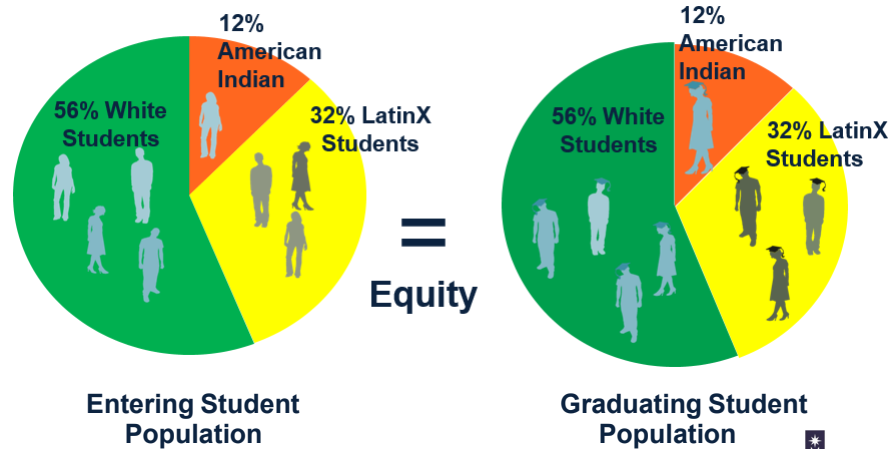
EQUITY DEFINED

- Equity is when an individual's race, gender, economic status, sexual orientation, etc. do not determine their educational, economic, social, or political opportunities.
- This is clearly distinct from equality! Equity prioritizes leveling the playing field, ensuring the starting line does not determine where one finishes.
- An **equity lens** requires analyzing organizational culture structure and policies and their impact on marginalized and under-served individuals and communities.

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EQUITY DEFINED

EQUITY = parity in outcomes. It is the proportional representation of historically marginalized groups in **outcomes**.



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MINNESOTA STATE

MAKING SENSE OF STUDENT SUCCESS DATA

Entering Cohort	Actual Students	Graduating Cohort	Actual Students
56% White	196 students	56% White	168 students
12% American Indian	42 students	12% American Indian	36 students
32% LatinX	112 students	32% LatinX	96 students
100 %	350 students	100 %	300 students

- Department/Program/Course level analysis
- Data disaggregated by race/ethnicity/gender/SES/etc.
- Gap identification and sense-making of the data.

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MINNESOTA STATE

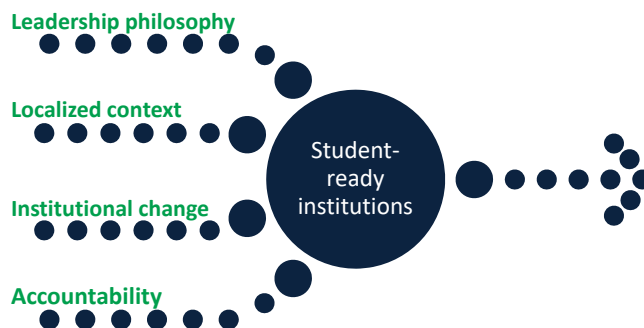
WHAT IS EQUITY BY DESIGN?

- Equity by Design is a methodology that equips higher education leaders to address educational disparities and to move beyond policy and planning to institutional equity-minded practices.
 - Data-informed
 - Influences organizational development
 - Prepares institutions to be **student-ready**

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ELEMENTS OF EQUITY BY DESIGN



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LEADERSHIP PHILOSOPHY

- Commitment to **understanding equity**.
- The ability to lead a campus team through the methodology in an **intentional and equity-focused way**.
- Support data disaggregation and analysis **close to practice**.
- Lead and support faculty and academic leaders to take an **in-depth view of course success rates**.

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LOCALIZED CONTEXT

- Consider the institutional readiness to implement this work.
 - Level of maturation (equity & inclusion)
 - Campus and community context (socio-historical)
 - Capacity (data, research, and equity infrastructure)

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INSTITUTIONAL CHANGE

- Changes occurs at the institutional level
- College-ready students **vs. Student-ready colleges**
- Apply a magnifying glass to data and practices that illustrate academic equity-gaps.

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ACCOUNTABILITY

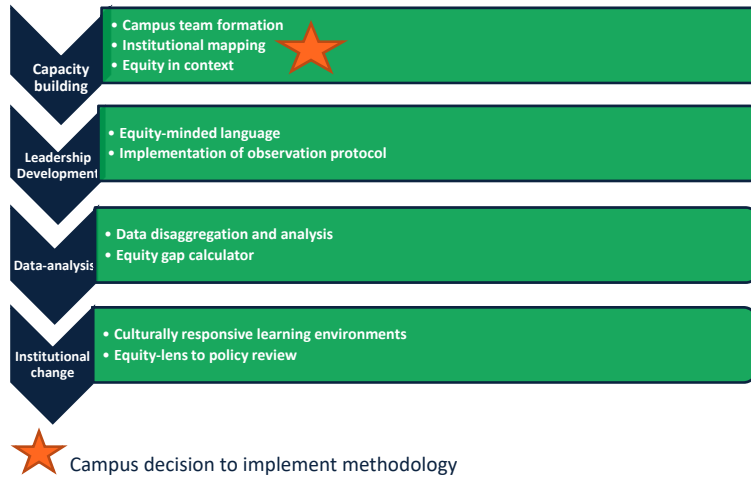
- Data-informed analysis of equity gaps at the course level.
- Understanding disparate impact of policies and practices and move to address such disparity.
- Responsibility to determine campus-based solutions that address academic equity gaps.

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EQUITY BY DESIGN IMPLEMENTATION

Transformative tools and processes



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SYSTEM AND CAMPUS APPROACHES

SYSTEM (Macro-level)

- Methodology implementation
- Toolkit development
- Technical assistance
- Potential for broader impact
- System-wide metrics and accountability

CAMPUS (Micro-level)

- Apply Equity by Design methodology
- Intrusive academic support with case management
- Capacity building
- Partnership and communication with faculty

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PILOT AND NEXT STEPS

- Pilot campuses completed Equity by Design process in 2017-2018.
 - Course and program level data to identify gaps
 - Strengthened capacity for data disaggregation and analysis.
 - Began implementation of proposed recommendations
- Continued technical assistance to campuses.
- Scholarship and concept dissemination
- Toolkit under development for implementation in Fall 2019.

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CAMPUS CLIMATE ASSESSMENT UPDATE/TIMELINE

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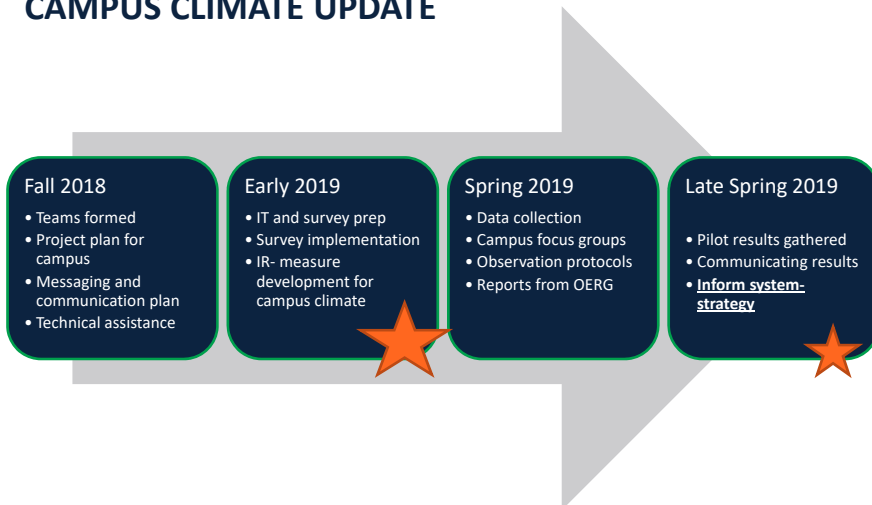
CAMPUS EFFORTS TO ASSESS CLIMATE

- Four institutions participating in the pilot.
- Each campus has designed their own marketing campaign, including President's correspondence.
- Campus teams administering the survey for three weeks (Feb. 2019).
- Additional data points include focus groups with key stakeholders and observation protocols.

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CAMPUS CLIMATE UPDATE



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AREAS OF CONSIDERATION

- Equity-minded leadership strategy (Board support)
- Imperative to operationalize campus-level tools, especially around accountability and assessment of student success.
- The importance of compositional representation in leadership roles to drive forward an Equity by Design methodology.

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MINNESOTA STATE

THANK YOU

30 East 7th Street
St. Paul, MN 55101

651-201-1800
888-667-2848

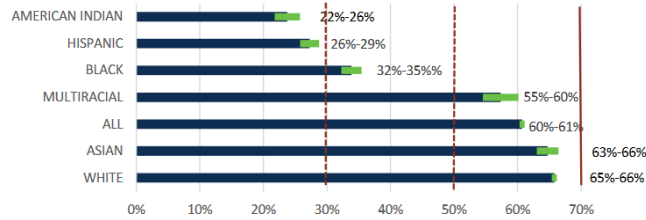


MINNESOTA STATE IS AN EQUAL OPPORTUNITY EMPLOYER AND EDUCATOR

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Minnesota's Educational Attainment Goal: 70% of adults will have a Certificate or Higher by 2025

Figure 1. Minnesota's Estimated Population Age 25 to 44 with a Certificate or Higher Credential, by Basic Race and Ethnicity Categories, 2011-2015

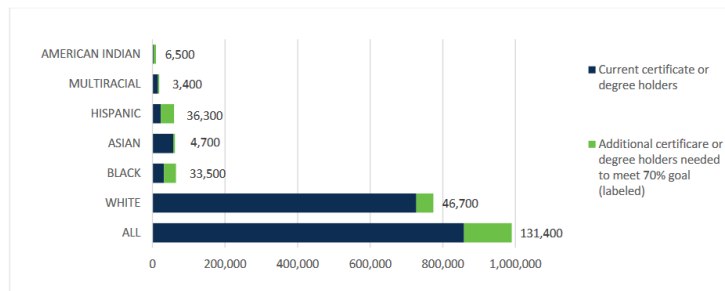


Source: IPUMS microdata version of U.S. Census Bureau 2011-2015 American Community Survey, with tabulations and additional analysis by the Minnesota Demographic Center.

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Number of additional adults needed to earn certificate or higher by 2025

Figure 3. Increase Needed of Minnesotans Age 25-44 with Postsecondary Certificates or Degrees to Attain 70% Goal by 2025 - Basic Race/Ethnicity Groups (2011-2015)



Source: IPUMS microdata version of U.S. Census Bureau 2011-2015 American Community Survey, with tabulations and additional analysis by the Minnesota Demographic Center.

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MINNESOTA STATE

Human Resources Committee

Wednesday, March 20, 2019

11:00 AM

Minnesota State, McCormick Room

30 East 7th Street

St. Paul, Minnesota

Note: Committee/board meeting times are tentative. Committee/board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

- 1. Minutes of October 17, 2019 (pp. 1-4)**
- 2. Minutes of Joint Meeting of Audit and Human Resources Committee on January 29, 2019 (pp. 5-9)**
- 3. Appointment of President of Southwest Minnesota State University (pp.10-11)**
- 4. Appointment of President of Lake Superior College (pp.12-13)**

Committee Members – Human Resources

Jay Cowles, Chair

Cheryl Tefer, Vice Chair

Alex Cirillo

Dawn Erlandson

Bob Hoffman

Roger Moe

Samson Williams



Bolded items indicate action is required.

**Minnesota State Board of Trustees
Human Resources Committee Meeting Minutes
Winona State University
October 17, 2018**

Committee members present: Jay Cowles, Chair; Cheryl Tefer, Vice Chair
Trustees: Alex Cirillo, Dawn Erlandson, Bob Hoffman, Roger Moe and Samson Williams.

Other Leadership Council: Devinder Malhotra, Chancellor and Susan Appelquist, Interim Vice Chancellor for Human Resources.

President Liaisons: Atenuga Atewologun and Ginny Arthur

Committee Chair Jay Cowles called the meeting to order at 1:32 pm in the East Hall, Kryzsko Commons at Winona State University.

1. Approval of the June 19, 2018 Committee Meeting Minutes:

Trustee Hoffman called for a motion to approve the June 19, Human Resources Committee meeting minutes. Trustee Tefer seconded the motion. The minutes were approved.

2. Appointment of Vice Chancellor for Human Resources

Chancellor Devinder Malhotra addressed the Board of Trustees thanking Susan Appelquist and offering gratitude for the excellent job she has done as interim vice chancellor for human resources since Mark Carlson's retirement in 2017. He stated that Sue has been a true leader of the HR division. One very important focus of Sue's work has been HR-TSM (human resources transactional service model) which was at a critical juncture when she began her interim role. Through her support, HR-TSM is better positioned for the work ahead. The interim vice chancellor plans to return to her role as associate vice chancellor for human resources which she had served just over five years when asked to take on the interim role.

A national search for the next vice chancellor with the assistance of AGB Search yielded a diverse pool of thirteen candidates. Four candidates were chosen to participate in interviews and public forums, one candidate withdrew before system office interviews took place. Reference and background checks were completed. Members of cabinet interviewed the candidates, as did Trustees Cowles, Cirillo, and Erlandson. Trustees Hoffman and Tefer attended open forums.

Chair Cowles asked for discussion from trustee's that were involved in the interview process.

Trustee Cirillo stated he saw an enthusiastic and natural born leader. Trustee Hoffman stated he was impressed with Mr. Davis' answer regarding the role of HR being the stewards of the vision in developing the human side of the organization, also his comment that Minnesota State is committed to continuous learning. Trustee Hoffman's take-away is that Mr. Davis understands the role of HR. It is broad, supportive and not just functional. Trustee Tefer echoed the impressions of Trustee Cirillo regarding Mr. Davis' infectious enthusiasm, ability to articulate and an amazing demeanor that can hold a room like no other.

Chancellor Malhotra recommended to the board the appointment of Mr. Eric Davis as vice chancellor for human resources. Mr. Davis' qualifications were read to the board.

Chair Cowles read the recommendation.

The HR Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees, upon the recommendation of Chancellor Malhotra, appoints Eric Davis as vice chancellor for human resources effective January 7, 2019, subject to the completion of an employment agreement. The board authorizes the chancellor, in consultation with the chair of the board and chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the Minnesota State Colleges and Universities Personnel Plan for Administrators.

Trustee Hoffman motioned. Trustee Cirillo seconded the motion. No one opposed. The motion was carried unanimously.

Eric Davis was unable to attend due to a pre-arranged vacation. He sent some remarks that the chancellor will read at a later meeting.

3. Executive Search Process Review Update

Leadership Program update. Prior to the executive search process review, Interim Vice Chancellor Sue Appelquist provides an update on three leadership programs.

- 1) The Executive Leadership Program is currently in its fourth cohort. Statistics from this program follow: of 24 participants; 51% female and 26% people of color. Of the first three cohorts; 46% participants were promoted internally and 21% promoted into presidential roles here Minnesota State.

- 2) Advanced Dean Development Program in partnership with ASA, a pilot program to fill our pipeline by accelerating the development of high performing deans who are prepared to successfully compete in open chief academic and chief student affairs positions in our system. Of seventeen deans in the program through next May; 41% female and 18% people of color.
- 3) Luoma Leadership Academy is gearing up for its tenth cohort since 2004. The program starts in summer 2019 and builds capacity to hire and retain extraordinary leaders in our system.

Going forward, our HR committee will focus on how to attract stronger presidential pools. We will review whether our messaging is compelling and robust enough to make us a high performing, innovative organization and what practices are necessary to retain internal talent. The capacity to build our system is based on intentional recruitment and retention, employee engagement and growing our own.

Chair Cowles asked Interim Vice Chancellor Appelquist to send the statistics in a note to the trustees.

Executive Search Process Review Update: Interim Vice Chancellor Appelquist provided an overview of last year's eight successful searches for five permanent presidents and three interim presidents, as prepared by Renee Hogoboom, system office chief human resources officer. Note that Hogeboom's review did not include the chancellor search. Here is an overview of five stages in the search process:

1. Preparation for search. Search firm selected, search advisory committee formed, advertising and recruitment plans developed, leadership profile developed and active recruitment of candidates begins.
2. Search advisory committee. Members orientate to their roles, identify candidates and conduct airport interviews and recommend to the chancellor, the most qualified candidates to move ahead.
3. Selection of semifinalists. Campus visits, system office interviews and background/reference reports happen. Chancellor makes recommendation to the Board of Trustees.
4. Appointment of president by the Board of Trustees. Campus presentation of president-designate.

5. Post search process evaluation. Find ways to modify and strengthen our search process the following year.

Highlights and feedback from stakeholder groups and recommendations to enhance this coming year's searches were stated. Power point slides were shown. Overall positive remarks on the interview process, however the process is time consuming for out-of-state candidates traveling on three separate interview occasions; airport, campus and system office. Changes that will be considered in this year's search include: Hold electronic confidential interviews vs airport interviews as pilot. Schedule campus and system office interviews within same day to save travel dates and costs, and allow flexibility to candidates to ensure not losing outstanding candidates.

Trustee Janezich asked how we allow flexibility in the search process. Appelquist responded; accelerate the process to stay competitive to retain outstanding candidates who are looking at multiple job offers and still remain consultative and transparent. Hiring in the corporate world moves much faster. Trustee Williams asked; regarding acceleration, are we talking about minimizing the timeline, not minimize how much information we acquire from the candidate? The Chancellor responded we don't want to compromise the integrity of the process. If the candidate is way above the others, we should accelerate our reference checks for example, to speed up the process to retain this candidate in our interview process.

An electronic survey to be distributed to members by Chair Trustee Cowles that will ask for their availability and interest in participating in the upcoming presidential interviews targeted for March and April 2019. Trustee Janezich asks is this a good spot to talk growing your own? Chair Trustee Cowles replied that this is a priority talking point to take up with the new vice chancellor to make this a compelling place to work and stay. Chair Trustee Cowles stated this committee will bring an update to the next board meeting on HR-TSM which will be a joint committee meeting with audit.

The meeting adjourned at 2:05pm
Name of Recorder: Tamara Mansun

Minnesota State Board of Trustees
Joint Audit and Human Resources Meeting Minutes
McCormick Room
30 7th Street East, St. Paul
January 29, 2019

HR Committee members present: Chair Jay Cowles, Vice Chair Cheryl Tefer, Trustees Alex Cirillo, Robert Hoffman, Roger Moe and Sampson Williams. Trustee Dawn Erlandson participated by phone.

Audit Committee members present: Chair Michael Vekich, Vice Chair April Nishimura, Bob Hoffman, Jerry Janezich and George Soule.

Other Board members present: Trustees Ashlyn Anderson and Louise Sundin

Absent: AbdulRahmane Abdul-Aziz and Rodolfo Rodriguez

President Liaisons present: Atenuga Atewologun and Ginny Arthur

Leadership members present: Chancellor Devinder Malhotra, Vice Chancellor for Human Resources Eric Davis and Interim Director for Internal Auditing Eric Wion.

Call to order at 10:30 AM

1. Approval of Joint Meeting Minutes on November 13, 2018

Committee Chair Cowles called for a motion to approve the joint meeting minutes of November 13, 2018. The minutes were approved as written.

2. HR-TSM Update

Presenting were Vice Chancellor for Human Resources Eric Davis and Associate Vice Chancellor Susan Appelquist.

Vice Chancellor Davis thanked the Board members and provided an overview of Human Resources Transactional Service Model, most commonly referred to as HR-TSM; a system-wide effort to migrate the HR payroll and HR transactions to a shared services environment. The project goals were introduced:

- 1) Establish consistent and standard practices, improving quality,
- 2) Reduce risk that comes from disparate practices,
- 3) Drive efficiency, business continuity in emergency and
- 4) Allowing campus HR teams to better focus on the needs of their institution.

The project was conceived in three phases. The status of each phase was noted:

Phase 1) Campus adoption of new technology and transaction transfers to service centers is complete

Phase 2) Present operations. Pilot Group 1 (involves half of the campuses) is complete.

Phase 3) Transfer of payroll and reconciliation activities to the HR service centers is yet to happen. There are a few early adopters in Phase 3.

Vice Chancellor Davis concluded with his early assessment of the auditor's report that followed as fair, balanced and accurate. Davis noted the project is on track and has made considerable progress, highlighting the adoption of recommendations from

external auditor Baker Tilly, holding regular governance meetings, ongoing training and the publishing of dash board reports.

Internal Audit Update

Interim Executive Director for Internal Auditing, Eric Wion referred to the May 18, 2018 internal audit report and the actions that have taken place since.

Christine Smith, Managing Director with Baker Tilly provided an overview of their objective, internal audit report based on a January 9 assessment. Mitigation, risks and recommended actions were outlined in a slide deck. Four project risk areas were noted and recommendations to each were outlined:

1. *Governance*. Establish a structure or framework to provide better cross-functional involvement, increasing communication that will escalate issues to the next level across all institutions. Institute an intervention plan to track difficult issues through resolution.
2. *Organizational Change Management*. Identify the barriers and determine needed resources with the few campuses delayed in adopting the processes and the technology of HR-TSM. Clearly communicate the accountability structure and repercussions for missed deadlines.
3. *Stakeholder Involvement*. The feedback on how service centers are servicing the institutions says campuses are having a hard time finding data and processes. Recommendation: Create a data platform in SharePoint and clearly communicate direction so all understand where and how to access information. Continually monitor and track the feedback and satisfaction measures in terms of how the service centers are performing.
4. *Program Execution*: The project team will continue and improve metrics to measure and monitor thresholds of success to better understand and realize the return on investment.

In conclusion, Baker Tilly believes this project can achieve its intended goal to transfer performance of HR transactions to service centers, reduce liability, share consistent quality of HR transactions, realize enhancement of efficiencies and shift institution employee efforts to more strategic HR work. The main concern is whether the project will be completed within the designated timeframe. The focus for the next month should be tools and approaches to gauge the performance of and customer satisfaction with the service centers.

Trustee Hoffman asked Smith, from the Internal Audit point of view, what are we missing that we have so much negative reaction from some of the campuses? Where is the accountability? Smith replied that HRTSM is in the transition period, not full implementation of phase 2 yet and so duplicative efforts will happen. The training is still

in process and it is not easy work to train and resolve the issues of the work the service centers will do and the work the campuses will do. If this issue still exists in March when the project is to be fully implemented, then there may be accountability issues to address.

Trustee Tefer stated her concern regarding the risk mitigation being a sheer amount of additional work added to staff as directed by the governance team. A large amount of organizational change within multiple structures are robustly behind. The amount of work may stress the individuals who are insuring this huge endeavor. She is worried about these individuals and asks that we keep a pulse on their wellbeing.

Trustee Cowles replied to Trustee Tefer stating the next discussion will address some of her concern regarding how we move forward in shared services and how we will align and build a skillset that addresses work load.

Vice Chancellor Davis introduced Associate Vice Chancellor for HR, Susan Appelquist who provided a progress report on HR-TSM.

Three focus areas of Intentional efforts are 1) reporting and metrics, 2) data integrity and 3) technology adoption. Dashboard reporting every other week is bringing results. Questions, research and updated data are happening very quickly. Data integrity is overall clean and up-to-date, but needs some work. Dashboard reporting will move to once a month in phase two. Technology adoption is making progress. Andrea Kubat in our HR division has been training campus HR staff, managers and supervisors how to use our new system via on-campus meetings and webinars. New technology developments are tested, reported on and implemented, allowing campuses to see timely improvements, encouraging use and adoption at the campus. To ensure continued progress and success of this project Appelquist outlined the planned deliverables for each noted risk.

- 1) *Governance*. Analyze metrics, elevate concerns.
- 2) *Organizational change management*: Once campuses have moved their phase two transactions to the service center, we will change their system access to view-only and continue training and data monitoring to avoid errors.
- 3) *Stakeholder involvement*: Continue campus feedback loop and fine-tune common business practices via customer satisfaction survey with links providing immediate feedback.
- 4) *Project execution*: Refine and clearly communicate success thresholds for data integrity and technology adoption. Partner with IT for data integration.

Appelquist finished her presentation by stating the types of new strategic HR work that campuses will focus on once campus transactional work is fully transitioned to the service centers.

To provide campus perspectives of HR-TSM system users, Appelquist invited guest speakers to provide their testimony and introduced Ginny Arthur, Deb Gehrke, Michael Berndt and Laina Carlson.

Ginny Arthur, President of Metropolitan State University provided input: the university is involved in the move to, and the smooth operation of, the service model Pilot phase. This work was appealing and Metropolitan State was uniquely receptive to the project as they had already outsourced HR work and were familiar with the process of working with an outside provider, timelines and the type of communications needed to interact. The transition is allowing the HR staff time to focus on strategic HR work such as comprehensive supervisor training, CHRO leadership development, improving our search process and having more time to focus on equity and inclusion efforts. Some unevenness working with the HR-TSM service centers have been addressed.

- Error rates are addressed quickly. Lessons learned are being shared.
- Work load seems duplicative – but improving with dashboard results.
- Inconsistencies in the treatment of transactions is being addressed with better communications.
- Dashboards are very helpful to pinpoint gaps, evaluate and change the performance to meet the goals.
- The internal audit review by Baker Tilly is very much appreciated brought ongoing focus on the implementation process and monthly progress.

Deb Gehrke, CHRO of Metropolitan State University stated the benefits realized from this transformational work. The HR staff is focused on intentional relationship building with new leaders, providing tools and resources needed to begin their new roles thus improving the onboarding experience. Additional leadership training along with increased attendance is happening at Metropolitan State.

Michael Berndt, Interim President of Inver Hills Community College and Dakota County Technical College and Laina Carlson, CHRO stated that IHCC and DCTC are also part of the Pilot phase. A result of a now more mature relationship with the service center has allowed for more focus on other campus initiatives: technology and employee engagement work and performance evaluations. At this milestone, they are realizing the benefits of the shared system. CHRO Carlson stated a desired outcome of the process is for campuses to reduce risk and insure consistencies in the bargaining contract application. Campuses have made progress but need to resolve differences in how each

campus manage information and track data. Since implementing, they have more consistent application of the labor contracts, more people use and understand the labor contract requirements and the service center transactions are largely invisible to campus constituents outside of the HR department. Carlson is now thankful to have gone through the FWM and TSM transition before moving into the next phase of implementing NextGen. Staff are familiar with change and looking forward to the next implementation phase.

Trustee Hoffman asked President Arthur what she and other presidents she consulted with, believes are the most important benefit and the biggest concern of this work.

President Arthur replied that the benefit is to move into doing transformational work as referenced by both of our CHRO's here today. To prepare in a different way for supporting student success and use best practices in training and development, onboarding and perform management. This will help us to achieve the big goal. The biggest concern is that we continue to hone the level of open and honest communication, examine the issues without being defensive avoiding a breakdown in communications with service center and system office HR staff. In doing this we will move forward in good shape. President Arthur concluded by stating this work has been good since Baker Tilly has come onboard.

Chair Cowles thanked the presenters and commented; while we are in the middle of building a change process we need to clarify what the end points, benefits, costs and barriers are and to focus on where we are headed in the future. What is learned will provide the Board with the benefit of further understanding additional shared service programs. Cowles concluded that the Board looks forward to regular updates on this project.

The meeting adjourned at 11:30 AM
Recorder: Tamara Mansun

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Human Resources Committee

Date: March 20, 2019

Title: Appointment of President of Southwest Minnesota State University

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

It is anticipated that Chancellor Malhotra will recommend an individual to appoint as President of Southwest Minnesota State University.

Scheduled Presenter: Devinder Malhotra, Chancellor

**MINNESOTA STATE
BOARD OF TRUSTEES**

ACTION SHEET

APPOINTMENT OF PRESIDENT OF SOUTHWEST MINNESOTA STATE UNIVERSITY

BACKGROUND

It is anticipated that Chancellor Malhotra will recommend an individual to appoint as President of Southwest Minnesota State University.

RECOMMENDED COMMITTEE MOTION

The Human Resources Committee recommends that the Board of Trustees adopt the following motion.

RECOMMENDED BOARD MOTION

The Board of Trustees, upon the recommendation of Chancellor Malhotra, appoints _____ as President of Southwest Minnesota State University effective _____ 2019, subject to the completion of an employment agreement. The board authorizes the chancellor, in consultation with the chair of the board and chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the Minnesota State Colleges and Universities Personnel Plan for Administrators.

Date of Adoption:

Date of Implementation:

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Human Resources Committee

Date: March 20, 2019

Title: Appointment of President of Lake Superior College

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

It is anticipated that Chancellor Malhotra will recommend an individual to appoint as President of Lake Superior College.

Scheduled Presenter: Devinder Malhotra, Chancellor

**MINNESOTA STATE
BOARD OF TRUSTEES**

ACTION SHEET
APPOINTMENT OF PRESIDENT OF LAKE SUPERIOR COLLEGE

BACKGROUND

It is anticipated that Chancellor Malhotra will recommend an individual to appoint as President of Lake Superior College.

RECOMMENDED COMMITTEE MOTION

The Human Resources Committee recommends that the Board of Trustees adopt the following motion.

RECOMMENDED BOARD MOTION

The Board of Trustees, upon the recommendation of Chancellor Malhotra, appoints _____ as President of Lake Superior College effective _____ 2019, subject to the completion of an employment agreement. The board authorizes the chancellor, in consultation with the chair of the board and chair of the Human Resources Committee, to negotiate and execute an employment agreement in accordance with the terms and conditions of the Minnesota State Colleges and Universities Personnel Plan for Administrators.

Date of Adoption:

Date of Implementation:



Board of Trustees Meeting

Minnesota State
McCormick Room
Wednesday, March 20, 2019
1:00 PM

In addition to the board members attending in person, some members may participate by telephone.

Call to Order, Michael Vekich, Chair

Chair's Report, Michael Vekich

- Update on Reimagining Minnesota State

Chancellor's Report, Devinder Malhotra

Consent Agenda (Items 4-6 were approved by the Executive Committee on March 5, 2019)

- 1. Minutes of November 14, 2018**
- 2. Minutes of Executive Committee on March 5, 2019**
- 3. Approval of Mission Statement: Northland Community and Technical College**
- 4. Contracts Exceeding \$1 Million**
 - a. Minneapolis Community and Technical College Student Affairs Renovation**
 - b. Oracle (formerly RightNow) CRM**
- 5. Contract Exceeding \$1 Million and Revenue Fund Bond Allocation: MSU, Mankato Sports Bubble Construction**
- 6. Surplus Property, Alexandria Technical and Community College**
- 7. Contracts Exceeding \$1 Million:**
 - a. Increase in Contract Value and Term for Oracle Services**
 - b. Microsoft Purchases Contract**
 - c. Uniface Contract Renewal**
 - d. Project Management Services Master Contracts**

Board Standing Committee Reports

Human Resources Committee, Jay Cowles, Chair

- 1. Appointment of President of Southwest Minnesota State University**
- 2. Appointment of President of Lake Superior College**

Academic and Student Affairs Committee, Alex Cirillo, Chair

- 1. Proposed Amendments to Policies (First Readings)**
 - a. 2.2 State Residency**
 - b. 3.18 Honorary Degrees**

Minnesota State is an affirmative action, equal opportunity employer and educator.



- c. 3.31 Graduate Follow-up System
- d. 3.40 Recognition of Veteran Status
- 2. Guided Learning Pathways: Career Technical Education and Comprehensive Workforce Solutions

Audit Committee, Michael Vekich Chair

- 1. Internal Audit Update
- 2. e-Procurement Controls Audit Results

Finance Committee, Roger Moe, Chair

- College and University Financial Performance Update

Diversity, Equity, and Inclusion Committee, Rudy Rodriguez, Chair

- 1. Strategic Equity Update
- 2. Equity by Design Update

Student Associations

- 1. Lead MN
- 2. Students United

Minnesota State Colleges and Universities Bargaining Units

- 1. American Federation of State, County, and Municipal Employees
- 2. Inter Faculty Organization
- 3. Middle Management Association
- 4. Minnesota Association of Professional Employees
- 5. Minnesota State College Faculty
- 6. Minnesota State University Association of Administrative and Service Faculty

Trustee Reports

Other Business

Adjournment

Bolded items indicate action is required



Board of Trustees Meeting

Minnesota State
McCormick Room
Wednesday, March 20, 2019
1:00 PM

In addition to the board members attending in person, some members may participate by telephone.

Consent Agenda (Items 4-6 were approved by the Executive Committee on March 5, 2019)

- 1. Minutes of November 14, 2018 (pp. 1-9)**
- 2. Minutes of Executive Committee on March 5, 2019 (pp. 10-14)**
- 3. Approval of Mission Statement: Northland Community and Technical College (pp. 9-12 of the Academic and Student Affairs Committee meeting materials)**
- 4. Contracts Exceeding \$1 Million (pp. 15-20)**
 - a. Minneapolis Community and Technical College Student Affairs Renovation**
 - b. Oracle (formerly RightNow) CRM**
- 5. Contract Exceeding \$1 Million and Revenue Fund Bond Allocation: MSU, Mankato Sports Bubble Construction (pp. 21-25)**
- 6. Surplus Property, Alexandria Technical and Community College (pp. 26-29)**
- 7. Contracts Exceeding \$1 Million (pp. 9-12 of the Finance Committee meeting materials)**
 - a. Increase in Contract Value and Term for Oracle Services**
 - b. Microsoft Purchases Contract**
 - c. Uniface Contract Renewal**
 - d. Project Management Services Master Contracts**



Minnesota State Colleges and Universities

Board of Trustees

St. Paul, MN

November 14, 2018

Present: Chair Michael Vekich, Vice Chair Jay Cowles, Treasurer Roger Moe, and Trustees AbdulRahmane Abdul-Aziz, Ashlyn Anderson, Alex Cirillo, Dawn Erlandson, Bob Hoffman, Jerry Janezich, April Nishimura, Rudy Rodriguez, George Soule, Louise Sundin, Cheryl Tefer, Samson Williams, and Chancellor Devinder Malhotra

Call to Order

Chair Vekich called the meeting to order at 8:40 am. Trustees AbdulRahmane Abdul-Aziz and Bob Hoffman participated by telephone.

Veterans Day Recognition

Chair Vekich made the following comments:

Before we begin today, this past Sunday we celebrated Veterans Day. This day renamed in 1954 celebrates the service of all U.S. military veterans. I would like to take a few moments to honor those students, faculty, and staff who have or are currently serving in the armed forces. Your dedication and commitment to our country is deeply appreciated.

To the families of those who have served or are serving, thank you for your strength and your support.

Annually Minnesota State serves approximately 10,000 veterans and service members. This is a 40.7% increase since FY2008. Minnesota State is a national leader in awarding credit for military courses and occupations. In fact, more than 75 schools from 25 other states have turned to Minnesota State to learn from our veterans groups. Minnesota State has awarded more than 197,000 credits for military courses and experiences, and saved veterans and service members more than \$37 million dollars and 8 million hours in time served.

The trustees and I have had the opportunity to share this work with members of the Minnesota congressional delegation, and let me tell you – they are impressed by the work and commitment of our faculty and staff. This weekend, FOX 9 featured a wonderful story on two students at Inver Hills Community College and Dakota County Technical College. A special thank you to our staff in marketing and communications, and Gina Sobiana, director of military, veteran and adult learner services and the staff at the two colleges for their services. On your way into the building, you may have noticed the posters recognizing system office employees for their service.

Chair Vekich invited Trustee Alex Cirillo, President Faith Hensrud, and members of the system office who have served to come to the front to lead us in the Pledge of Allegiance.

Chair's Report, Michael Vekich

Chair Vekich commented that it is an honor today to have Lt. Governor Fischbach join us. He also recognized Madelyn Nelson from the Governor's Office and Jason Fossum, committee administrator, Senate Higher Education Committee. Chair Vekich read the following resolution from Board of Trustees and Chancellor Malhotra honoring Governor Mark Dayton and Lt. Governor Michelle Fischbach for their service.

WHEREAS, Minnesota State values partnerships with communities, faculty, staff, and elected officials in order to serve 375,000 Minnesotans; and

WHEREAS, in January of 2019 Governor Mark Dayton and Lieutenant Governor Michelle Fischbach, both of whom have been unwavering leaders for Minnesota State, will be completing their terms; and

WHEREAS, Governor Dayton began his career as a teacher and made inclusivity a central issue of his administration; and

WHEREAS, Governor Dayton has provided strategic investments benefiting students and the communities we serve; and

WHEREAS, Governor Dayton signed into law \$676.7 million for capital improvements to keep Minnesota States students safe, warm, and dry; and

WHEREAS, Lieutenant Governor Fischbach served as chair of the Senate Higher Education Finance Committee; and

WHEREAS, Senator Fischbach has supported campuses across Minnesota and authored Minnesota State's Leveraged Equipment Program and Workforce Development Scholarships; and

WHEREAS, Lieutenant Governor Fischbach and family members are proud Minnesota State graduates;

NOW THEREFORE, BE IT RESOLVED THAT THE MINNESOTA STATE BOARD OF TRUSTEES AND CHANCELLOR MALHOTRA on this day, November 14, 2018, pay tribute to Governor Dayton and Lieutenant Governor Fischbach, whose leadership will benefit generations of Minnesotans to come.

The resolution was seconded and passed unanimously.

Chair Vekich invited Lieutenant Governor Fischbach to make some comments.

Lieutenant Governor Fischbach Comments

Lieutenant Governor Fischbach thanked the Board of Trustees and Chancellor Malhotra on behalf of Governor Dayton and herself. She added that the governor would have liked to be present, but he is still recovering from back surgery. He thought a lot of Minnesota State and greatly appreciates the honor.

Lt. Gov. Fischbach said that she and the governor will miss visiting the campuses and meeting with the students. She thanked Chair Vekich, Chancellor Malhotra, and the Board of Trustees for the honor, and she recognized Trustees Jerry Janezich and Roger Moe, both of whom she had the honor of serving with in the legislature. Last, she also recognized Bernie Omann, director, government relations, for his insights into legislation, and Jason Fossum, for his service as the Senate Higher Education Committee Administrator.

Trustee Jerry Janezich commented that as a former colleague, Lt. Governor Fischbach will be missed at the legislature. There was a time when it did not matter what party you were; you could have a friend. Lt. Gov. Fischbach will always be a friend, not just because of what she did from Minnesota State, but because of who she is. For young people, and people across the state, that is the way politics should be.

Chair Vekich thanked Lt. Gov. Fischbach for attending the meeting.

Update on Reimagining Minnesota State

Chair Vekich commented that Reimagining Minnesota State is underway. The trustees, Leadership Council, and leaders of the bargaining groups and student associations all received the November update. The Forum members have met twice so far. The first public forum will be on December 10 at Minneapolis College. A link to the website containing information about the sessions will be released soon.

Chancellor's Report, Devinder Malhotra

Chair Vekich, Vice Chair Cowles, and trustees - as I prepared for my remarks for today, one word kept coming back to my mind again and again, and that word is...PARTNERSHIPS.

During my visits to Lake Superior College, Southwest Minnesota State University, and Alexandria Technical and Community College, it was the importance of partnership that came out loud and clear from faculty, staff, students and the community as we begin the search for their new presidents.

- They wanted a partner to work with to lead their institution;
- They wanted a partner that recognizes both the strengths and opportunities of their institution;
- They wanted a partner who is laser-focused on student success as they are;
- They wanted a partner to address both enrollment and programmatic and financial sustainability.

My tours across the state have been focused on learning about current partnerships with the communities and highlighting those across the state and to uncover new potential partnerships with businesses, K-12 and community leaders.

As an example, during my visit to Southwest Minnesota State University – which is heavily focused on agriculture – a new type of farming is growing, SHRIMP! Yes, truShrimp is a new firm there which along with SMSU and Minnesota West are partnering to develop the workforce needed to grow the new emerging workforce for growing shrimp in Southwest Minnesota.

To offer you some examples of what has resulted as a result of these partnerships

- Minnesota West is currently working on a two-year technical degree but in the meantime, they are offering an Introduction to Shrimp course to students at Russel Tyler Ruthton High School and Tracy High School.
- Through the Launch Your Future Today program which I spoke about last month, students have aquaculture tanks in their classroom and then go to truShrimp two days a week. This opportunity provides exposure to the industry and understanding of the workforce demands to our students.
- SMSU science students and faculty are partnering to conduct research work involving bacterial testing during the growing process, while SMSU Culinology students are conducting sensory testing on the harvested shrimp for consumer satisfaction and marketing input.

This new industry will create a demand to develop new curriculum to provide trained/skilled workers in the areas of water management and aquaculture and provide internship and employment opportunities for Biology, Chemistry, and Bio-Science students. truShrimp is an example of one business, in one region of the state, partnering with higher education and K-12.

This type of partnership is what our colleges and universities do every day. We might not always hear about it or see it in the newspaper but it is woven into each and every one of our colleges and universities missions and the system as a whole – to be the partner of choice for all Minnesotans.

Today perhaps we enter into our most important partnership, the legislative session and our goal is to advance the board's biennial budget request. The board's request is big and bold but I am confident that due to the broad consultation conducted by myself and members of my team, that it is the right request.

From day one, I heard from bargaining unit leaders...ask for what you need. We took that advice. The biennial budget request won't address all that needs to be done for

programmatic and financial sustainability. Those are the steps that we, as a system, as a board, and as colleges and universities are undertaking each and every day.

We continue the partnership with the State of Minnesota to support the funding for ISRS/NextGen. This is a critical endeavor to provide students with the technology they need and expect for success and the infrastructure for our faculty and staff to deliver on that promise.

The College Promise and Transfer grants offer us a new path to provide access and opportunity to all Minnesotans. The grants are a focused initiative to increase enrollments and degree completion.

The strategic workforce investments, part of the biennial legislative request, are centered on partnership. It provides our colleges and universities the investments to continue partnering not only with local businesses and organizations but calls on the system to enhance our partnerships with state agencies as well, including the Minnesota Department of Education, Labor and Industry, and Employment and Economic Development.

We can't do it alone. The partnership that developed this request must continue until the last gavel of the legislative session. We are stronger together. We need each trustee, president, faculty, staff, and students to be laser focused on the board's request.

That is why in a couple of weeks, presidents along with the individual they identified on their campus as their campus advocate will come together for a two-day workshop to understand the new legislative landscape and to develop local and regional advocacy plans.

I want to thank the board for passing the resolution honoring Governor Dayton and Lt. Governor Fischbach. It reflects that as an organization we appreciate the work of our friends and of our advocates. We honor those that have served and look forward to the work that is ahead with the new members of the legislature in sharing the story of Minnesota State's colleges and universities and earning their support.

Chair Vekich, Vice Chair Cowles – before I conclude my remarks today I would like to invite Eric Davis, our incoming vice chancellor for human resources, to share a few remarks in person this time. As you recall, Eric will be joining us on January 7 as the vice chancellor for human resources. He was unable to join us in November when the board appointed him to this position.

Eric has already begun his onboarding. I have met with him along with Interim Vice Chancellor Sue Appelquist and Senior System Director Chris Dale. Over the course of the next month, he will meet with members of the Human Resources team, Cabinet, Leadership Council Executive Committee, and members of the Board of Trustees. In addition, I have

asked the Human Resources team and Cabinet to develop transition materials to provide background on strategic initiatives so that he can hit the ground listening on January 7.

Chancellor Malhotra introduced incoming Vice Chancellor Eric Davis.

Incoming Vice Chancellor Erik Davis Comments

Mr. Davis said it is a tremendous honor to join Minnesota State, and that he is grateful for the opportunity to be the next vice chancellor for human resources. He started his career in the U.S. Air Force, and then joined the Minnesota Department of Transportation as the Human Resources Director. He also spent three years as the human resources supervisor with the Stillwater Area Public Schools, he returned to the Minnesota Department of Transportation, where he has been honored to serve for the past six years as the Chief of Staff to Commissioner Charlie Zelle. Mr. Davis said he is looking forward to joining Minnesota State on January 7, 2019. He thanked the Board of Trustees and Chancellor Malhotra for the opportunity.

Consent Agenda

- 1. Minutes, Board of Trustees Retreat, September 18-19, 2018**
- 2. Minutes, Committee of the Whole, October 16, 2018**
- 3. Minutes, Board of Trustees, October 17, 2018**
- 4. Surplus Property, North Hennepin Community College**
- 5. Increases to Board Established Fee Maximums**
- 6. Approval of Mission Statement: Bemidji State University**
- 7. FY2018 and FY2017 Audited Financial Statements and Student Financial Aid Audit**

Following a motion by Trustee Roger Moe and a second by Trustee Alex Cirillo, the Consent Agenda was adopted.

Board Policy Decisions

- 1. Proposed Amendments to Policy 3.3 Assessment for Course Placement**
- 2. Proposed Amendments to Policy 3.41 Education Abroad**

Chair Vekich announced that the Academic and Student Affairs Committee has recommended approval of the proposed amendments to Policy 3.3 and Policy 3.41. The proposed amendments were adopted.

Board Standing Committee Reports

Facilities Committee

Committee Chair Jerry Janezich commented that the Surplus Property for North Hennepin Community College was approved on the Consent Agenda.

Finance Committee

Committee Chair Roger Moe reported that the Finance Committee had several important items before them, of which one, the Increases to Board Established Fee Maximums, was adopted on the Consent Agenda. The substantive discussion focused on the Biennial Budget Request. The

following motion was approved by the committee which also recommended approval by the Board of Trustees.

- **FY2020-FY2021 Legislative Biennial Budget Request**

The FY2020-FY2021 legislative request strengthens the state's commitment to access and affordability, invests in critical technology infrastructure, and supports student success. The Board of Trustees approves the 2020-2021 biennial budget request in the amount of \$817,919,000 in FY2020 and \$870,919,000 in FY2021 for a total of \$1,688,838,000. The Board strongly urges the state of Minnesota to support Minnesota State's biennial budget request.

The Board of Trustees has been granted the authority in state statute to govern and operate Minnesota State. The board, after full consultation with Minnesota State constituencies, will make final budget decisions, including setting tuition rates, at the conclusion of the legislative session. If the legislative request is fully funded, the board intends to hold undergraduate tuition rates at current levels.

The motion was adopted.

Academic and Student Affairs

- Innovation and Evolution: Shaping Our Work

Committee Chair Alex Cirillo thanked the representatives of Riverland Community College, MSU, Mankato, and Central Lakes College for introducing us to the FlexSpace program and open educational resources. He also acknowledged and thanked Kim Lynch, senior system director for educational innovations.

Ad Hoc Committee on Outreach and Advocacy, Dawn Erlandson, Chair

- Economic Contribution Analysis

Committee Chair Dawn Erlandson reported that the committee received the Minnesota State Driving Economic and Social Vitality across Minnesota report. It is an analysis of the individual colleges and universities and their economic impact on their local communities during FY2017. She encouraged everyone to review it.

Joint Audit and Human Resources Committees, Michael Vekich and Jay Cowles, Co-chairs

- HR-TSM Advisory Project Update

Committee Co-chair Jay Cowles commented that our consulting partners Chris Jeffrey and Christine Smith with Baker Tilly and Sue Appelquist, interim vice chancellor for human resources and Eric Wion, interim director of Internal Auditing, reported on the progress of the HR-TSM Advisory Project. A number of adjustments have been made over the past six months to improve our HR functions and to minimize systemwide risks associated with HR processes. There will be an interim report at the January meeting.

Audit Committee, Michael Vekich, Chair

- **Role and Responsibilities of Audit Committee Members**

Committee Chair Vekich announced that there is an annual training for members of the Audit Committee and it has been completed. Executive Director Wion provided the training materials to each member in October and has offered to meet individually for additional training.

The committee also heard from our external auditors from CliftonLarsonAllen who presented the results of five recently completed audits with overall excellence results. The Student Financial Aid Compliance Audit had a clean opinion on compliance with no material weaknesses and only two minor findings. The Four Financial Statement Audits: Systemwide; Revenue Fund, St. Cloud State University, and Itasca Community College Student Housing all had unmodified clean reports, with no material weaknesses, and no significant deficiencies. To continue to receive unmodified reports for an organization as vast and complex as ours is due to the leadership at the colleges, universities, and the system office. Chair Vekich complimented Vice Chancellor for Finance Laura King for her leadership.

Student Associations

LeadMN

Fankie Becerra, president, addressed the Board of Trustees.

Minnesota State Colleges and Universities Bargaining Units

Inter Faculty Organization

Brent Jeffers, president, addressed the Board of Trustees.

Minnesota State College Faculty

Kevin Lindstrom, president, addressed the Board of Trustees. He introduced Kent Quamme, MSCF's Treasurer, who developed and runs the Emerging Leaders College. Members of the third class of Emerging Leaders College were present and introduced themselves, as follows:

- Richard Finley, Riverland Community College
- Forrest Brownlee, Hibbing Community College
- Jennifer Joffee, Inver Hills Community College
- Nate Maertens, Normandale Community College
- K.C. Hanson, Minnesota State Community and Technical College, Moorhead
- Maran Wolston, Minneapolis College
- Donovan Jackman, Anoka Technical College
- Linda Samuelson, Northland Community and Technical College, Thief River Falls
- Brent Braga, Northand Community and Technical College, East Grand Forks
- Melissa Siebke, Riverland Community College

Trustee Reports

Trustee Moe congratulated St. Cloud State University and Minnesota State University, Mankato for their rankings in college hockey.

Vice Chair Cowles reported that he attended the Association of Community College Trustees Annual Congress. He added that Trustee Dawn Erlandson was elected as chair-elect of ACCT's Board of Directors. Trustee Erlandson announced that she will become the chair of ACCT's Board of Directors at the association's annual congress next October in San Francisco. Minnesota State will host the ACCT board retreat in the summer of 2020.

Adjournment

Chair Vekich announced that the next meeting is the Executive Committee on January 9, and the committee and board meetings on January 29 and 30, 2018.

The meeting adjourned at 9:40 am.

Recording Secretary

Ingeborg K. Chapin, Secretary to the Board

**MINNESOTA STATE
BOARD OF TRUSTEES
EXECUTIVE COMMITTEE MEETING MINUTES
MARCH 5, 2019**

Executive Committee Members Present: Chair Michael Vekich, Treasurer Roger Moe, Trustees Alex Cirillo, Dawn Erlandson and Louise Sundin, and Chancellor Devinder Malhotra

Executive Committee Members Absent: Jay Cowles and Cheryl Tefer

Other Trustees Present: Bob Hoffman, Samson Williams

Convene and Call to Order

Chair Michael Vekich called the meeting to order at 8:00 am and acknowledged Trustee Alex Cirillo and Bob Hoffman who were participating in the meeting by phone.

Chair's Updates:

Chair Vekich introduced Diana Rangel as the executive assistant to the Board of Trustees. Previously, Ms. Rangel was the administrative assistant in the alumni relations and university advancement office at Minnesota State University, Mankato.

Chair Vekich announced that the topic of the next Forum on Reimagining is students and it will be at Pine Technical and Community College on March 6, 2019.

Chancellor's Updates

Chancellor Devinder Malhotra reported that the last Partnership tour was at Hennepin Technical College on February 22, 2019. Commissioner Dennis Olson, Office of Higher Education, was there with Trustees Ashlyn Anderson, Dawn Erlandson, Louise Sundin, and Samson Williams along with business partners and others in the community. One emerging factor in all of these conversations is that these partnerships with business, nonprofit sectors, and others extend beyond places that just hire our graduates. The people who work in these organizations also serve on advisory committees and other roles in supporting the college or university.

Last week, a portfolio exhibition for the Minnesota Undergraduate Scholars Poster coordinated by Minnesota State University, Mankato showcasing students from eight colleges and universities was held at the Capitol rotunda. The students were exhibiting their undergraduate research projects.

Chancellor Malhotra expressed disappointment in the governor's recommendation for Minnesota State. He added that he received a call from the governor's adviser who shared that the magnitude of their request does not reflect their opinion of our arguments. They fully recognize that we have strong legislative support and advocates. Our presidents will reach out to their local legislators to help build support and advocacy for our budget request.

The governor is on the road this week and will be visiting many of our campuses including St. Cloud Technical and Community College, Winona State University, and others. Lieutenant Governor Peggy Flanagan and Commissioner Olson visited Fond du Lac Technical and Community College. He has a good understanding of the special nature of Fond du Lac Tribal and Community College as the only tribal college in the nation.

Executive Searches

Last Friday, interviews were conducted for the finalists for Southwest Minnesota State University. Trustees Bob Hoffman, April Nishimura, and Rudy Rodriguez interviewed them. Now we are doing due diligence with background and reference checks. On Thursday this week, we will interview the finalists for Lake Superior College. Trustees Dawn Erlandson, Roger Moe, and George Soule will interview the finalists.

Vice Chancellor for Human Resources Eric Davis gave an update on the search process for the vice chancellor for finance and facilities. Pat Johns, president, Lake Superior College has agreed to chair the search committee. The position profile has been posted since February 22. In addition to internal advertising and call for nominations from the community, advertisements have been posted on social media, listservs, and numerous publications including:

- The Chronicle of Higher Education
- Higher Education Recruitment Consortium
- National Association of College and University Business officer
- Minnesota Business Journal.

The Search Advisory Committee will meet on March 8. System Office interviews and open forums are on April 2, and it is anticipated that the board will receive the chancellor's recommendation at the April meeting. The anticipated start date is July 1, 2019.

Marketing and Communications Update

Chief Marketing and Communications Officer Noelle Hawton presented the results of the Fall Marketing Campaign and the Graduate Program Campaign. The fall campaign resulted in 190,284 video views, 14,475 downloads of the Minnesota State guidebook and 66,335 applications from October 1 – December 31, which is down 5.8 percent. She noted the investment in marketing during that time was down by half compared to the previous year, which may account for the dip in applications.

The Graduate Program campaign resulted in 594,874 views of a video promoting graduate programs and 1,447 referrals from the MinnState.edu website to the university's graduate program landing pages. Officer Hawton also updated the board regarding the new Chancellor's newsletter, as well as an upcoming campaign that will focus on alumni success and employer partnerships.

Minutes of January 9, 2019

The minutes of the Executive Committee meeting on January 9, 2019 were approved.

Chair Vekich explained that the following agenda items were on the agendas for the Facilities Committee and the Finance Committee meetings that were cancelled on January 30, 2019, due to the extremely cold weather. If the Executive Committee approves these items, they will be placed on the Consent Agenda at the board meeting on March 20, 2019. Vice Chancellor Laura King reviewed the items. There were no questions.

Contracts Exceeding \$1 Million:

Minneapolis Community and Technical College Student Affairs Renovation

The Executive Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a construction contract not to exceed \$1.2 million for purposes of Phase 1 construction of the student affairs renovation located in the T-Building at Minneapolis Community and Technical College as part of the college's total project schematic design and initial construction efforts estimated to cost \$1.4 million.

Trustee Roger Moe made the motion and Trustee Alex Cirillo seconded it. The motion carried unanimously.

Oracle (formerly RightNow) CRM (Customer Relationship Management)

The Executive Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or his designee to execute a contract with Oracle Service Cloud (formerly RightNow) for five years with the option to renew for up to three additional years. The total not to exceed cost for this agreement is \$2,720,000. The board directs the chancellor or his designee to execute all necessary documents.

Trustee Roger Moe made the motion and Trustee Cirillo seconded it. The motion carried unanimously.

Contract Exceeding \$1 Million and Revenue Fund Bond Allocation: MSU, Mankato Sports Bubble Construction

The Executive Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a construction contract not to exceed \$5.7 million for the construction of the seasonal sports dome and authorizes the allocation of \$2.0 million of Series 2015B Bonds to Minnesota State University, Mankato.

Trustee Dawn Erlandson made the motion and Trustee Cirillo seconded it. The motion carried unanimously.

Surplus Property, Alexandria Technical and Community College

The Executive Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees designated the approximately 3.67 acres of land located south of 17th Avenue and west of Jefferson Street at Alexandria Technical and Community College campus as surplus and authorizes the chancellor or the chancellor's designee to offer the property for sale and executive the documents necessary to finalize the transaction.

Trustee Moe made the motion and Trustee Cirillo seconded it. The motion carried unanimously.

Draft: Proposed FY2021 Meeting Calendar

Chair Vekich reviewed the proposed meeting calendar. He recommended a minimum of two campus visits each year: one at a college and one at a university. He asked trustees to review the draft calendar and to let him know if they have any questions. The calendar will be presented for approval at the annual meeting in June.

Trustee Dawn Erlandson will become the chair of the Association of Community College Trustees at the conclusion of ACCT's National Leadership Congress on October 16-19, 2019, in San Francisco. Trustee Erlandson commented that she hopes that more trustees, presidents, vice chancellors, and others will attend the meeting. She will chair ACCT's National Legislative Summit in Washington, D.C. in February 2020, and the annual congress in Chicago in October 2020.

Other:

President Kevin Lindstrom, Minnesota State College Faculty, distributed a document showing the Federal Pell and Minnesota State Grant Award by amount awarded per family adjusted gross income and the amount awarded to Minnesota State two-year colleges and four-year universities, the University of Minnesota, Minnesota Private Non-profit institutions, and Minnesota Private For-profit institutions. He explained that the state grant program subtracts out Pell eligibility. There is a fundamental imbalance in the program as the grant dollars are flowing primarily to private institutions: 17 percent of the non-profit recipients receive 33 percent of the grants.

Trustee Louise Sundin encouraged everyone to attend the Nellie Stone Johnson Scholarship Dinner on March 21, 2019.

Adjournment

The meeting adjourned at 9:45 am

**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Executive Committee

Date: March 5, 2019

Title: Contract Exceeding \$1 million:

- a. Minneapolis Community and Technical College Student Affairs Renovation
- b. Oracle (formerly RightNow) CRM

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

Board Policy 5.14, Procurement and Contracts, requires that contracts, including amendments, with values greater than \$1,000,000, must be approved in advance by the Board of Trustees.

Minneapolis Community and Technical College plans to renovate the second floor of its Technical Building (T-Building) as part of its effort to modernize its delivery of student services. The college seeks approval of a construction contract for Phase 1 of the project with a contract value not to exceed \$1.2 million. The college intends to seek Board approval prior to initiation of each subsequent phase (between 4-5 phases total). The project will be funded from the college's reserves.

The existing Oracle Service Cloud (formerly RightNow) constituent relationship management (CRM) contract expires on June 30, 2019. This renewal will allow the seventeen (17) colleges and universities currently utilizing this CRM to continue using these services to manage communications and relationships with students and other stakeholders. Colleges and universities not currently utilizing Oracle Service Cloud will have the opportunity to subscribe to this license, or use one of the three CRM master contracts that were approved.

Scheduled Presenter: Brian Yolitz, Associate Vice Chancellor for Facilities

**MINNESOTA STATE
BOARD OF TRUSTEES**

BOARD ACTION

CONTRACTS EXCEEDING \$1 MILLION:

- a. MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE STUDENT AFFAIRS RENOVATION**
- b. ORACLE (FORMERLY RIGHTNOW) CRM**

BACKGROUND

Board Policy 5.14, Procurement and Contracts, requires that contracts, including amendments, with values greater than \$1,000,000, must be approved in advance by the Board of Trustees.

a. MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE STUDENT AFFAIRS RENOVATION

Minneapolis Community and Technical College plans to renovate the second floor of its Technical Building (T-Building) as part of its effort to modernize its delivery of student services. The college seeks approval of a construction contract for Phase 1 of the project with a contract value not to exceed \$1.2 million. The college intends to seek Board approval prior to initiation of each subsequent phase (between 4-5 phases total). The project will be funded from the college's reserves.

Minneapolis Community and Technical College updated their Comprehensive Facilities Plan (CFP) in 2017 which contemplated an extensive renovation of academic and student affairs service spaces. Most of these services are concentrated on the 2nd and 3rd floors of the T-Building. In June 2017, shortly after the college's CFP was adopted, the Board approved a construction contract for a \$2.5 million renovation of the Academic Success Center on the 3rd floor of the T-Building. This project was completed earlier this year, resulting in a remarkable transformation of the Academic Success Center space.

The college now seeks to initiate a multi-phase renovation of approximately 43,000 square feet on the 2nd floor of the T-Building, which houses Student Affairs and related services. The 2nd floor Student Affairs spaces are often seen as the "front door" to students and the public arriving on campus from the parking ramp. This "front door" and its functional layout are in need of upgrading and reorganization to better serve students.

SCOPE OF STUDENT AFFAIRS SERVICE RENOVATION

Board approval of this request will allow the college to commence with schematic design of the entire project and prepare a bid package for the first phase of construction work. Phase 1 construction work will renovate the existing southeast floor segment of Student Services

including registration and records, financial aid, bills and payment and One-Stop and install stairs between the 2nd and 3rd floors. (See **Attachment A**). Acknowledging the size and scope of the college's plans, the college intends to seek approval from the Board prior to each subsequent phase as outlined below.

SCHEDULE AND PHASING

The long project timeline is organized in multiple phases to minimize disruption to students and to ensure service levels are appropriately maintained throughout the project. The college opted to self-finance the work from its reserves instead of capital bonding to a) remove funding uncertainties and b) better control the planning, outlay of funds over multiple fiscal years as well as the physical work on campus space. Pending Board approval, the college contemplates a design kick off starting in February 2019. The college expects to fully design Phase 1 and complete schematic design of all phases this spring at an estimated cost of \$200,000. The college would enter into a construction contract for phase 1 in fall 2019 not to exceed \$1.2 million. The summary project timeline of all phases are as follows:

Current Request for Approval

Phase 1 – Design entire project and renovate existing southeasterly floor segment and construct stairs between 2nd to 3rd floors. Feb 2019 – Dec 2019

Future Board approvals (preliminary phasing plans, subject to modification)

Phase 2 – Renovate east floor segment, July 2020 – March 2021

Phase 3 – Renovate northeast floor segment, July 2021 –March 2022

Phase 4 – Renovate Admission/onboarding, northwest floor segment, July 2022 – February 2023.

FUNDING AND COSTS

In anticipation of this work, the college has been intentional in budgeting and building their reserves to enhance access and better serve students. Tuition and fees will not be impacted by this project. The college elected to pursue the project outside of a capital bonding request due to the pressing need to improve student services and the ability to control the timing of the project and funding delivery without being reliant on the bonding process. The college expects that renovation costs will temporarily impact the college's Composite Financial Index (CFI) during the term of work. The college has maintained a healthy CFI, has the fiscal resources necessary for this project, and planned for this investment when updating its comprehensive facilities plan. The college anticipates that this space will enhance student success, graduation rates, and retention.

STUDENT CONSULTATION

Along with the Academic Success Center, Minneapolis Community and Technical College briefed the Student Senate, faculty and staff on several occasions regarding the planning of this project. Student Senate representatives have served on the CFP Committee, have hosted tours of the building to gather input and suggestions for services to be provided, and provided

feedback regarding design, technology, and furniture elements they would like to see incorporated.

At the end of the project, the college will improve and realign admissions, advising, student resources and support (career, accessibility, student-parent support), billing, financial aid, student ID, and create presentation space for orientation and other topics. The goals of the space were organized around: flexibility, creating a lasting positive first impression (typically the first space the student sees when arriving from the parking ramp skyway), ease wayfinding and access, and improving space utilization.

b. ORACLE (FORMERLY RIGHTNOW) CRM

The existing Oracle Service Cloud (formerly RightNow) constituent relationship management (CRM) contract expires on June 30, 2019. The Academic and Student Affairs community undertook an extensive examination of CRM strategy in light of the pending Next Gen ERP installation. It was determined that movement to a single CRM at this time was imprudent and instead several master contracts were established. The Board previously approved the other contracts in action of June 2018. The purpose of this action is to request authorization to renew the existing Oracle Service agreement for five (5) years with the option to extend for up three (3) additional years. This renewal will allow the seventeen (17) colleges and universities currently utilizing this CRM to continue using these services to manage communications and relationships with students and other stakeholders. Colleges and universities not currently utilizing Oracle Service Cloud will have the opportunity to subscribe to this license, or use one of the three CRM master contracts that were approved.

The proposed action item is for Board approval of a contract for an initial five-year term and an additional up to three-year extension for a total possible term from July 1, 2019 – June 30, 2027. The total value of the potential eight-year agreement will not exceed \$2,720,000. This contract will be encumbered through the System Office with the subscribing colleges and universities reimbursing the System Office for their license costs.

RECOMMENDED COMMITTEE MOTION

The Executive Committee recommends the Board of Trustees adopt the following motion:

- a. The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a construction contract not to exceed \$1.2 million for purposes of Phase 1 construction of the student affairs renovation located in the T-Building at Minneapolis Community and Technical College as part of the college's total project schematic design and initial construction efforts estimated to cost \$1.4 million.
- b. The Board of Trustees authorizes the chancellor or his designee to execute a contract with Oracle Service Cloud (formerly RightNow) for five years with the option to renew for up to three additional years. The total not to exceed cost for this agreement is

\$2,720,000. The board directs the chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD MOTION

- a. The Board of Trustees authorizes the chancellor or the chancellor’s designee to execute a construction contract not to exceed \$1.2 million for purposes of Phase 1 construction of the student affairs renovation located in the T-Building at Minneapolis Community and Technical College as part of the college’s total project schematic design and initial construction efforts estimated to cost \$1.4 million.

- b. The Board of Trustees authorizes the chancellor or his designee to execute a contract with Oracle Service Cloud (formerly RightNow) for five years with the option to renew for up to three additional years. The total not to exceed cost for this agreement is \$2,720,000. The board directs the chancellor or his designee to execute all necessary documents.

Date Presented to the Board of Trustees: 3/20/2019
Date of Implementation: 3/20/2019

ATTACHMENT A

Student Affairs Renovation, Phase 1 Construction Contract Minneapolis Community and Technical College, T-Building, 2nd Floor



**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Executive Committee

Date: March 5, 2019

Title: Contract Exceeding \$1 million and Revenue Bond Fund Allocation: MSU, Mankato, Sports Bubble Construction

Purpose (check one):

- | | | |
|--|--|--|
| <input type="checkbox"/> Proposed New Policy or Amendment to Existing Policy | <input checked="" type="checkbox"/> Approvals Required by Policy | <input type="checkbox"/> Other Approvals |
| <input type="checkbox"/> Monitoring / Compliance | <input type="checkbox"/> Information | |

Brief Description:

Board Policy 5.14, Procurement and Contracts, requires that contracts, including amendments, with values greater than \$1,000,000, must be approved in advance by the Board of Trustees.

MSU, Mankato plans to construct a 240' x 450' (108,000 sq. ft) seasonal sports dome with an attached 4,300 square foot support building containing mechanical equipment, restrooms and to provide seasonal dome storage. The total project cost is estimated to be approximately \$5.7 million. The college is seeking Board approval to a) enter a construction contract (including the cost of purchasing the dome itself) in excess of \$1.0 million and b) allocate approximately \$2.0 million of available proceeds of the Revenue Fund Bonds, Taxable Series 2015B (the "Series 2015B Bonds"), issued by the Board of Trustees, Minnesota State Colleges and Universities on February 26, 2015 to finance a portion of the project cost

Scheduled Presenter: Brian Yolitz, Associate Vice Chancellor for Facilities

**MINNESOTA STATE
BOARD OF TRUSTEES**

BOARD ACTION

**CONTRACT EXCEEDING \$1 MILLION AND REVENUE BOND FUND ALLOCATION:
MSU, MANKATO, SPORTS BUBBLE CONSTRUCTION**

AUTHORITY

Board Policy 5.14, *Contracts and Procurements*, requires advance approval by the Board of procurement contracts in excess of \$1 million.

BACKGROUND

MSU, Mankato plans to construct a 240' x 450' (108,000 sq. ft) seasonal sports dome with an attached 4,300 square foot support building containing mechanical equipment, restrooms and to provide seasonal dome storage. The total project cost is estimated to be approximately \$5.7 million. The college is seeking Board approval to a) enter a construction contract (including the cost of purchasing the dome itself) in excess of \$1.0 million and b) allocate approximately \$2.0 million of available proceeds of the Revenue Fund Bonds, Taxable Series 2015B (the "Series 2015B Bonds"), issued by the Board of Trustees, Minnesota State Colleges and Universities on February 26, 2015 to finance a portion of the project cost.

The university's 2013 CFP, which included an Athletic Master Plan, contemplated an indoor turf practice facility on campus. Since that time, the university has supplemented the facility plan with a feasibility study for a domed sports center and convened an Athletics and Campus Recreation Programming and Space Needs Task Force, which included student leaders, student athletes and campus recreational facility users, campus recreational staff, and athletic department staff. The task force vetted and further refined the sports dome concept. The resulting task force recommendations generated substantial momentum to pursue a sports dome, culminating in a student referendum held December 4, 2018, in support of a seasonal indoor recreation facility fee in support of the project debt service from taxable revenue bonds. The sports dome will be a mixed use athletic facility with the facility being shared by student recreation, student athletics, and community partners. The planned location is shown on **Attachment A**.

SCHEDULE

The university used its own funds to complete the schematic design for the project. Pending Board approval and allocation of revenue bonds, the university intends to complete design work and plans to bid the project in the summer of 2019 with an anticipated completion date by November 1, 2019. The dome could be in use as early as late Fall 2019.

FUNDING

The project will have two (2) primary sources of capital funding: \$2 million of Series 2015B Bonds to be allocated from the 2015 revenue bond sale and approximately \$3.7 million of university reserves. There is a possibility of a third funding source from the philanthropic community that would reduce the university's capital contribution, but the commitment had not yet been formalized in time to be included in this Board report. The university does not anticipate any impact on tuition rates as a result of this project, but students have voted in support of a revenue fund fee to support this seasonal recreational facility, specifically a fee not to exceed \$0.83 per credit or \$10.00 per semester with banded tuition for a period of 10 years. The new fee will be included in the university's annual tuition and fee submittal later this year and become effective starting in FY2020.

Relating to the taxable revenue bonds contemplated for this project, the system regularly issues between \$1-\$3 million of taxable bonds during each regularly scheduled bond sale to advance design or deploy for smaller revenue bond projects. The Board originally authorized a \$73 million revenue bond sale in February 2015 to finance several revenue fund projects, which included \$2.5 million of Series 2015B Bonds for future project design or construction. Of the Series 2015B Bonds, \$2.0 million remains available for project use. Bond counsel recommends that bond proceeds should be fully committed within three (3) years of a bond sale, and the MSU Mankato project would fully utilize the remaining \$2.0 million in bond proceeds.

STUDENT REFERENDUM

Because the dome will support recreational sports and involve revenue fund debt service, the university worked closely with the students as they developed a student referendum during fall 2018 to approve a facility fee supporting the seasonal recreational dome. Students were asked to vote in support of a Seasonal Recreational Facility Student Fee for a period of 10 years at a cost not to exceed \$0.83 per credit or \$10.00 per semester with banded tuition. The new fee would begin in the Fall 2019 semester. In order to be considered a valid referendum vote, the Student Government Constitution required that the number of participants in the vote equal at least half of the number of participants in the last regular election. In Spring 2018, 2,155 voters participated, meaning that 1,078 participants would be required for the fee referendum to be considered. The results of the December 4 vote were substantially in favor of the fee and project:

Of the 2,915 participants, 1,900 (65%) voted "Yes", 997 (34%) voted "No" and there were 18 (1%) abstentions.

Although the referendum outlined a separate seasonal recreational facility fee, university currently has a revenue fund facility fee for its outdoor recreational fields, and the indoor recreational facility fee would be reported under the university's revenue fund recreational fee facility line with the specific fee amount identified.

RECOMMENDED COMMITTEE MOTION

The Executive Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a construction contract not to exceed \$5.7 million for the construction of the seasonal sports dome and authorizes the allocation of \$2.0 million of Series 2015B Bonds to Minnesota State University, Mankato, for the project.

RECOMMENDED BOARD MOTION

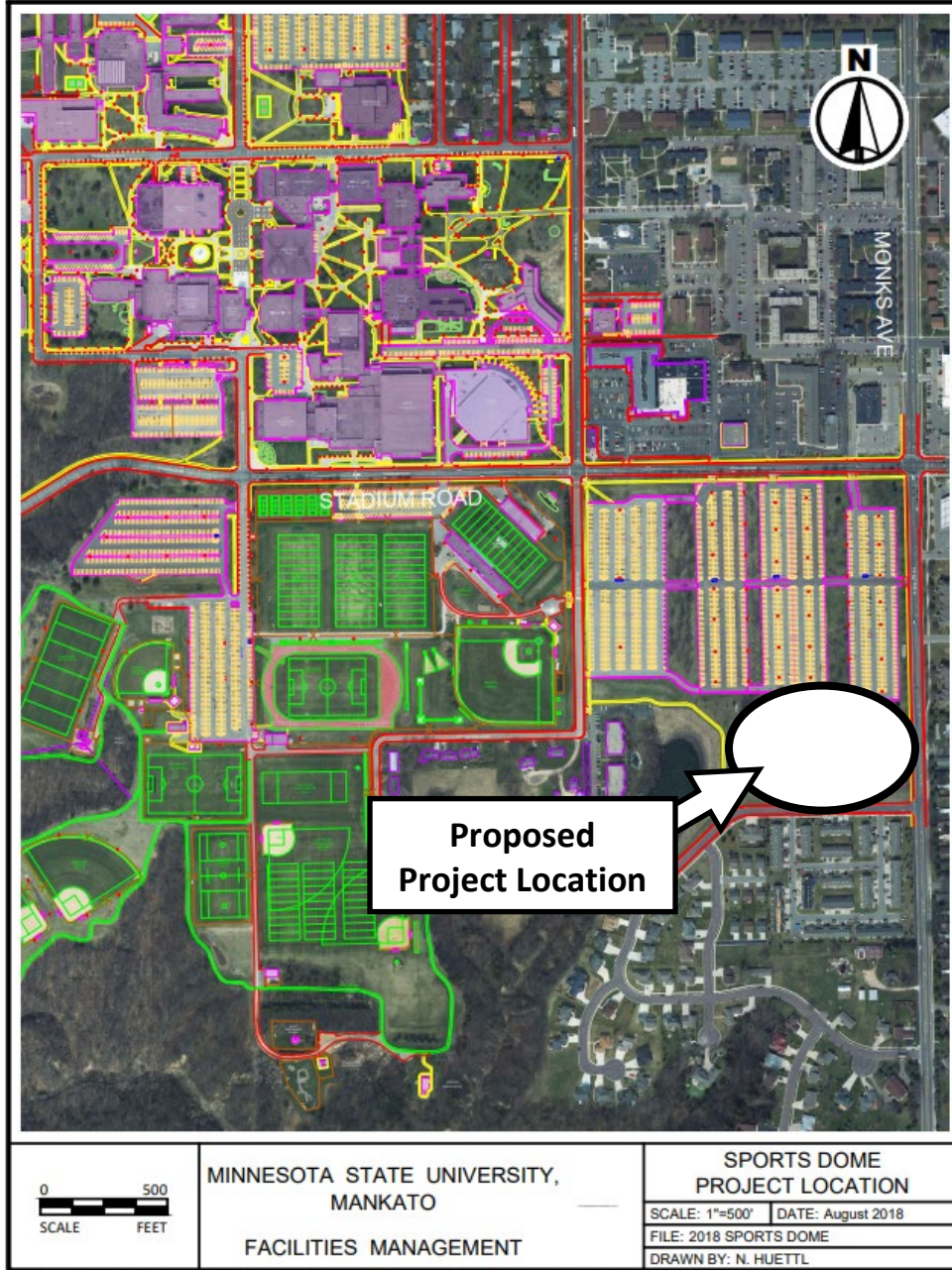
The Board of Trustees authorizes the chancellor or the chancellor's designee to execute a construction contract not to exceed \$5.7 million for the construction of the seasonal sports dome and authorizes the allocation of \$2.0 million of Series 2015B Bonds to Minnesota State University, Mankato.

Date Presented to the Board of Trustees: 3/20/2019

Date of Implementation: 3/20/2019

ATTACHMENT A

**Sport Bubble Construction
Minnesota State University, Mankato**



**MINNESOTA STATE
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Executive Committee

Date: March 5, 2019

Title: Surplus Property, Alexandria Technical and Community College

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

Alexandria Technical and Community College seeks to surplus and offer for sale approximately 3.67 acres of campus land on the westerly side of Jefferson Avenue that is no longer needed for college purposes. The Douglas County Hospital, one of the local jurisdictions with a first right of purchase, has expressed interest in the parcel for building a rehabilitation clinic.

Scheduled Presenter: Brian Yolitz, Associate Vice Chancellor for Facilities

MINNESOTA STATE
BOARD OF TRUSTEES

BOARD ACTION

SURPLUS PROPERTY, ALEXANDRIA TECHNICAL AND COMMUNITY COLLEGE

AUTHORITY

The Board may designate as “surplus” and offer real property for sale under its control pursuant to Minnesota Statute §136F.60, subdivision 5 and Board policy. Board Policy 6.7, *Real Estate Transactions and Management*, provides for the Board to first designate as surplus the real property that has an expected appraised value greater than \$250,000. Under state statute, the Board is obligated to offer the surplus property first to local jurisdictions, including the city, county and school district. The offering process is initiated with an independent appraisal which establishes the minimum sale price.

REQUEST

Alexandria Technical and Community College seeks to surplus and offer for sale approximately 3.67 acres of campus land on the westerly side of Jefferson Avenue that is no longer needed for college purposes. The Douglas County Hospital, one of the local jurisdictions with a first right of purchase, has expressed interest in the parcel for building a rehabilitation clinic.

BACKGROUND

Alexandria Technical and Community College is located on approximately 109 acres southeast of downtown Alexandria. In the 2017 edition of its Comprehensive Facility Plan, the college identified selling a 3.67 acre parking lot located along the south side of 17th Avenue (west of Foundation Hall), and west of Jefferson Street. **Attachment A** provides a site overview illustrating the relative location of the surplus parcel and the college foundation apartments between the college’s parking lot parcel and the main campus. The proposed action will not impact parking for the foundation apartments.

SURPLUS REAL ESTATE

The college is proposing to surplus the parking lot. The county and college have had long-running discussions about selling the parcel to the county for hospital use, and the discussions have accelerated as the hospital contemplates siting an orthopedic rehabilitation center at this location. Although the county is one of the jurisdictions with the statutory first right of offer for the parcel, the college has informally discussed the possible sale with the city and school district, and neither have expressed an objection.

The one complicating factor regarding the proposed surplus parcel is a reversionary clause dating back to the original conveyance of the property in 1971 between 3M and the City of Alexandria. When the city conveyed the parcel to the predecessor to the college (the school district) the

parcel was subject to use as either a public park, public educational or public recreational purpose. The college intends to ask 3M to relinquish their reversionary interest in the land, an action that was successful in support of the college foundation's apartment development on the adjacent land. There is also legal precedent to believe that the reversionary clause was extinguished at the time of merger of the Minnesota State system. Nevertheless, the college opted to pursue this strategy to eliminate any possibility of a cloud on title and reinforce their relationship with 3M.

Provided the title issue is successfully resolved as expected, the college would like the Board to designate the parking lot parcel as surplus and begin negotiations regarding a possible sale to the county hospital. The college obtained an independent real estate appraisal, and the estimated highest and best use appraised value on the parcel is at least \$1 million.

State statute requires the college to use the sale proceeds toward a capital project on campus, and the college would like to use the proceeds to purchase land adjacent to campus on the eastern boundary, as noted on **Attachment A**, to use as replacement parking. The proposed acquisition would replace any parking lost in the sale and, more importantly, position it closer to the core of the main campus. Such action will also be governed by Board Policy 6.7, *Real Estate Transaction Management*, which requires property acquisitions valued at \$1,000,000 or 1% (whichever is greater) of the college or university annual operating budget to be approved by the Board of Trustees before closing.

RECOMMENDED COMMITTEE MOTION:

The Executive Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees designates the approximately 3.67 acres of land located south of 17th Avenue and west of Jefferson Street at the Alexandria Technical and Community College campus as surplus and authorizes the chancellor or the chancellor's designee to offer the property for sale and execute the documents necessary to finalize the transaction.

RECOMMENDED BOARD MOTION:

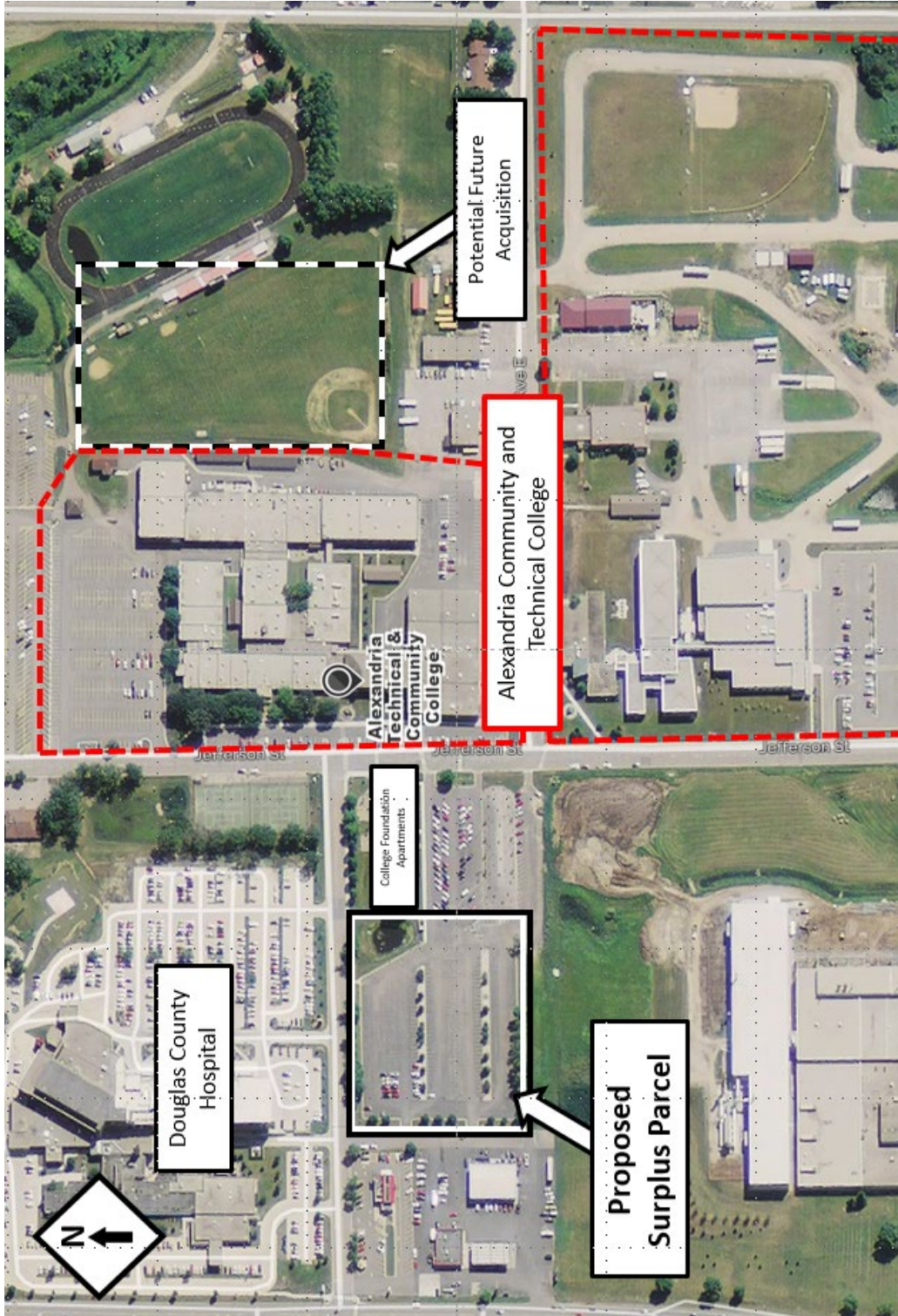
The Board of Trustees designates the approximately 3.67 acres of land located south of 17th Avenue and west of Jefferson Street at the Alexandria Technical and Community College campus as surplus and authorizes the chancellor or the chancellor's designee to offer the property for sale and execute the documents necessary to finalize the transaction.

Date Presented to the Board of Trustees: 3/20/2019

Date of Implementation: 3/20/2019

ATTACHMENT A

**Surplus Property
Alexandria Technical and Community College**



Minnesota State Acronyms

AACC	American Association of Community Colleges
AASCU	American Association of State Colleges and Universities
ACCT	Association of Community College Trustees
ACE	American Council on Education
AFSCME	American Federation of State/County/Municipal Employees
AGB	Association of Governing Boards of Universities and Colleges
API	Application Programming Interface
AQIP	Academic Quality Improvement Program
ASA	Academic and Student Affairs
BPAC	Business Practices Alignment Committee
CAG	Cross-functional Advisory Group
CAS	Course Applicability System
CASE	Council for the Advancement and Support of Education
CCSSE	Community College Survey of Student Engagement
CFI	Composite Financial Index
CIP	Classification of Instructional Programs
COE	Centers of Excellence <ul style="list-style-type: none">• Advance IT Minnesota• 360° Manufacturing and Applied Engineering Center of Excellence• HealthForce Minnesota• Minnesota Center for Engineering and Manufacturing Excellence (MNCEME)• Center for Agriculture - Southern Minnesota• Minnesota Agriculture Center for Excellence – North – AgCentric• Minnesota Energy Center• Minnesota Transportation Center

CRM	Constituent Relationship Management
CSC	Campus Service Cooperative
CST	Collaborative Sourcing Team
CTF	Charting the Future
CTL	Center for Teaching and Learning
CUPA	College and University Personnel Association
DARS	Degree Audit Reporting System
DEED	Department of Employment and Economic Development
DOA	Department of Administration
DOER	Department of Employee Relations (merged with MN Management and Budget)
EEOC	Equal Employment Opportunity Commission
EIC	Enterprise Investment Committee
ERP	Enterprise Resource Planning
FERPA	Family and Educational Rights and Privacy Act
FIN	Finance
FTE	Full Time Equivalent
FUG	Financial User Group
FY	Fiscal Year (July 1 – June 30)
FYE	Full Year Equivalent
HEAC	Higher Education Advisory Council
HEAPR	Higher Education Asset Preservation
HLC	Higher Learning Commission
HR	Human Resources
HR-TSM	Human Resources Transactional Service Model

IAM	Identity and Access Management
IDM	Identity Management (Old term)
IFO	Inter Faculty Organization
iPASS	Integrated Planning and Advising for Student Success
IPEDS	Integrated Postsecondary Education Data System
ISEEK	CareerWise Education
ISRS	Integrated Statewide Records System
IT	Information Technology
ITS	Information Technology Services
LTFS	Long-term Financial Sustainability
MAPE	Minnesota Association of Professional Employees
MDOE	Minnesota Department of Education
MDVA	Minnesota Department of Veterans Affairs
MHEC	Midwestern Higher Education Compact
MMA	Middle Management Association
MMB	Minnesota Management and Budget
MnCCECT	Minnesota Council for Continuing Education and Customized Training
MMEP	Minnesota Minority Education Partnership
MNA	Minnesota Nurses Association
MOU	Memorandum of Understanding
MSCF	Minnesota State College Faculty
MSCSA	Minnesota State College Student Association
MSUAASF	Minnesota State University Association of Administrative and Service Faculty
MSUSA	Students United (previously known as MSUSA or Minnesota State University Student Association)

NASH	National Association of System Heads
NCAA	National Collegiate Athletic Association
NCHEMS	National Center for Higher Education Management Systems
NSSE	National Survey of Student Engagement
OCR	Office for Civil Rights
OET	Office of Enterprise Technology
OHE	Minnesota Office of Higher Education
OLA	Office of the Legislative Auditor
PEAQ	Program to Evaluate and Advance Quality
PM	Project Manager
PSEO	Post-Secondary Enrollment Options
RFP	Request for Proposal
SAG	Services Advisory Group
SCUPPS	State College and University Personnel/Payroll System
SEMA4	Statewide Employee Management System
SER	Subcommittee on Employee Relations
SHEEO	State Higher Education Executive Officers
SME	Subject Matter Experts
USDOE	United States Department of Education
USDOL	United State Department of Labor