

***Draft***

***North Dakota State Board of Higher Education***

October 18, 2023, Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met via Teams/conf. call on October 18<sup>th</sup> at 1:00 p.m. CT, via Teams.

Committee Chair Black called the meeting to order at 1:00 p.m.

SBHE Budget and Finance Committee members present

Mr. Kevin Black, Chair  
Mr. Jeffry Volk  
Ms. Danita Bye  
Mr. Mihalick  
Mr. Curtis Biller  
Mr. Michael Linnell, Staff Advisor

Institution Presidents/Representatives

**BSC** - Ms. Rebecca Collins, Ms. Sonya Koble, **DCB** - Dean Carmen Simone, **DSU** - President Easton, Mr. Leslie Wietstock, **LRSC** – President Darling, Ms. Joann Kitchens, **MaSU** - President Van Horn, **MiSU** - Mr. Brent Winiger, **VCSU** - President LaFave, **WSC** - President Hirning, Ms. Erica Buchholz, **NDSU** - Mr. Bruce Bollinger, Ms. Karla Stewart, **UND** – Ms. Odella Fuqua.

System Office/CTS/Guests

**NDUS** - Chancellor Hagerott, Mr. David Krebsbach, Ms. Jane Grinde, Mr. Darin King, Ms. Lisa Johnson, Mr. Jerry Rostad, Mr. Mark Gorenflo, **AG Assistant Attorney** - Ms. Meredith Larson, Legal Counsel. **Guests** - Bond, Schoeneck & King – Mr. John Godsoe, Melissa Thorpe, and HUB International representatives – Ms. Angie Mirrione, Mr. Kirk Welsh.

1. **Agenda**

Volk moved, Bye seconded, to approve the agenda with an additional update on the presidential compensation study.

Bye, Volk, Mihalick, Biller, and Black voted yes. Motion passed.

2. **Meeting Minutes**

Mihalick moved, Volk seconded, to approve the September 18, 2023, meeting minutes, as presented.

Bye, Volk, Mihalick, Biller, and Black voted yes. Motion passed.

3. **600 Series Policies**

Mr. David Krebsbach reviewed proposed 600 series policies (personnel).

Bye moved, Biller seconded, to recommend 1<sup>st</sup> reading of the proposed 600 policies.

Bye, Volk, Mihalick, Biller, and Black voted yes. Motion passed.

4. **700 Series Policies**

Vice Chancellor Krebsbach reviewed 700 series policies (Compensation). The committee discussed and requested that Policy 706.1 be held back and discussed further at the next committee meeting.

Volk moved to recommend approval of Policies 701.2 and 707, as presented, and hold back Policy 706.1 for further discussion at their next committee meeting.

After further discussion, Volk amended his motion to recommend approval of Policy 707 and hold Policies 701.2 and 706.1 back for further review by the committee at a future meeting.

Bye, Volk, Mihalick, Biller, and Black voted yes. Motion passed.

5. **HR Policy 10**

Vice Chancellor Krebsbach reviewed Policy HR 10.

Biller moved, Mihalick seconded, to recommend approval of Policy HR10.

Bye, Volk, Mihalick, Biller, and Black voted yes. Motion passed.

6. **VCSU Transfer of Funds**

Volk moved, Bye seconded, to recommend approval to ratify Chancellor's approval of the transfer of \$415,945 from the NDUS Capital Building Fund at the State Investment Board to the VCSU capital building fund appropriation line.

Bye, Volk, Mihalick, Biller, and Black voted yes. Motion passed.

7. **NDUS Retirement Plan—Plan Expenses**

Mr. John Godsoe provided background information, discussion, and direction that was discussed by the committee at previous meetings. He reviewed payment options for plan administration expenses for the NDUS 401(a) executive compensation retirement plan.

Volk moved, Bye seconded, to approve payment per capita basis for the current standing bills and temporarily exclude of the executive retirement plan from the allocation of plan expenses, until the executive plan has assets that generate revenue and then then it would be built back into them.

Bye, Volk, Mihalick, Biller, and Black voted yes. Motion passed.

8. **Funding Formula Review**

Committee Chair Black informed the members that the funding formula review is on the agenda for educational purposes. Vice Chancellor Krebsbach will provide an overview, committee members can follow-up with him for additional information and/or questions, and it will be placed on a future agenda for further consideration.

**Presidential Compensation**

Committee Chair Black provided an update on the presidential compensation study, reminding members that it is a study, one of many tools and/or factors to consider when reviewing executive compensations.

Committee Chair Black adjourned the meeting at 2:30 p.m. CT.

**Title:** 600 Series Policies, Personnel

**Proposed action:** Approve/Not Approve amendments and review of 600 series policies.

**Summary:**

- 602.3 Job Applicant and Employee Criminal History Background Checks
  - No substantive change
  - Periodic review
- 603.2 Equal Employment Opportunity
  - No substantive change
  - Periodic review
- 603.3 Nepotism
  - No substantive change
  - Periodic review
- 607.4 Sick and Dependent Leave; Family Leave
  - Substantive change
  - Mirror Human Resource Policy 22
  - Periodic review
- 614 Hazardous Substances Information Program
  - No substantive change
  - Periodic review
- 615 Drug Free Workplace
  - No substantive change
  - Periodic review

**Review Process:**

Legal Review	8/30/2023	Recommend approval
Senior Staff	9/25/2023	Recommend approval
HRC	10/3/2023	Informational
AAC	10/3/2023	Informational
Admin	10/3/2023	Recommend approval
SAC	10/3/2023	Informational
CIO	10/3/2023	Informational
Cabinet	10/12/2023	Recommend approval

**Chancellor's recommendation:** Chancellor recommends approval.

**Committee Review**

BFC

SBHE

**Contact information:** David Krebsbach, Vice Chancellor for Administrative Affairs/CFO,  
[david.krebsbach@ndus.edu](mailto:david.krebsbach@ndus.edu), 701-328-4116

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 602.3 Job Applicant and Employee Criminal History Background Checks

**Effective:** June 24, 2015

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1. Each institution and the NDUS office shall adopt a policy or procedure regarding criminal history background checks on job applicants.
2. A nationwide FBI criminal history background check is required before beginning employment in the following positions:
  - a. Police officer;
  - b. Security guard; and
  - c. University police dispatcher/call center operators.
3. The Chancellor shall adopt an implementing procedure and designate the positions, including those listed in SBHE Policy 602.3(2), for which nationwide FBI criminal history background checks are authorized under N.D.C.C. § 12-60-24. The procedure may include uniform requirements or guidelines that apply to all institutions and the NDUS office.

**References****REFERENCES:** N.D.C.C. § 12-60-24; NDUS Procedures 511, 602.3

**HISTORY:** New policy, SBHE minutes, December 20, 2007; Amendment, SBHE minutes, June 24, 2015.

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 603.2 Equal Employment Opportunity

**Effective:** August 1, 2015

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1. Every vacant position shall be filled based upon applicants' qualifications and performance requirements of the job. Discrimination against an employee or applicant based on sex, race, color, religion, age, physical or mental disability, pregnancy, status with regard to marriage or public assistance, sexual orientation, participation in lawful activity off the employer's premises during nonworking hours or on genetic information in appointment, promotion, salary, benefits or conditions of employment is prohibited.
2. Discrimination against an employee or applicant for employment, with respect to working conditions, work place assignment, or other privileges of employment, merely because the employee's or applicant's spouse is also an employee is prohibited. This prohibition does not apply to employment of the spouse of an individual who has the power to hire or fire, or make evaluations of performance, with respect to the individual involved. Employment in a department or institution headed or supervised by the employee's spouse is permitted only if the spouse does not have the power to hire or fire or make evaluations of performance and such employment is consistent with SBHE Policy 603.3.

~~Reference:~~**REFERENCE:** N.D.C.C. §§ 14-02.4-03, ~~15-10-17(4)~~, and 34-11.1-04.1; SBHE Policy 603.3

**HISTORY:** Replaces Article III, Section 1(C), page III-1; New policy, SBHE minutes, June 7-8, 1984; Amendment, SBHE minutes, January 20, 1994; Amendment, SBHE minutes, June 18, 2009; Amendment, SBHE minutes, April 6, 2011; Amendment, Chancellor interim approval, August 1, 2015; SBHE approved interim approval, September 3, 2015.

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 603.3 Nepotism

**Effective:** April 18, 2002

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1. NDUS officers and employees shall comply with N.D.C.C. § 44-04-09, relating to nepotism. Accordingly, an officer or employee may not, except as permitted by law, serve in a supervisory capacity over, or enter into a personal services contract with, a member of the officer's or employee's immediate family.
2. When two or more members of the same immediate family are employed in the same department or institution, the head of the department or institution shall reassign responsibility for performance evaluations, salary recommendations, disciplinary actions and other supervisory authority as necessary to comply with N.D.C.C. § 44-04-09.
3. "Immediate family" means a parent by birth or adoption, spouse, son or daughter by birth or adoption, stepchild, brother or sister by whole or half blood or adoption, brother-in-law or sister-in-law, or son-in-law or daughter-in-law.
4. The Chancellor may adopt procedures to ensure compliance with this policy.

**References****REFERENCES:** N.D.C.C. §§ 34-11.1-04.1 and 44-04-09; NDUS Procedure 603.3

**HISTORY:** New policy, SBHE minutes, January 20, 1994; Amendment, SBHE minutes, November 18-19, 1999; Amendment, SBHE minutes, April 18, 2002.



**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 607.4 Sick and Dependent Leave; Family (FMLA) Leave

**Effective:** June 17, 2004

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1. Employees excluded from the broadbanding system, other than faculty and members of the academic staff, are entitled to sick or dependent leave ~~and family leave~~ under the same terms and conditions governing sick or dependent leave ~~and family leave~~ for employees subject to the broadbanding system according to the NDUS Human Resource Policy Manual.
2. Each institution shall adopt policies governing paid sick or dependent leave for faculty and members of the academic staff.

~~—Family leave~~

- ~~a. Family leave is an unpaid leave of absence available to eligible employees for the birth, adoption, or foster placement of a child; or for the serious health condition of the employee, the employee's parent, child, or spouse.~~
- ~~b. Eligible employees are those employees, including faculty and other members of the academic staff, whose employment is not limited in duration, who are employed for an average of at least twenty hours per week, and who have been employed by the institution for at least one year, or, for faculty and other members of the academic staff employed on nine or ten month contracts, for at least one contract term or academic year.~~
- ~~c. Family leave used for the birth, adoption, or foster care placement of a child must begin within twelve months of the event.~~
- ~~d. The institution may require medical documentation to verify the existence of a serious health condition including date of commencement and probable duration of illness.~~
- ~~e. The maximum length of available leave for eligible full time employees is twelve weeks in a twelve month period, beginning on the first day of leave. Leave for birth or adoption of a child may be taken intermittently if approved by the employing entity; leave because of the serious health condition of the employee, a parent, child or spouse may be taken intermittently if medically necessary. A married couple is not limited to a total of twelve weeks if both are employed by the state; each is entitled to twelve weeks. Reasonable and practical notice must be provided to the agency.~~

~~f. When leave is completed, the employee must be returned to the same position, or a position with equivalent compensation and benefits. If a reduction in force would have caused the position to be eliminated, this reinstatement does not apply.~~

~~g. Employees utilizing family leave will be provided health benefits at the same level and coverage as if the employee had not taken leave.~~

3. Eligible employees, including faculty and members of the academic staff, are entitled to FMLA leave under the same terms and conditions governing FMLA leave for employees subject to the broadbanding system according to the NDUS HR Policy Manual.

3.4. Institutions shall in all cases comply with the Americans ~~W~~with Disabilities Act and Rehabilitation Act of 1973. Institution officials shall investigate and respond appropriately to requests for accommodations to enable employees to perform essential job functions.

**REFERENCES:** NDUS Human Resource Policies 7, 22; Family and Medical Leave Act, 29 U.S.C. § 28 et seq.; Rehabilitation Act of 1973, 28 C.F.R. 35.104; Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq.

**HISTORY:** New policy, SBHE minutes, December 21, 2000; Amendment, SBHE minutes, June 17, 2004; Revised by legal counsel, June 21, 2018.

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 614 Hazardous Substances Information Program

**Effective:** February 6, 1987

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Institutions and entities under the control of the SBHE having hazardous substances shall implement and employ an information and hazardous waste management program in accordance with federal and state laws and regulations.

**HISTORY:** New policy, SBHE minutes, February 6, 1987.

**NORTH DAKOTA**  
**STATE BOARD OF HIGHER EDUCATION**  
**Policy Manual**

**Policy:** 615 Drug Free Workplace

**Effective:** April 18, 2002

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All NDUS institutions, officers and employees shall comply with the Drug Free Workplace Act of 1988. The Chancellor and institutions shall adopt and enforce policies and procedures implementing that Act and this policy.

**Reference****REFERENCE:** NDUS Procedure 615; Drug Free Workplace Act of 1988, 41 U.S.C. § 701 et seq.

**HISTORY:** New policy, SBHE minutes, April 20, 1994; Amendment, SBHE minutes, April 17, 1998; Amendment, SBHE minutes, April 18, 2002.



## State Board of Higher Education Policy Summary

**Title:** 700 Series, Compensation

**Proposed action:** Periodic review of 700 series policies.

**Summary:** Policies and procedures are reviewed every five years to ensure they are still useful and comply with applicable laws and regulations. No substantive changes have been recommended.

- 701.2 Developmental Leave
  - Substantive change
  - Remove out of date portion
  - Periodic review
- 706.1 Board Member and Advisor Per Diem Payments
  - No substantive change
  - Periodic review
- 707 Severance Pay
  - No substantive change
  - Periodic review

### Review Process:

Legal Review	8/30/2023	Recommend approval
Senior Staff	9/25/2023	Recommend approval
HRC	10/3/2023	Informational
AAC	10/3/2023	Informational
Admin	10/3/2023	Recommend approval
SAC	10/3/2023	Informational
CIO	10/3/2023	Informational
Cabinet	10/12/2023	Recommend approval

**Chancellor's recommendation:** Chancellor recommends approval.

### Committee Review

BFC  
SBHE

**Contact information:** David Krebsbach, Vice Chancellor for Administrative Affairs/CFO,  
[david.krebsbach@ndus.edu](mailto:david.krebsbach@ndus.edu), 701-328-4116

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 701.2 Developmental Leave

**Effective:** June 17, 2004

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1. Developmental leave for retraining or professional development is permitted for NDUS employees subject to the following:
  - a. ~~Institutional~~ Resources are available;
  - b. Workload is absorbed within the existing staff resource allocations.
  - c. An employee must submit a written proposal describing the planned use of the leave and its anticipated benefits to the ~~institution~~organization, to the state, and to the employee. The proposal shall include the detail of the source of funds for the total stipend, and is subject to approval pursuant to SBHE Policy 701.2(3);
  - d. Except as provided in SBHE Policy 701.2(1)(e), the employee signs an agreement to return to the NDUS upon completion of the leave for a period of time at least equal to the leave time or refund the stipend payment; and
  - e. To assist in retrenchment efforts, developmental leave may be granted without a signed agreement to return. The employee shall execute a resignation effective at the termination of the developmental leave.

Developmental leave may not exceed twelve months and the base stipend may not exceed the salary scheduled for the leave period.

2. ~~Beginning July 1, 2004, p~~Presidents and the Chancellor are entitled to thirty calendar days developmental leave following five years of service as a NDUS president or Chancellor and each five years thereafter. ~~Presidents employed before July 1, 2004, who have not taken developmental leave within the previous five years or have not been granted developmental leave under contracts in effect on that date are entitled to credit for prior service as president, not to exceed five years. Presidents who have taken developmental leave within the previous five years are not entitled to prior service credit. Presidents with a contract in effect on July 1, 2004, providing for developmental leave during the term of the contract are entitled to developmental leave as provided under that contract but are not entitled to prior service credit.~~ Presidents requesting developmental leave shall submit a written proposal to the Chancellor describing the planned use of the leave and anticipated benefits to the institution, the state and the employee, and arrangements made for administration of the institution in the

president's absence. Developmental leave for presidents shall be taken at times and under terms the Chancellor approves. The Chancellor shall submit a written proposal to the SBHE president describing the planned use of the leave and anticipated benefits to the NDUS, and arrangements made for NDUS administration in the Chancellor's absence.

3. Developmental leave for the Chancellor shall be approved by the SBHE; developmental leave for NDUS office staff and presidents shall be approved by the Chancellor; and developmental leave for institution employees shall be approved by the institution president or designee.

**HISTORY:** Replaces Article III, Section 3-C, pages III-5-6, SBHE minutes, June 7-8, 1984; Amendment, SBHE minutes, April 23-24, 1987; Amendment SBHE minutes, December 17, 1992; Amendment, SBHE minutes, March 30, 2001; Amendment, SBHE minutes, June 17, 2004.

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 706.1 Board Member and Advisor Per Diem Payments

**Effective:** September 15, 2011

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1. SBHE members shall be paid per diem at the rate established by the legislative assembly. The budget and finance committee shall recommend and the SBHE in its annual budget shall establish limits on the total number of days in each year for which a SBHE member may claim per diem, subject to adjustments made by the SBHE.
2. Per diem shall be paid for the following events, within the budget approved by the SBHE and as documented on the required reimbursement form:
  - a. Attendance at regularly scheduled meetings and special meetings, except telephonic conference meetings requiring one hour or less which do not require travel by SBHE members. For telephonic conferences requiring more than one hour but less than four hours, SBHE members are entitled to one-half the per diem for a full day and for telephonic conference meetings requiring four hours or more, SBHE members are entitled to the full per diem.
  - b. As the spokesperson and representative of the SBHE according to Policy 310.1, the SBHE president may claim per diem for dedication ceremonies, informal meetings with the governor or other officials and other groups or other events involving discussion of SBHE business. The SBHE president may request that the vice president or other SBHE member participate in a dedication, meeting or other event in place of or in addition to the president, in which case the vice president or other SBHE member may claim per diem.
  - c. Attendance by a SBHE member in an official capacity as a designated representative of the SBHE at other meetings or functions, including meetings of the medical center advisory council, SBHE subcommittees or task forces, new SBHE member orientation, legislative hearings, commencements and meetings of interstate compacts or other organizations to which the state or SBHE, or SBHE member as an official representative of the SBHE belongs.
  - d. In addition to events attended as an official representative of the SBHE or at the request of the SBHE president, the annual SBHE budget shall include funds for reimbursement, including per diem, for up to five days, including partial days for each SBHE member to attend informal meetings or other events involving SBHE business at the SBHE member's discretion, with the SBHE president's approval. SBHE members shall inform and consult the SBHE president regarding the topic or



- topics to be discussed in advance unless it is not practical to do so, in which case they shall inform and consult the SBHE president as soon as practical after the event. In addition, upon request in advance by a SBHE member, the SBHE president may approve reimbursement of per diem in excess of five days for attendance at such events by a member, subject to SBHE approval of allocation of additional funds for such reimbursement. SBHE members are entitled to reimbursement including per diem for such events only as approved by the SBHE president.
3. A SBHE member is not entitled to per diem for attendance at institutional athletic, social or cultural events, or other campus events or meetings with institution officials attended upon invitation of institution officials and not as the official representative of the SBHE.
  4. Per diem shall be paid for travel days when travel is necessary on the day before or after a meeting or other function for which per diem is paid. For travel days for which per diem is not otherwise due, SBHE members shall be paid one-half the per diem for a full day for travel less than four hours and the full per diem for travel requiring four or more hours.
  5. SBHE members shall be reimbursed for travel expenses from the NDUS office appropriation for attendance at meetings and functions for which per diem is paid. Travel expenses for attendance by SBHE members at other institution functions at the invitation of the institution's chief executive officer shall be reimbursed by the host institution; however, expenses for travel to institutional athletic, cultural or social events not involving SBHE business may not be reimbursed. The faculty and staff advisors shall be reimbursed for travel expenses from the NDUS office appropriation for attendance at SBHE meetings and functions and CCF or staff senate meetings. The faculty and staff advisors shall be reimbursed for mileage only from the NDUS office appropriation for other official meetings or functions requiring travel to or from institutions. Lodging and meals for the faculty and staff advisors for these additional events shall be furnished by the host institution.
  6. Per diem and reimbursement for travel to out-of-state meetings or conferences shall be paid only when approved in advance, in writing, by the president of the SBHE.

**References****REFERENCES:** N.D.C.C § 15-10-08, SBHE Policy 310.1

**HISTORY:** Replaces Article I, Section 5, A, 1-4, page I-6, SBHE minutes, March 8, 1984; Amendment, SBHE minutes, Sept. 19-20, 1985; Amendment, SBHE minutes, January 20, 1994; Amendment, SBHE minutes, April 20, 1994; Amendment, SBHE minutes, March 30, 2001; Amendment, SBHE minutes, January 27, 2005; Amendment, SBHE minutes, September 15, 2011.

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Policy Manual**

**Policy:** 707 Severance Pay

**Effective:** February 3, 2016

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1. Institutions and the NDUS office may provide severance pay to an employee who is released due to a reduction in force, subject to the following:
  - a. The maximum payment is the equivalent of the individual's salary, retirement benefits, and health benefits for two weeks per completed year of service, up to a maximum of one year of salary and benefits.
  - b. The number of employees in the institution or office must be reduced by one for each individual awarded severance pay.
  - c. Employees may not receive severance pay if they are awarded early retirement, developmental leave, or other forms of special compensation at the time of separation.
  - d. Employees receiving severance pay shall release the institution from liability and all employment rights by written agreement.
  - e. The severance pay agreement with an employee must provide that the employee shall reimburse the institution on a pro-rata basis if salary compensation is received from another North Dakota state agency or institution for services rendered during the time for which severance pay was received. The amount to be reimbursed shall be equal to the hourly rate of severance compensation or subsequent state compensation, whichever is less, multiplied by the number of hours of subsequent state employment during the severance pay period.
2. In addition to severance pay and consistent with N.D.C.C. § 54-14-04.3, institutions and the NDUS office may provide financial incentives to encourage an employee to retire or resign if the employee's departure will increase efficiencies or reduce expenses.

**REFERENCE:** N.D.C.C. § 54-14-04.3

**HISTORY:** New policy, SBHE minutes, May 21-22, 1987; Amendment, SBHE minutes, December 16, 1988; Amendment, SBHE minutes, March 30, 2001; Amendment, SBHE minutes, February 3, 2016.



State Board of Higher Education  
Policy Summary

**Title:** Human Resources Policy 10 Retirement

**Proposed action:** Approve/Not Approve the amendments to Human Resources Policy 10.

**Background information:** This amendment is to comply with an amendment to state law which was effective August 1, 2023.

**Financial matters:** N/A

**Legal/policy matters:** N/A

**Academic matters:** N/A

**Review Process:**

Legal Review	8/28/2023	Recommend approval
Senior Staff	8/14/2023	Recommend approval
HRC	9/5/2023	Recommend approval
AAC	9/5/2023	Informational
Admin	9/5/2023	Recommend approval
SAC	9/5/2023	Informational
CIO	9/5/2023	Informational
Cabinet	9/13/2023	Recommend approval

**Chancellor's recommendation:** Chancellor recommend approval.

**Committee Review**

BFC	9/20/2023	Requested revisions
SBHE	10/18/2023	
	Date	

**Contact information:** Jane Grinde, Director of Human Resources, [jane.grinde@ndus.edu](mailto:jane.grinde@ndus.edu), 701-328-4217

**NORTH DAKOTA  
STATE BOARD OF HIGHER EDUCATION  
Human Resources Policy Manual**

**Policy:** 10 Retirement

**Effective:** July 19, 2018

~~1.~~ North Dakota law requires regular staff employees who are eighteen or more years of age and who work twenty hours or more per week for five or more months per year to participate in the Public Employee's Retirement Plan, ~~except~~

~~1.~~ Employees in 0000, 1000, 2000, and 3000 bands. These employees shall participate in the TIAA-NDUS retirement plan ~~within the same guidelines noted in Sec. 10.1.~~

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~~2.~~ Employees who meet the definition of a Peace Officer under N.D.C.C. § 12-63-01(3), "a public servant authorized by law or by government agency or branch to enforce the law and to conduct or engage in investigations of violations of the law," shall participate in the State's Public Safety Retirement Plan. A Peace Officer must be permanently employed thirty-two hours or more per week and at least twenty weeks each year ~~of permanent employment in order to be eligible.~~

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~~a.~~

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~~b.3.~~ In lieu of participation in the TIAA-NDUS retirement plan, eligible employees having accrued retirement benefits under the North Dakota Public Employees' Retirement System (PERS) may elect to continue participating in PERS. A PERS participant changing to a position that qualifies for participation in ~~TIAA-the NDUS retirement plan~~ may elect to become a participant by making such election within sixty days from the change. In absence of such election, the right of participation is irrevocably waived.

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**REFERENCES:** N.D.C.C. § 15-10-17(4)(a),

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~~History~~**HISTORY:** Amended Sec. 10.2, SBHE minutes, March 13, 1987; Amended Sec. 10.1 and, 10.2, SBHE minutes, June 20-21, 1991; Amended Sec. 10.1, 10.1.1, and 10.1.2, SBHE minutes, March 20, 1997; Amended Sec. 10.1.1 and 10.1.2, SBHE minutes, May 12, 1999; Amended, SBHE minutes, July 19, 2018; October 2023 SBHE minutes.

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## Summary of Proposed Action SBHE Meeting – October 26, 2023

1. **Issue:** VCSU has been granted an exemption to the N.D.C.C. 15-54.1 matching requirements in 2023 HB1003, section 40 to access \$415,945 for Tier III capital building funds as designated in 2019 HB 1003 sections 30. The NDUS System Office is requesting a transfer from its NDUS Capital Building Fund account at the State Investment Board of \$415,945.
2. **Proposed motion:** Ratify Chancellor's approval of the transfer of \$415,945 from the NDUS Capital Building Fund at the State Investment Board to the VCSU capital building fund appropriation line.
3. **Background:** HB1003, section 11 provides \$24 million from the strategic investment and improvements fund. Tier II capital building fund pool requires \$1 in matching funds from operations or other sources for each \$1 in state funds. Tier III capital building fund pool requires \$2 in matching funds from operations or other sources for each \$1 in state funds. Carryover capital building funds have the same matching requirements. Funds transferred to an institution must be placed in that institution's capital building fund line item. During the 2023 session HB1003 section 40 exempts specific institutions designated capital building funds from requiring matching funds (N.D.C.C. 15-54.1) and provided an emergency clause on this section to allow institution to be granted the funds prior to the end of the current fiscal year.

VCSU will use the 2019-21 biennium Tier III carryover dollars for the renovation of McCarthy Hall.

4. **Financial implications:** The transfer assists VCSU in the renovation of McCarthy Hall.
5. **Academic implications:** None.
6. **Legal/policy issues:** None.
7. **Review Process:**
8. **Enclosures:**
9. **Contact person:** David Krebsbach, Vice Chancellor for Administrative Affairs, [david.krebsbach@ndus.edu](mailto:david.krebsbach@ndus.edu), 701-328-4116; Erica Buchholz, Vice President for Business Affairs, [erica.buchholz@vcsu.edu](mailto:erica.buchholz@vcsu.edu), 701-845-7235.
10. **Chancellor's Recommendation:** Chancellor Hagerott recommends approval.

## SBHE Budget and Finance Committee Summary October 18, 2023

**Title:** Plan administration expense payment method for 401(a) Executive Compensation Retirement Plan.

**Proposed action:** Approve recommended payment method for plan administration expenses for the 401(a) executive compensation retirement plan. Approve payment method for past due, current, and future invoices for legal and investment advisor services.

**Background Information:** The SBHE approved NDUS retirement plan administration expense payment methods as per the [March 22, 2023, BFC meeting minutes](#) and [SBHE March 30, 2023 consent agenda](#) :

### ***Retirement Plan Invoices/Payments***

- a. Approve expense allocation method for invoices not identified as specific to a plan(s)*
  - i. Allocation by plan asset values of each plan*
- b. Approve how invoice expenses are paid by each retirement plan:*
  - i. 1st Priority – Specific plan revenue credits*
  - ii. 2nd – Priority – Specific plan investments*

The 401(a) executive compensation plan does not earn revenue credit, therefore payment for plan expenses would be allocated by plan asset values. There are debit restrictions on participant plan asset by investment type, therefore the BFC directed Attorney Godsoe to provide payment options for plan administration expenses for the NDUS 401(a) executive compensation retirement plan. Payment options include:

1. Assess participants on a pro-rata basis.
2. Assess participants on a per-capita basis (recommended).

**Financial matters:** Supports SBHE fiduciary duty in support of the prudent standard to minimize risk and maximize plan participant outcomes.

**Legal/policy matters:** Reviewed by SBHE Attorney Larson and Attorney Godsoe.

**Academic matters:** none

**Review Process:** Budget and Finance Committee

**Chancellor's recommendation:** Chancellor Hagerott recommends approval.

**Contact information:** David Krebsbach, Vice Chancellor for Administrative Affairs/Chief Information Officer  
[david.krebsbach@ndus.edu](mailto:david.krebsbach@ndus.edu).



# **State Board of Higher Education Budget Finance Committee**

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Vice Chancellor for Administrative Affairs/Chief Financial Officer  
David Krebsbach



# **HIGHER EDUCATION FUNDING FORMULA**

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# Performance-Based Funding Formula (Continued)

- Established during the 2013 North Dakota Legislative Assembly.
- Cost-based funding model providing a fixed dollar amount per completed adjusted student credit hour
- Student Credit Hours (SCH) used are from the most recently completed biennium (2023-25 calculation uses SCH from the 2019-21 biennium). This performance model rewards institutions for students' progress towards completion
- Completed SCH's are applied to instructional program factor weights which are then multiplied by a credit completion factor and then to a per credit dollar amount established in statute

2021 Credit Completion Factors			
Completed SCH	Factor	Completed SCH	Factor
< 30,000	1.80	120,000 - 129,999	1.20
30,000 - 39,999	1.70	130,000 - 134,999	1.15
40,000 - 49,999	1.60	135,000 - 179,999	1.10
50,000 - 59,999	1.50	180,000 - 239,999	1.05
60,000 - 69,999	1.40	240,000 +	1.00
70,000 - 119,999	1.30		

# Performance-Based Funding Formula

- **2023 Legislative Changes:**

- Career and Technical Education (CTE) weighting factor changed to 5.0 and added Dental Hygienist/Dental Assistance credits to the CTE Category (formerly in the Health Sciences category)
- Capital investments are appropriated separately. The Legislative Assembly can appropriate additional amounts as necessary
- North Dakota Century Code – Chapter 15-18.2
  - State Aid For Institutions of Higher Education

- 19-21 SCH's by course level are multiplied by the cost factor assigned to the discipline cluster for the specific Classification of Instructional Program (CIP) code to determine the weighted SCH.

DISCIPLINE CLUSTERS	STUDENT CREDIT HOUR WEIGHTING MATRIX						WEIGHTED SCH
	ELEMENTS	LOWER DIV	UPPER DIV	PROFESSIONAL	GRADUATE	MD	
Agriculture 1, 3	19-21 SCH	4,478	-	-	-	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	8,508.00	-	-	-	-	8,508
Architecture 4	19-21 SCH	-	-	-	-	-	
	Cost Factor	1.8	3.6	5.4	7.2	-	
	Weighted SCH	-	-	-	-	-	-
Transportation (Aviation) 49	19-21 SCH	214	-	-	-	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	407.00	-	-	-	-	407
Biological/Physical Science 26, 40, 41	19-21 SCH	10,099	-	-	-	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	19,188.00	-	-	-	-	19,188
Business 52	19-21 SCH	6,148	-	-	-	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	11,681.00	-	-	-	-	11,681
Career/Tech Education 12, 46, 47, 48	19-21 SCH	11,660	12,978	-	-	-	
	Cost Factor	5.0	5.0	-	-	-	
	Weighted SCH	58,300.00	64,890.00	-	-	-	123,190
Education 13, 19, 31	19-21 SCH	3,672	-	-	-	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	6,977.00	-	-	-	-	6,977
Engineering 11, 14, 15	19-21 SCH	12,182	-	-	-	-	
	Cost Factor	2.5	5.0	7.5	10.0	-	
	Weighted SCH	30,455.00	-	-	-	-	30,455
Health Sciences 51	19-21 SCH	10,095	-	-	-	-	
	Cost Factor	3.0	6.0	9.0	12.0	34.5	
	Weighted SCH	30,285.00	-	-	-	-	30,285
Legal Studies 22	19-21 SCH	-	-	-	-	-	
	Cost Factor	3.5	7.0	14.0	14.0	-	
	Weighted SCH	-	-	-	-	-	-
Basic Skills 32	19-21 SCH	3,511	-	-	-	-	
	Cost Factor	2.3	-	-	-	-	
	Weighted SCH	8,075.00	-	-	-	-	8,075
Core Disciplines 5, 9, 10, 16, 23, 24, 25, 27, 28, 29, 30, 33, 34, 35, 36, 37, 38, 39, 42, 43, 44, 45, 50, 53, 54	19-21 SCH	31,364	-	-	-	-	
	Cost Factor	1.0	2.0	3.0	4.0	-	
	Weighted SCH	31,364.00	-	-	-	-	31,364
Total Completed Student Credit Hrs			106,401	Total Weighted Student Credit Hrs			270,129

# Higher Education Funding Formula (Continued)

Institution ▲	2019-21 Completed SCH	2019-21 Weighted SCH	WSCH Base Factor	Credit Completion Factor	WSCH Growth Factor	2019-21 Adjusted SCH	2021-23 Base Per Credit Hour	Adjustments	Minimum Amount Payable	Prelim 2023-25 Base	2021-23 Base	2023-25 Base Incr/Decr	2023-25 Base % Incr/Decr
BSC	139,377	300,389	300,389	1.10	0	330,428	\$110.38	(\$118,588)	\$0	\$36,354,055	\$32,084,055	\$4,270,000	↑ 13.31%
DCB	31,746	56,796	55,050	1.80	1746	100,836	\$110.38	\$0	\$0	\$11,130,278	\$9,537,862	\$1,592,416	↑ 16.70%
LRSC	54,480	91,037	91,037	1.50	0	136,556	\$110.38	\$0	\$175,271	\$15,248,322	\$14,242,152	\$1,006,170	↑ 7.06%
NDSCS	106,401	270,129	270,129	1.30	0	351,168	\$110.38	\$0	\$0	\$38,761,924	\$35,714,792	\$3,047,132	↑ 8.53%
WSC	37,801	69,910	69,910	1.70	0	118,847	\$110.38	\$0	\$0	\$13,118,332	\$11,286,737	\$1,831,595	↑ 16.23%
DSU	60,000	152,927	152,927	1.50	0	229,391	\$103.76	\$0	\$0	\$23,801,610	\$20,242,730	\$3,558,880	↑ 17.58%
MASU	47,249	130,703	130,703	1.60	0	209,125	\$103.76	\$0	\$0	\$21,698,810	\$18,679,828	\$3,018,982	↑ 16.16%
MISU	128,850	382,912	382,912	1.20	0	459,494	\$103.76	\$0	\$0	\$47,677,097	\$41,206,630	\$6,470,467	↑ 15.70%
VCSU	67,531	179,920	172,389	1.50	7531	266,115	\$103.76	\$0	\$0	\$27,612,092	\$24,161,377	\$3,450,715	↑ 14.28%
NDSU	629,828	2,116,803	2,116,803	1.00	0	2,116,803	\$73.15	\$0	\$2,054,479	\$156,898,618	\$138,431,325	\$18,467,293	↑ 13.34%
UND	630,113	3,375,173	3,375,173	1.00	0	3,375,173	\$73.15	\$0	\$0	\$246,893,905	\$208,373,934	\$38,519,971	↑ 18.49%
Totals	1,933,376	7,126,699				7,693,936			\$639,195,043	\$553,961,422	\$85,233,621		15.39%



# THANK YOU

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