

North Dakota State Board of Higher Education Special Budget and Finance Committee Meeting Minutes

June 20, 2024

The State Board of Higher Education Budget and Finance Committee met via Teams on Thursday June 20th at 3:30 p.m. CT.

SBHE Budget and Finance Committee members

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| <input checked="" type="checkbox"/> Mr. Kevin Black, Chair | <input checked="" type="checkbox"/> Mr. Jeffrey Volk |
| <input checked="" type="checkbox"/> Ms. Danita Bye | <input checked="" type="checkbox"/> Mr. Tim Mihalick |
| <input checked="" type="checkbox"/> Mr. Curtis Biller | <input checked="" type="checkbox"/> Mr. Michael Linnell, Staff Advisor |

Institution Presidents/Representatives

BSC President Jensen, Ms. Rebecca Collins, Ms. Sonja Kolbe, **DCB** Dean Simone, **DSU** President Easton, Mr. Leslie Wietstock, **LRSC** Ms. Joann Kitchens, **MaSU** Ms. Amber Hill, **MiSU** President Shirley, **NDSCS** Mr. Keith Johnson, **NDSU** Mr. Bruce Bollinger, Mr. Mike Ellingson, Ms. Lisa Ripplinger, Ms. Cynthia Rott, Ms. Loretta Forsberg, Ms. Karin Hegstad, **UND** Ms. Sara Abentroth, Ms. Leslie Bjore, Mr. Namil Choi, Mr. Mark Johnson, **VCSU** President LaFave, Ms. Erica Buchholz, **WSC** President Hirning.

System Office/CTS/Guests

NDUS Chancellor Hagerott, VC David Krebsbach, VC Lisa Johnson, VC Darin King, Ms. Jamie Wilke, Mr. Mark Gorenflo, Ms. Jane Grinde, Mr. Rick Tonder, Ms. Dina Cashman, Ms. Claire Gunwall, Ms. Bethany Kadrmias, Ms. Caitlin Magilke, Mr. Eric Jensen, Dr. Billie Jo Lorus, Ms. Jacqueline Miller, Mr. Corey Quirk **AG** Ms. Meredith Larson.

Committee Chair Black called the meeting to order at 3:30 p.m. CT.

1. [NDSU 2023-25 Tier II/III Capital Building Fund Request](#)

- a. Mr. Bruce Bollinger presented NDSU's Tier II/III Capital Building Fund request. Mr. Bollinger shared that NDSU has met the funding match requirements.

Biller moved, Volk seconded, to recommend approval of NDSU's 2023-25 Tier II/III Capital Building fund request as presented.

Mihalick, Biller, Bye, Volk, and Black voted yes. Motion passed 5 - 0.

2. [Optional Operating Budget](#)

- a. VC. David Krebsbach presented the Systemwide Projects/Initiatives requests to committee members.
 - i. Nursing Education Consortium (ENVISION critical) – the 2023-25 base budget is \$1,356,000 and requesting a \$2,049,000 increase. This program provides

- simulator funding for 13 nursing programs across the state. The requested funds would be applied to simulation equipment and operations.
- ii. SIM-ND Mobile simulation program (ENVISION critical) - requesting \$2,000,000 to provide direct support across the state and to healthcare providers.
 - iii. Dakota Humanities Academy (ENVISION important) - requesting \$50,000 to support a new version of the DDA for Humanities across the NDUS.
 - iv. Artificial Intelligence and Machine Learning (ENVISION important) - requesting \$3,000,000. VC. Darin King shared the request is broken into two pieces - \$2,000,000 for operational uses of AI to help efficiencies for campuses and \$1,000,000 to provide staff to provide services to campuses using existing AI and ML tools.
 - v. Planned Obsolescence of Technical Infrastructure – Core IT Infrastructure (ENVISION) - requesting \$2,600,000.
 - vi. Technical Workforce Development (ENVISION) - requesting \$3,000,000.
 - vii. High Performance Computing NTN-UND/NDSU (ENVISION) - the 2023-25 base budget is \$5,000,000; requesting a \$8,000,000 increase (\$4,000,000 to both NDSU and UND).
 - viii. Inflation Factor Increase (ENVISION) - requesting \$22,080,670 which is a 2% increase on base budgets system wide for each year of the biennium.
 - ix. Dakota Digital Academy (ENVISION) (2023-25 One-Time Funds) - one-time funding of \$450,000 was received during the prior legislative session. Requesting \$450,000 in the base budget for the 2025-27 legislative session.
 - x. NDIR Security Solutions (CTS) - the 2023-25 base budget is \$1,159,800; requesting a \$5,146,200 increase due to North Dakota Information Technology (NDIT) increasing fees.
 - xi. Financial Aid Enhancement/Title IV Course Auditor (CTS) - requesting \$1,100,000 to help fund a software package that financial aid employees at each institution could use to ensure they are in compliance with federal ED regulations related to dispersing aid only programs and courses that are degree seeking.

Bye moved to recommend approval of items 2.a.i-xi for the Systemwide Projects/Initiatives. Motion fails due to the lack of a second.

Volk moved, Biller seconded, to recommend approval of items 2.a.i, v, vii, viii, x, and xi.*

Bye moved, Mihalick seconded, to amend the original motion* to include item 2.a.vi for recommended approval. Mihalick and Bye voted yes; Biller, Volk, and Black voted no. The amendment to include item vi for recommended approval fails 2-3.

Bye moved, Biller seconded, to amend the original motion* to include item 2.a.iv for recommended approval.

Mihalick, Biller, Bye, and Black voted yes; Volk voted no. The amendment to recommend approval of items 2.a.i, iv, v, vii, viii, x, and xi passed 4-1.

Bye moved to amend the original motion* to include item 2.a.iii for recommended approval. Motion fails due to the lack of a second.

Bye moved, Mihalick seconded, to amend the original motion* to include item 2.a.ix for recommended approval.

Mihalick, Biller, Bye, and Black voted yes; Volk voted no. The amendment to include item 2.a.ix for recommended approval passed 4-1.

Mihalick moved, Biller seconded, to amend the original motion* to include item 2.a.vi and change the title to High Demand Workforce. This would expand the item to include initiatives to recruit personnel to deliver in demand workforce education and training programs, such as nursing and teaching.

Mihalick, Biller, Bye, Volk, and Black voted yes. The amendment to include item 2.a.vi for recommended approval passed 5-0.

On the original motion, as amended, Mihalick, Biller, Bye, Volk, and Black voted yes. The recommendation for approval of Systemwide Projects/Initiatives items 2.a.i, iv, v, vi, vii, viii, ix, x, and xi passed 5-0.

- b. VC. Krebsbach presented the NDUSO System Governance requests to committee members.
 - i. Student Financial Aid System (NDUSO) – the base budget is \$273,180 and requesting an increase of \$273,180 to fund a vendor for the new financial aid system.
 - ii. Increase Shared Services (NDUSO) – the base budget is \$800,000 and requesting an increase of \$200,000 to utilize towards OER resources or other items that may be charged to institutions as assessments.
 - iii. Internal Audit Software (NDUSO) – requesting \$143,000 to fund a system wide program for internal auditors.
- c. VC. Krebsbach presented the NDUSO Student Grant requests to committee members.
 - i. Professional Exchange Program (PSEP) (NDUSO) – the base budget is \$3,699,342 and requesting an increase of \$1,500,000 to help fund veterinary, dental, and optometry programs.
 - ii. North Dakota State Grant (NDUSO) – the base budget is \$29,917,306; requesting an increase of \$1,000,000 due to a projected shortfall based on an increasing number of North Dakota high school graduates.
 - iii. Dual Credit Scholarship (2023-25 One-Time funds) (NDUSO) – requesting one-time funds of \$1,500,000 to offer scholarships in the next biennium.
 - iv. North Dakota State Grant - remove ND HS graduate requirement (ENVISION) (NDUSO) – requesting \$1,000,000 if the ND high school graduate requirement

is removed; funds will be needed for the additional State Grant eligible students.

Mihalick moved, Bye seconded, to recommend approval of all NDUSO System Governance and NDUSO Student Grants requests.

Mihalick, Biller, Bye, Volk, and Black voted yes. Motion passed 5-0.

3. Capital Budget Request

- a. VC. David Krebsbach presented the Capital Budget Requests. VC. Krebsbach shared that the projects for UND, MiSU, and MaSU were legislatively intended with \$98.6 million in General Funds and \$122.6 million Project Total funding. One correction was made in that MiSU's project is for renovations and not new construction. There are also 3 projects for NDSU, DSU, and MiSU that don't require any General Funds but require Legislative approval.
- b. VC Krebsbach then explained how the 2025-27 Capital Projects submitted by the institutions are sorted by priority using three different criteria: Program Enrollment Driven Needs; Deferred Maintenance; and Life and Safety issues.
- c. Chair Black shared the information he has received from legislators on their intent and the work he did with institution presidents and other stakeholders to understand the capital project submissions. Based on this Chair Black proposed addressing NDUS capital project requests in 4 separate steps:
 - i. Step 1: endorse the 3 legislatively intended projects;
 - ii. Step 2: increase the MiSU request (expansion of Nursing mission) to take advantage of an offer to acquire a nursing education facility. This expands the MiSU ask to \$13 million to acquire a 40,000 sq. ft. building in downtown Minot that would be used for healthcare related programs and could increase the number of graduates by 250.
 - iii. Step 3: Critical Life, Safety, & Deferred Maintenance and Repairs

Institution	Project	Project Total	General Funds
LRSC	Infrastructure	\$6,087,341	\$5,782,974
VCSU	McFarland DF	\$27,300,000	\$25,915,000
NDSCS	Innovation Center	\$24,759,730	\$23,521,744
DCB	Demo Residence Hall	\$875,000	\$875,000
DSU	Demo/Replace Selke	\$48,500,000	\$48,500,000
MaSU	Campus Security	\$1,311,630	\$1,246,049

- iv. Step 4: Make it an urgent priority for the system office to facilitate a comprehensive capital project plan, phased over the next 3 biennia, clearly distinguishing projects by DF, LS & PED. The board should consider the projects not approved today as part of this comprehensive capital plan which we can advocate for with the legislature this session. by advocating this session. Chair Black shared that MiSU has expanded their original ask of \$8.1 million to \$13 million

Bye moved, Mihalick seconded, to approve Step 1 that includes the three legislatively intended projects for UND, MiSU, and MaSU as presented. Mihalick, Biller, Bye, Volk, and Black voted yes. Motion passed 5 - 0.

Volk moved, Biller seconded, to endorse Step 2 that would recommend approval to increase MiSU's Nursing Expansion funding request to \$13 million. Mihalick, Biller, Bye, Volk, and Black voted yes. Motion passed 5 - 0.

VC Krebsbach commented to the committee that North Dakota Century Code requires a 5% contribution towards the capital projects for all institutions with the exception of NDSU and UND which are at a higher contribution percentage.

Volk moved, Bye seconded, to endorse step 3 with the exception of moving the other funds for LRSC and MaSU to general fund, so the total request is general funds for each. Also, there is no match required for the demolition projects at DSU and DCB.

Mihalick, Biller, Bye, Volk, and Black voted yes. Motion passed 5 - 0.

Volk moved, Biller seconded, to recommend approval of the non-general fund capital projects for NDSU, DSU, and MiSU.

Mihalick, Biller, Bye, Volk, and Black voted yes. Motion passed 5 - 0.

- d. Member Volk recommended that committee members look at Step 4 and start talking in the future and have a plan together by the time session starts so that it's understood what exactly is being requested.
- e. Member Volk discussed concerns regarding Presidents' housing as some presidents are living in apartments. Member Volk would like the committee to start discussing the possibility of purchasing lots near campuses and building homes for those presidents. Committee members agreed that it would be a topic of discussion at upcoming meetings.

Chair Black adjourned the meeting at 5:18 p.m. CT.

Approved July 17, 2024.