NORTH DAKOTA UNIVERSITY SYSTEM
ACCESS. INNOVATION. EXCELLENCE.

State Capitol – 600 E Boulevard Ave – Dept. 215
Bismarck ND 58505-0230
Phone: 701.328.2960 Fax: 701.328.2961
E-mail: ndus.inquiry@ndus.edu Web: ndus.edu

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 February 14, 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 Ms. Sonya Koble**, DCB** Dean Carmen Simone, Ms. Lisa Mock, Mr. Christopher Nero**, DSU** President Stephen Easton, Mr. Leslie Wietstock, **LRSC** President Doug Darling, Ms. Loretta Forsberg, Ms. Joann Kitchens, **MaSU** Ms. Amber Hill, **, MiSU** President Steven Shirley, Ms. Krista Lambrecht**, NDSCS** President Rod Flanigan, Mr. Keith Johnson**, NDSU** Mr. Bruce Bollinger, Mr. Travis Aho, Mr. Thomas Claeys, Ms. Patricia Hanson, Ms. Gina Haugen, Ms. Karin Hegstad, Dr. Gregory Lardy, Ms. Kim Matzke-Ternes, Ms. Lisa Ripplinger, Ms. Cynthia Rott**, UND** Ms. Karla Mongeon-Stewart, Mr. Namil Choi, Ms. Cindy Fetsch, Ms. Odella Fuqua**, VCSU** President Alan LaFave, Ms. Erica Buchholz, **, WSC** President Bernell Hirning

System Office/CTS/Guests

NDUS Chancellor Hagerott, VC. David Krebsbach, VC. Darin King, VC. Jerry Rostad, VC. Lisa Johnson, Mr. Mark Gorenflo Dr. Jen Weber, Dr. Billie Jo Lorius, Ms. Jamie Wilke, Ms. Mindy Sturn, Ms. Jane Grinde, Mr. Eric Jensen, Ms. Jacqueline Miller, Mr. Chris Pieske, Mr. Rick Tonder, Mr. Dustin Walcker, Ms. Claire Gunwall, Ms. Caitlin Magilke, Ms. Brenda Zastoupil**, AG** Ms. Meredith Larson

Call to Order

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

 # Committee Business

1. Agenda
    a. Member Mihalick moved, Member Biller seconded, to approve the agenda, as presented.
    Biller, Black, Bye, Mihalick, and Volk voted yes. Motion passed 5-0.

2. Meeting Minutes
    a. Member Volk moved, Member Bye seconded, to approve the January 10, 2024, meeting minutes, as presented.
    Biller, Black, Bye, Mihalick, and Volk voted yes. Motion passed 5-0.

3. DCB Tuition Factor Change Request
    a. Dean Carmen Simone shared that DCB's tuition model includes eight different student categories and five different tuition levels. DCB is seeking approval to streamline the model into five student categories and two tuition levels. Dean Simone shared that there is a potential revenue impact of $40,000; however, DCB believes that is a small impact compared to the enrollment advancements.
        i. Member Bye asked where the additional anticipated 18 full-time students would come from. Dean Simone shared that there are different potentials including starting DCB's dental assisting program in Fall 2024 which anticipates an additional 12 students.
        ii. Member Biller asked how this change would affect the dental program alliance with Minot State University and how what MiSU charges versus what DCB would charge. Dean Simone shared that MiSU's tuition model has a flat rate regardless of a student's residency. President Steven Shirley, MiSU, shared that MiSU moved to a flat rate in 2011 or 2012 irrespective of geography. The tuition model change for DCB will not have any significant impact on MiSU.
        iii. Member Volk asked that given the number of requests that the Budget & Finance Committee receives, should the if a new policy is needed versus making exceptions to a policy. VC. David Krebsbach shared that the System Office can provide the committee with data on the policy over the last several years and explore policy options if the committee desires.
        iv. Member Bye asked if there is a feedback process to assess the effects of tuition changes. Chair Black and VC. David Krebsbach stated that outside of reporting enrollment numbers, there is no specific process to measure the success of the changes.
        v. Member Biller asked what the real risk factors are to the requested change and how does DCB plan to address those risks. Dean Carmen Simone shared that the risks are on the revenue side. Dean Simone stated that the benefits would outweigh the risks including the administrative benefits of being able to explain and implement the process more effectively and efficiently. Last semester, 136 students were outside of North Dakota and Canada, and DCB believes by changing the tuition model it will help grow that student population.
        vi. Member Bye moved, Member Volk seconded, to approve DCB's Tuition Factor Change Request.
        Biller, Black, Bye, Mihalick, and Volk voted yes. Motion passed 5-0.

4. NDSU Ag Request to Purchase Hettinger REC Property
    a. VC. David Krebsbach shared that NDSU requests authorization for the Hettinger Research Extension Center to purchase real property of 610.96 acres at a cost of $1,038,000. This was authorized in the last legislative session and funds were appropriated to NDSU. This would be an additional 610 acres for added research.
        i. Member Bye asked if the number provided is a solid cost, or could it change due to last-minute negotiations. Mr. Bruce Bollinger stated that the paperwork is completed subject to the SBHE approval for $1,038,000. Dr. Gregory Lardy shared that the seller has agreed on the purchase price and there will be no further inflation or negotiation.

5. NDSU Ag Request to Accept Carrington REC Property
    a. Dr. Gregory Lardy shared the Carrington and Research Extension Center operates a satellite operation in Oaks, North Dakota and in that they have a 35 acre irrigation research station. This transaction would include five acres of land and a storage shed that are located on property owned by the Garrison Conservancy District, which would like to gift the land to the Carrington Research Extension Center for irrigation research. The land is adjacent to the existing 35 acres that operate the Oaks irrigation site.
    b. Member Mihalick moved, Member Bye seconded, to approve NDSU Ag Request to Purchase Hettinger REC Property and NDSU Ag Request to Accept Carrington REC Property.
    Biller, Black, Bye, Mihalick, and Volk voted yes. Motion passed 5-0.
6. NDSU request to name Center for Engineering and Computational Sciences
    a. Mr. Bruce Bollinger shared that NDSU received a significant gift as part of the transformation of the Center for Engineering and Computational Sciences. In response to the gift, NDSU requests authority to rename the facility in honor of the donor per SBHE Policy 902.12. The donor's name and official name of the facility will be released at a special event at NDSU on February 16, 2024.
        i. Member Volk asked if there will be a series of names being assigned to different parts of the building. Mr. Bollinger stated yes, and all names will be announced on February 16, 2024, pending SBHE approval.
        ii. Member Bye asked if there are any names being removed to accommodate this request. Mr. Bollinger stated no, with the exception of Dolve Hall and Ehly Hall.
        iii. Member Biller asked what the dollar value of the naming rights is. Mr. Bollinger stated that the State approved $59 million in general funds and NDSU had to raise $25 million in special funds or other funds for the complex. Part of the gift is for the entire complex that is going towards the special fund match.
        iv. Member Volk moved, Member Biller seconded to approve NDSU request to name Center of Engineering and Computational Sciences.
        Biller, Black, Bye, Mihalick, and Volk voted yes. Motion passed 5-0.

 # SBHE Policy

7. Policy 807.1 Mobile Phones and Other Computing Devices; Restrictions on Use of State Phones
    a. VC. David Krebsbach shared Policy 807.1 was up for regular review. Sections 2a and 2b were removed from the definitions of mobile phones and mobile computing devices and combined into a more current definition. The first sentence of section 4 was removed as it was duplicative of another policy on political activities.
    b. Member Biller asked if there is any impact on how phones are used for technology, specifically for institutions that have moved to a Zoom platform for their phones. Mr. Chris Pieske stated he wasn't aware of the transition but that this policy would not apply.
    c. Member Mihalick moved, Member Bye seconded, to approve Policy 807.1 as presented.
    Biller, Black, Bye, Mihalick, and Volk voted yes. Motion passed 5-0.
8. Policy 810.1 Appropriated Funds Reserve

a. VC. David Krebsbach shared Policy 810.1 was up for regular review. Section 3b language was changed from 'college and university' to 'institution'. The Administrative Affairs Council had discussions related to section 2b, designated reserve categories and decided to leave the categories as they are currently defined.
b. Member Bye asked if it was decided to leave the definitions as is as the current process has been operating well and institutions have not experienced any issues. VC. Krebsbach stated yes, institutions were more comfortable with leaving the definitions as is and changing those definitions may be more restrictive of how those funds would be designated.
c. Member Volk moved, Member Bye seconded, to approve Policy 810.1 as presented.
Biller, Black, Bye, Mihalick, and Volk voted yes. Motion passed 5-0.

Committee Reports/Discussions

9. Capital Project Request Legislative Timeline and Process
    a. Mr. Rick Tonder shared that the Capital Project Request process first began in 2013. The Legislature appropriated $1 million for system wide master plan and space utilization study.
        i. Member Bye asked if there is a requirement for each institution to update their strategic master plan and to update the Board. Mr. Tonder said yes.
    b. N.D.C.C. 15-10-14.2 requires SBHE to adopt a strategic planning process.
    c. The timeline for the request process begins February 15, 2024.
    d. April 15, 2024 – due date for submission of budget requests.
    e. May 10, 2024 – evaluations submitted to Chancellor for consideration by Chancellor's Cabinet
    f. June 1, 2024 – Chancellor's recommendations to SBHE via the Budget & Finance Committee.
    g. June 2024 – SBHE Budget Request meeting. SBHE considers Chancellor's recommendations.
    h. N.D.C.C. 15-10-63.4 specifies that facility construction and projects undertaken by an institution must be in the master plan and it must also comply with the space utilization demands. HB 1003 Session Law states that SBHE must report biennially to the Legislative Management and the appropriations committees of the Legislative Assembly on the use of funding the University System capital building fund, the source of matching funds, and each institution's five-year plan for capital construction spending. Policy 901 is the primary policy for the master plan. Policy 902.0 defines the costs to be included within public improvement projects as part of the estimate. Policy 902.1 defines the specific process used for requesting funding for public improvements, and the conditions needed for approval by the SBHE.
        i. Member Volk asked when the last time the SBHE reviewed the space utilization requirements. Mr. Tonder stated each institution includes their space utilization report within the revised and current master plan, so a revised and total master plan was submitted to the Board two years ago.
    i. Member Bye shared that in the future when working on space utilization, considerations should be made regarding how the increase of technology impacts the space utilization formula that's being used.

j. Mr. Rick Tonder further defined and discussed the policies and statutes for Capital Project Requests.
    i. Member Bye asked if there is a requirement for each institution to update their strategic master plan and to update the Board. Mr. Tonder shared that Policy 901defines those requirements.
    ii. Member Bye asked when looking at the master plan, does the budgeting typically include technology infrastructure or is that calculated separately. Mr. Tonder stated that technology infrastructure is included.
    iii. Member Mihalick shared feedback regarding deferred maintenance and that it is something that needs to be addressed or it will continue to get worse.
    iv. Member Biller asked if a copy of the Chancellor's guidelines can be shared with Board members. Mr. Tonder stated yes, the documents are open to the public.
k. Chair Black asked committee members if the current timeline work? Do additional conversations need to occur between now and April? Do members agree with the criteria of health and safety, deferred maintenance, and programming, or are there other things that have not yet been covered?
    i. Member Mihalick provided feedback that infrastructure needs and life safety are important and should be taken care of before building new facilities.
    ii. Member Bye provided feedback that the System and the legislators are focused on new buildings when the delivery model of higher ed is in the process of shifting.
    iii. Chair Black suggested that when new projects are coming in, the Board should be notified so that there is ample time to review and discuss.

10. Capital Building Tier Funds
    a. Chair Black suggested scheduling a special Budget & Finance Committee meeting to discuss the topic more in depth.
    b. Member Volk asked if there is a history of use of the tier funding over time. Specifically, how much of it doesn't get used from biennium to biennium. VC. Krebsbach stated that the history of capital building tier funds expenditures can be provided to the Budget & Finance Committee.
    c. Member Biller provided feedback that the larger institutions with larger foundations are more able to tap into tier funding Chair Black stated this can be further discussed and reviewed.

Adjourn

Committee Chair Black adjourned the meeting at 2:26 p.m. CT.

Approved March 13, 2024.