The State Board of Higher Education Budget and Finance Committee met via Teams/conf. call on June 21st, at 2:30 p.m. CT.

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

SBHE Budget and Finance Committee members participating:

- Mr. Tim Mihalick, Chair
- Mr. Nick Hacker
- Mr. Jeffry Volk
- Ms. Danita Bye (inaudible/in and out)
- Ms. Retha Mattern, non-voting advisor

Other participants:

- Chancellor Hagerott
- Mr. David Krebsbach, NDUS
- Ms. Rebecca Collins, BSC
- Mr. Jerry Rostad, NDUS
- Mr. Steve Benson, MaSU
- Ms. Jane Grinde, NDUS
- Mr. Brent Winiger, MISU
- Mr. Jed Shivers, UND
- Ms. Erica Buchholz, VCSU
- Ms. Brenda Zastoupil, NDUS
- Ms. Joann Kitchens, LRSC
- Mr. Mike Pieper, UND
- Mr. Thomas Claeys, State Forester
- Mr. Rick Tonder, NDUS
- Ms. Krista Lambrecht, WSC
- Ms. Dina Cashman, NDUS
- Ms. Melissa Thorpe, TIAA Representative

1. **Agenda**
   Volk moved, Bye seconded, to approve the agenda,
   Volk, Bye, Hacker, and Mihalick voted yes.

2. **Meeting Minutes**
   Volk moved, Bye seconded, to approve the May 19, 2022, meeting minutes.
   Bye, Volk, Hacker, and Mihalick voted yes.

3. **Retirement Plan Efficiencies**
   Mr. David Krebsbach reviewed a request to approve implementation of three plan efficiencies for the NDUS retirement plan recommended by the NDUS retirement Plan Oversight Committee.
The three recommendations are as follows:
- Roll up of 70 plus account numbers to three parent accounts
- Streamline salary reduction process or supplemental plan enrollment from paper process to electronic
- Implement one NDUS microsite for onboarding of new participants

TIAA representative, Ms. Thorpe, confirmed Mr. Krebsbach response that the three recommendations are not a change to the plan document or the plan design, only administrative functions.

Bye moved, Hacker seconded, to approve the three recommendations, as presented.

Hacker, Bye, Volk, and Mihalick, voted yes.

The committee discussed having the attorney currently reviewing the retirement plan attend their September committee meeting to provide an update. The system office will coordinate at the direction of the committee chair.

4. **2023-2025 Budget Request**
   a. Operational Budget
   b. Capital Budget

Mr. David Krebsbach reviewed the 2023-2025 draft budget request components based on the special meeting discussions on June 15th. He reviewed components within the attached document, including, but not limited to the following:

- Base budget
- Funding formula production
- Bond payment adjustments
- Minimum amount payable increase
- Cost to continue salary increases/inflationary compensation
- CTS request (software contracts and security operations centers)
- Student financial aid - scholarship programs/workforce innovation grants/CTE
  - Note: projections show a shortfall for ND CTE Scholarship program
- Assistant Vice Chancellor of Research (NDUSO)
- Digital Academy
- System-wide marketing

Mr. Krebsbach stated the changes requested by the committee at the June 15th meeting have been made. The optional five percent minimal salary increase, and inflation components have been made and replaced with language that states the SBHE supports the Governor, rather than included as a separate component in the needs based and/or optional items. This process decreases the total amount in the budget request from the June 15th proposal.

The committee discussed the placement of the Digital Academy and Assistant Vice Chancellor for Research request in the NDUSO office rather than an institution(s). Chancellor Hagerott stated the DDA request from the system office is for the purpose of having mechanisms in place for coordinating and collaborating. He stated that the majority of the money will go to campuses to develop new courses/certificates and there are no buildings and/or tenured faculty costs. He also stated the research position in the system office is restoring a position that the office previously had; the 2017 budget cuts was the cause of eliminating it. Chancellor
Hagerott stated that in the past few years, the system office has had a significant role in coordinating research across multiple institutions. The position would not disrupt what is already in place, it would enhance collaboration and be an additional resource for campuses that don’t currently have the staffing to move forward and expand on research.

Committee members also discussed options, such as, but not limited to the following:

- Hiring of Independent consultants for specific tasks and a budget allocated for those purposes; the committee determined that belongs within the scope of the SBHE Governance Committee to discuss and/or recommend action to the full Board.
- Tiered funding options: the committee noted that it is within the authority of legislation to determine.
- Impacts on Infrastructure based on past several years funding.
- Capital project prioritization process: process to be reviewed for next session.

Mr. Krebsbach explained that the budget requests have an August deadline, and prior to the deadline, the institutions and system office will need a significant amount of time to make the entries into the OMB budget software. In addition, the prior biennium’s expenses need to be placed in the system and a full upload from our payroll system will also need to be completed. It is a statewide budget system and then that data needs to be reconciled by the institutions. He explained that the software/extracting and uploading data/reconciling is complex and stated that is why budgets have always been completed in June. It will take some time to do the actual submission that is required.

Bye moved, Hacker seconded, to recommend approval of the 2023-2025 proposed budget, as presented.

Bye, Hacker, Volk, and Mihalick, voted yes.

5. **UND to Remodel Building 256 (aka Crookston)**

UND requested to remodel Building 256 (aka Crookston) at an estimated cost of $2,500,000 to be funded with appropriated (carry-forward) funds.

Bye moved, Hacker seconded, to recommend approval of UND’s request to remodel building 256 (aka Crookston).

Hacker, Volk, Bye, and Mihalick, voted yes.

6. **UND Interior Remodeling of Carnegie Hall**

UND requested authorization for interior remodeling of Carnegie Hall at an estimated cost of $3,800,000 to be funded with local funds.

Hacker moved, Bye seconded, to recommend approval of UND’s request of interior remodeling of Carnegie Hall.

Volk, Bye, Hacker, and Mihalick, voted yes.

7. **UND to remodel Swanson Hall**

UND’s requested to remodel Swanson Hall at an estimated cost of $1,100,000 to be funded with local funds.

Bye moved, Hacker seconded, to recommend approval of UND’s request to remodel Swanson Hall.
8. **UND Lease Revenue Bonds to Finance Upgrades to EERC Primary Electrical Distribution System**

UND request approval of the attached resolution authorizing University of North Dakota Alumni Association & Foundation (UNDAAF) to issue not more than $25 million in lease revenue bonds on behalf of North Dakota University System (NDUS) to finance upgrades to EERC’s primary electrical distribution system and the construction (replacement) of EERC’s advanced materials processing facility. Further request approval of the construction project from the 68th North Dakota Legislative Assembly.

Hacker moved, Volk seconded, to recommend approval of UND’s request for lease revenue bonds to finance upgrades to EERC primary electrical distribution system.

Bye, Volk, Hacker, and Mihalick, voted yes.

9. **UND to increase per credit tuition for the CRNA program**

UND to increase per credit tuition for the CRNA program from $925.07 per credit in FY 2022 to $1,025 per credit beginning in FY 2023 (just under a 12% increase).

Volk moved, Hacker seconded, to recommend approval of UND’s request to increase per credit tuition for the CRNA program.

Bye, Volk, Hacker, and Mihalick, voted yes.

10. **UND Memorial Village P3**

UND financial terms and length of lease associated with UND Memorial Village P3 as outlined between UND and the UND Alumni Association & Foundation (UNDAAF).

Bye moved, Hacker seconded, to recommend approval of UND’s request for financial terms and length of lease associated with UND Memorial Village P3.

Hacker, Bye, Volk, voted yes. Mihalick abstained.

11. **FY22 Salary Ranges for Vice Chancellor & Senior Officers**

Bye moved, Volk seconded, to recommend approval of the proposed FY22 Salary Ranges for Vice Chancellor & Senior Officers.

Hacker, Volk, Bye, and Mihalick voted yes.

The committee members discussed whether the institutional master plans could be spaced out for a more comprehensive review for each master plan. The challenge would be to meet the timeline of each legislative session. Institutional master plans can be brought back to the Board for consideration and/or approval to be altered as needed. Committee Chair Mihalick suggested the institutions periodically update the Board on the status of their plans.

The meeting adjourned at 4:45 p.m. CT.

Approved August 19, 2022.