NORTH DAKOTA UNIVERSITY SYSTEM
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North Dakota State Board of Higher Education

Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met via Teams on January 10, 2024, at 1:00 p.m. CT.

SBHE Budget and Finance Committee members

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

Institution Presidents/Representatives

BSC President Jensen, Ms. Sonya Koble**, DCB** Dean Carmen Simone, Ms. Lisa Mock**, DSU** President Easton, Mr. Leslie Wietstock**, LRSC** President Darling**,** Ms. Joann Kitchens**, MaSU** President Van Horn, Ms. Amber Hill, **MiSU** Ms. Krista Lambrecht**, NDSCS** President Flanigan, Mr. Keith Johnson**, NDSU** Mr. Travis Aho**,** Mr. Bruce Bollinger, Ms. Karin Hegstad, Ms. Lisa Ripplinger, Ms. Cynthia Rott, Ms. Patricia Hanson, Mr. Mark Genkinger, **UND** Ms. Karla Stewart, Ms. Odella Fuqua, Mr. Namil Choi**, VCSU** Ms. Erica Buchholz**, WSC** President Hirning

System Office/CTS/Guests

NDUS Chancellor Hagerott, VC. Lisa Johnson, VC. Darin King, VC. Jerry Rostad, Ms. Dina Cashman, Mr. Mark Gorenflo, Ms. Jane Grinde, Ms. Claire Gunwall, Mr. Eric Jensen, Ms. Bethany Kadrmas, Ms. Caitlin Magilke, Dr. Billie Jo Lorius, Mr. Chris Pieske, Ms. Sharon Schwartzbauer, Ms. Mindy Sturn Mr. Dustin Walker, Dr. Jennifer Weber, Ms. Jamie Wilke, **AG** Ms. Meredith Larson

Call to Order

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

1. Agenda
    a. Member Bye requests to add agenda item #9 Presidential Compensation Review update. Member Bye moved, Member Biller seconded, to approve the agenda, as amended.
    Biller, Black, Bye, Mihalick, and Volk voted yes. Motion carries 5-0.

2. Meeting Minutes
    a. Member Bye moved, Member Biller seconded, to approve the November 15, 2023, meeting minutes, as presented.
    Biller, Black, Bye, Mihalick, and Volk voted yes. Motion carries 5-0.

 # SBHE Policy – Chris Pieske

3. Policy 701.2 Developmental Leave

a. Mr. Chris Pieske shared Policy 701.2 was previously before the committee in October 2023 and was tabled to bring back for further discussion.
b. Member Bye asked about feedback from stakeholders. Chair Black said faculty stakeholders expressed concerns, but no suggested revisions were proposed. Chair Black supports moving forward with approval.
c. Member Volk asked if institutions can be more restrictive on granting developmental leave. Mr. Chris Pieske stated that granting leave is discretionary and does not require the Chancellor or Presidents to accept requests. Campuses can impose additional requirements on developmental leave requests; however, the policy does not direct campuses to have their own policy.
d. Member Biller asked why Policy 701.2 was being reviewed by the committee. Mr. Pieske stated that the 700, 800, 900, 1200, and 1900 series policies generally are reviewed by the Budget and Finance Committee.
e. Member Volk moved, Member Bye seconded, to approve Policy 701.2 as presented.
Biller, Black, Bye, Mihalick, and Volk voted yes. Motion carries 5-0.

4. Policy 803.1 Purchasing
   a. Mr. Chris Pieske shared Policy 803.1 was up for regular review; the only revision made was to fix a statutory citation.
   b. Member Volk asked why N.D.C.C. 15-10-28 is listed in the policy as it doesn't pertain to purchasing. Ms. Jamie Wilke shared that the NDUS has the ability to directly contract with entities such as WICHE and are not required to go through a procurement process.
   c. Member Mihalick moved, Member Biller seconded, to approve policy 803.1 as presented.
   Biller, Black, Bye, Mihalich, and Volk voted yes. Motion carries 5-0.
5. Policy 803.4 Purchasing Cards
   a. Mr. Chris Pieske shared Policy 803.4 was up for regular review. The only recommendation made was to change formatting.
   b. Member Biller moved, Member Bye seconded, to approve Policy 803.4 as presented.
   Biller, Black, Bye, Mihalick, and Volk voted yes. Motion carries 5-0.
6. Policy 806.3 Moving Expenses
   a. Mr. Chris Pieske shared changes were made to clarify language. Other changes are minor formatting changes.
      i. Member Volk asked if Policy 806.3 is duplicative to what policies institutions might have in place. Mr. Chris Pieske shared that he does not believe that campuses have their own policies in place because there is a Board policy.
      ii. Member Volk provided feedback that paragraph 3 and seems duplicative to paragraphs 1 and 2.
      iii. Member Volk provided feedback regarding references back to Policy 703.2 which refers to the" TIAA retirement plan". Member Volk suggested removing references in all policies to the "TIAA retirement plan" and replacing them with "NDUS retirement plan." Mr. Chris Pieske indicated that he was working on this task.
      iv. Member Volk moved to approve policy 806.3 with the elimination of paragraph 3. Motion failed due to lack of second.
      v. Member Bye moved, Biller seconded, to approve Policy 806.3 as presented.

Biller, Black, Bye, and Mihalick voted yes. Volk voted no. Motion carries 4-1.

Committee Reports/Updates/Discussions

7. NDSCS Campus Presentation – Mr. Keith Johnson
    a. Mr. Keith Johnson shared information on policy and law. Johnson shared that NDSCS supported HB1241 Funding Innovation Grant during the last legislative session and that it would be a great opportunity for workforce education. NDSCS supports the current funding formula; its methodology makes sense and assists with planning for future enrollment. Enrollment is steady at NDSCS and dual credit is increasing, which increases their headcount.
    b. Mr. Keith Johnson shared information on NDSCS's industry partners. These partnerships and equipment are invaluable.
    c. NDSCS's Foundation has experienced a 430% growth over the last 20 years. NDSCS will be developing a new strategic plan and guiding statements to lead the institution forward.
    d. NDSCS has a 97% placement rate and a 70% student retention rate.
    e. Mr. Keith Johnson shared information on various areas of concern including pressure from multiple "free tuition" promises, dual credit concerns, inability to withhold transcripts, and the ability to keep up with deferred maintenance needs.
    f. Mr. Keith Johnson provided an update on NDSCS's Capital Project. NDSCS was awarded $19.9 million to update the Precision Ag program.
    g. Mr. Keith Johnson shared information on how NDSCS has reduced costs and remains fiscally viable. Strategies include restructuring staff positions and allowing departments to be fiscally flexible.
        i. Member Biller asked about tier funding and how many tier funding opportunities NDSCS has engaged in during the last 5 years. Mr. Keith Johnson shared that NDSCS attempts to utilize tier funding to its fullest extent each biennium.
        ii. Chair Black asked what industry partners are asking for. President Flanigan shared that industry partners are requesting more students. The Diesel program has a number of strong national and international partners, but other programs do not have such robust partnerships. President Flanigan shared that state level programs, such as Career Builders, help to build NDSCS partnerships.
        iii. Chair Black asked if there are other institutions in the Midwest that are comparable to NDSCS. President Flanigan shared that Lake Area Tech and Mitchell Tech in South Dakota and Alex Tech in Minnesota are comparable.
8. LRSC Campus Presentation – Ms. Joann Kitchens
    a. Ms. Joann Kitchens shared data on student success. LRSC's graduation rate is 50% which is above the national average of 36.4%; LRSC's retention rate is 65% which is above the national average of 61%; LRSC's placement rate is 96%; LRSC's completion rate is 82%.
    b. Fall headcount was at 1810 and FTE was at 858.
    c. LRSC was selected as one of the 150 institutions eligible to compete for the $1,000,000 Aspen Institute Prize for Community College Excellence. Ms. Kitchens shared the prize winner will be named in the spring of 2025.

d. LRSC's composite financial index is 3.96. It's difficult to have a profitable bookstore; LRSC strives to find cheaper options for students such as digital or open source education resources.
e. LRSC would like to increase pay ranges to stay competitive with public schools and colleges; however, the budget has not allowed for such. LRSC's goal is to have staff at 90% of their market goal and directors and administration at 85%. Ms. Kitchens shared that the labor shortage has made it difficult to hire staff and some open positions have remained open for up to 6 months.
f. LRSC's new Hofstad Ag Center houses the Precision Ag program and is also used for farming related community events. Parking was not part of the original request but has now become a real need.
g. Ms. Joann Kitchens shared that LRSC did not receive capital project funds in the last legislative session but were allowed to use Tier III money from the 21-23 biennium and the 23-25 biennium without a match to pay for wind turbine gearbox repair and parking needs. The gearbox repair cost $650,000. LRSC also had to absorb lost wind turbine revenue and extra utilities during downtime. The remaining $430,000 in Tier III money will be used to fix parking needs; however, there is approximately $1,000,000 in repair needs in addition to the need for $500,000 to add parking to the Hofstad Ag Center. New initiatives include apprenticeships and the addition of men's and women's hockey.
h. Ms. Joann Kitchens discussed the master plan to obtain an athletic facility. As the only institution within the University System without an athletic facility, LRSC received Board approval to fundraise for a facility.
i. Ms. Joann Kitchens shared various challenges facing LRSC including dual credit competition, tuition freeze, decline in liberal arts students, competition within the University System, and the funding formula.
    i. Member Biller asked if LRSC has a challenge finding a conference that works for their athletic programs. President Darling shared that this has not been a problem for LRSC.
    ii. Chancellor Hagerott requested feedback regarding some college, no degree adult learners. President Darling shared that stackable certificates within degrees will help this specific population. President Darling shared that the biggest challenge for these students is lack of financial aid.
    iii. Chair Black requested feedback and expansion on dual credit. President Darling expanded on LRSC's dual credit data and the impact of other institutions being able to offer dual credit in the same region. In order to have a successful dual credit program, the courses need to be the same as the one that's delivered on campus, and it must be taught by a high-quality qualified instructor.
    iv. Member Biller asked how many Aspen Grants are awarded. President Darling shared that one first place prize is awarded and the top 10 will receive smaller prizes.

9. Presidential Compensation Review
    a. Chair Black provided an update regarding the review. VC. David Krebsbach distributed a final draft of the study on November 7th. The Budget & Finance Committee discussed the review at the November 15, 2023, meeting; there was no formal action taken by the committee. Member Mihalick shared that the study will be on the SBHE agenda for January 18, 2024.

Adjourn

Committee Chair Black adjourned the meeting at 2:13 p.m. CT.