

North Dakota State Board of Higher Education

November 16, 2021, Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met on November 16th, at 2:30 p.m., via Teams/conf. call.

Committee Chair Mihalick called the meeting order at 2:30 p.m. CT.

SBHE Budget and Finance Committee members participating:

Mr. Tim Mihalick, Chair
Mr. Nick Hacker
Ms. Danita Bye
Mr. Jeffry Volk
Ms. Retha Mattern, non-voting advisor

Other participants:

Chancellor Hagerott	Ms. Terry Meyer, NDUS
Mr. David Krebsbach	Ms. Karin Hegstad, NDSU
Mr. Steve Bensen, MaSU	Ms. Lisa Mock, DCB
President Hirning, WSC	Ms. Sonya Koble, BSC
Mr. Jerry Rostad, NDUS	Ms. Karla Stewart, UND
President Van Horn, MaSU	Mr. Daniel Friesner, NDSU
Mr. Kent Anderson, DSU	Mr. Keith Johnson, NDSCS
Mr. Brent Winiger, MiSU	Ms. Cynthia Rott, NDSU
Mr. Jed Shivers, UND	Ms. Lisa Johnson, NDUS
Mr. Bruce Bollinger, NDSU	Mr. Corry Kenner, LRSC
Mr. Adam Kuntz, NDSCS	Mr. Travis Aho, NDSU
Mr. Westley Wintch, VCSU	Dean Migler, DCB
Ms. Sharon Schwartzbauer, NDUS	Mr. Rick Tonder, NDUS
President Bresciani, NDSU	Ms. Joann Kitchens, LRSC
Ms. Karol Riedman, NDUS	President Shirley, MiSU
Mr. Eric Olson, AG Office	

1. **Agenda**

Hacker moved, Bye seconded, to approve the agenda with an amendment to remove item #6, UND's differential tuition request.

Bye, Hacker, Volk, and Mihalick voted yes.

2. **Meeting Minutes**

Volk moved, Bye seconded, to approve the September 21st meeting minutes, with edits to remove member Ryan and add member Hacker as participating and correct campus update to Valley City State University.

Volk, Bye, Hacker, and Mihalick voted yes.

3. **Proposed 2022-23 Room, Board and Fee Guidelines**

Mr. David Krebsbach reviewed the [proposed 2022-23 room, board and fee guidelines](#) and explained that the SBHE set the guidelines, the campuses work within the guidelines to set the rates in the early months of 2022 for further consideration by the Board. Campuses may propose increases in specific fees, but still require Board approval. He stated that today's proposal is only to set the guidelines that campuses stay within and that the proposed rates (dollars) will come before the committee at a future meeting. The committee discussed inflation and remaining competitive when campuses review their board and fee structures.

Hacker moved, Bye seconded, to recommend approval of the 2022-23 room, board, and fee guidelines, as presented.

Bye, Hacker, Volk, and Mihalick voted yes.

4. Capital Building Fund SB2033

Mr. David Krebsbach explained that the past 2019 legislative assembly created the [capital building funds](#) and designated how the funds could be used. The 2021 legislative assembly expanded the program to extend to future years allowing institutions access to the capital building funds with a continuing appropriation and providing the SBHE the authority to invest the unspent funds at the end of each biennium with the state investment board.

The committee requested a minor language change; the word "client" to be replaced by "Board".

Volk moved, Hacker seconded, to recommend approval of the Capital Building Fund SB 2033, with minor change to the language.

Volk, Hacker, Bye, and Mihalick voted yes.

5. Policy HR7

Mr. David Krebsbach reviewed minor amendments that clarifies language in [Policy HR7](#).

Bye moved, Hacker seconded, to recommend approval of first reading of Policy HR7.

Bye, Hacker, Volk, and Mihalick voted yes.

~~6. UND Differential Tuition removed from agenda.~~

7. Differential Tuition

Mr. David Krebsbach explained when the tuition model was implemented a few years ago under the State Board of Higher Education guidance, campuses were asked to remove and/or eliminate program fees and integrate those program fees into differential tuition. At that time, campuses were also asked to look at the categories in conjunction with one another to ensure they had similar categories that would have a [differential tuition rate](#).

Administration from UND and NDSU explained that there are minor differences, such as the pharmacy and medical school programs. A higher tuition rate is charged when a student is accepted/admitted into specific programs; there are circumstances where a student starts out at a base rate and moves into a program that triggers the differential tuition rate. Specific departments work with each of those students to notify them in various ways regarding their tuition rate and/or change.

They also explained that both NDSU and UND have tuition models that have caps, so students aren't charged a per credit fee. Tuition is based off enrollment in a program by semester. Tuition rates are posted on campus websites, notifications are sent out to both students and their authorized user (such as parents), discussed during orientation, accessible in student's campus connection, and statements sent out.

Committee members expressed concerns that in some circumstances, it is not made clear to students when a differential tuition is being applied and to which specific program(s). The different variables specific to programs should be clearly communicated. There are students that take several college credits in high school and committee members asked for clarification on when a student is considered a sophomore and when a higher tuition is charged that is not based on admission into a program or declaration of a major. The committee also inquired if a student originally enters pre major courses and then begins the major, when does the tuition increase apply and how clearly the increase is communicated. Campus reps agreed and noted they are working within the departments, including supplying that information during student orientation, keeping advisors up to date on processes and procedures, and sending multiple notification to students. Campus reps noted they continually focus on improving their process and communication to students when the student's tuition changes due to a change in their education path. They also noted students receive emails, letters, and notifications sent through campus connection and students are allowed to have authorized users, such as their parents to view tuition charges.

8. **Presidential Market Compensation Information**

Chair Mihalick noted the [presidential market compensation](#) information was at the request of the committee. Mr. Krebsbach reviewed the attached information. The committee discussed several different factors and options to consider, including, but not limited to:

- Market surveys
- Various resources that provide presidential market information
- Market strategies
- Comparable data/institutions, including responsibilities, not solely size/headcount
- Timing of presidential compensation review
- Previous Budget cuts and legislative mandates for caps
- Current rising inflation rates
- Carnegie classification (if applicable)
- Comprehensive salary evaluation service(s) via 3rd party
- Establishing benchmark(s), utilizing more than one data set
- The use of percentages in relation to the median
- Remaining consistent from year to year, referencing CUPA data
- Contracting with a third party for a comprehensive study of presidential salaries
- Median salary ranges and percentages, without using any variables
- Legislative directives for salary caps
- Other means of compensation rather than just salary

After an in-depth discussion, the committee members concluded they don't have enough information to make a well-informed recommendation to the full Board. They expressed concerns of timing due to having two presidential searches currently in the process at NDSU and NDSCS. They also discussed the other presidential contracts coming forward for consideration in June of 2022 and if those contracts/compensation packages should be included in the initial compensation study/review or as a follow-up. They noted that there are multiple options available without hiring a 3rd party vendor; they have resources to pull the necessary data from, such as, but not limited to:

- Chronicle of Higher Education has the research institutions data

- Association of Governing Boards
- Integrated Postsecondary Education Data System (IPEDS)
- College University Professional Association (CUPA)
- Comparisons in other systems, similar in size, demographic, and roles/responsibilities
- Midwestern Higher Education Commission (MHEC)
- Western Interstate Commission for Higher Education (WICHE)
- American Council of Trustees and Alumni

The NDUS system office has provided significant data for consideration, the next step is to decide if the committee analyzes the campuses by tier, or prioritize NDSU and NDSCS, as they are currently in the hiring process. The committee discussed setting a benchmark and specific data points and how many data points should be considered to receive a thorough report. They noted that hiring a 3rd party would have a cost associated and take time to receive their report. The committee agreed to move forward and call a special BFC meeting to review the report, prior to the full Board meeting on December 9th.

Volk moved, Bye moved, to create and send an RFP to multiple resources to benchmark settings for all campuses, with priority to complete NDSU and NDSCS first, the remaining nine to follow.

Bye, Hacker, Volk, and Mihalick voted yes.

Member Volk requested an update on the status of the process to review the NDUS retirement plan administrator and record keeper.

Mr. Olson state he consulted with the retirement working group and the initial steps of getting a performance review from the plan participants of the record keeper was designed and will be sent out in the next few days. The goal is to bring an update to the BFC in January, after the retirement plan oversight group meeting.

The meeting adjourned at 4:35 p.m. CT.

Approved January 18, 2022.