

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 23, 2025, at 10:30 a.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. Jeffry 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 Interim President Sanford, Ms. Sonya Koble, **DCB** Dean Carmen Simone, Mr. Chris Nero, **DSU** Mr. Les Wietstock, **LRSC** President Darling, Ms. Joann Kitchens **MaSU** President Van Horn, Ms. Amber Hill, **MiSU** President Shirley, Ms. Krista Lambrecht, **NDSCS** President Flanigan, Mr. Keith Johnson, **NDSU** Mr. Bruce Bollinger, Ms. Karin Hegstad, Ms. Lisa Ripplinger, Mr. Michael Ellingson, Ms. Loretta Forsberg, Ms. Patricia Hanson, Ms. Cynthia Rott, Ms. Gretchen Wagendorf, Mr. Thomas Claeys **UND** Ms. Karla Mongeon-Stewart, Ms. Odella Fuqua, Mr. Matthew Kibbon, Mr. Thomas Bures, Mr. Namil Choi **VCSU** President LaFave, **WSC** President Hirning, Ms. Deborah Halvorson

System Office/CTS/Guests

NDUS Chancellor Hagerott, VC. David Krebsbach, VC. Tom Danford, Dr. Jennifer Weber, Mr. Mark Gorenflo, Ms. Jane Grinde, Ms. Jamie Wilke, Mr. Chris Pieske, Ms. Tammy Dolan, Dr. Billie Jo Lorus, Mr. Rick Tonder, Ms. Brenda Zastoupil, Ms. Mindy Sturn, Ms. Claire Gunwall, Mr. Eric Jensen, Ms. Jacqueline Miller, Mr. Dustin Walcker, Ms. Robin Putnam, Ms. Caitlin Magilke, Ms. Bethany Kadrmaz, **CTS, AG** Ms. Meredith Larson

Call to Order

Committee Chair Black called the meeting to order at 10:30 a.m. CT.

Committee Business

1. Agenda
 - a. Chair Black requests to add discussion item #3 HB 1161.
 - b. Member Volk requests to add discussion item #15 for Challenge Grant and Tier Funding
 - c. Bye moved, Biller seconded, to approve the agenda, as amended.
Approved by consensus.

2. Meeting Minutes
 - a. Mihalick moved, Biller seconded, to approve the November 13, 2024, [meeting minutes](#), as presented.
Approved by consensus.

3. [HB 1161](#)

- a. Chair Black shared that HB 1161 would establish a funding pool for vacant full-time equivalent positions within institutions. Additionally, it would mandate the transfer of appropriation authority for vacant positions to the Office of Management and Budget and would be held in a dedicated funding pool. Furthermore, Chair Black shared that HB 1161 has significant constitutional infringements upon the SBHE's authority.
- b. VC. David Krebsbach shared that VC. Lisa Johnson presented testimony to this bill on January 22, 2025. VC. Krebsbach stated that the University System is funded differently from other state agencies and is more like a block grant whereas other state agencies are funded on a position-by-position basis. A similar funding pool was created during the last legislative session for state agencies and is now being proposed to extend to the University System.
- c. VC. Krebsbach shared that it was passed in committee with 13-1 Do Pass recommendation and will be on the House calendar today, January 23rd at 1:00 p.m.
- d. Ms. Gretchen Wagendorf, Budget Director for NDSU Agriculture, shared that this was implemented with NDSU Agriculture during the last legislative session. Ms. Wagendorf stated that vacant FTE money was swept from budgets, but the OMB pool was not fully funded to get the money back. Currently, NDSU Agriculture is sitting at an unfunded budget shortfall of \$1.9 million in their general fund and \$1.2 million of special fund authority. Additionally, Ms. Wagendorf shared that the funding pool created by OMB is in the PeopleSoft instance for state agencies, which is different than the PeopleSoft that NDUS uses, requiring additional access to an unfamiliar system.
- e. Ms. Karla Mongeon-Stewart stated that UND's positions are funded by a combination of appropriated General Funds and tuition, and it would be difficult to track what funding percentage of a vacant position to transfer to OMB.
- f. Mihalick moved, Bye seconded, for the Budget and Finance Committee to oppose HB 1161.
Approved by consensus.

4. [DCB 2023-25 CBF Tier III Request](#)

- a. VC. Krebsbach shared that DCB is requesting a transfer of \$120,346 from the system office capital building fund. DCB would use this portion of the Tier III and matching funds to renovate Old Main using donations and bond payments.
- b. Biller moved, Volk seconded, to approve DCB's 2023-25 CBF Tier III request. Biller, Bye, Mihalick, Volk, and Black voted yes. Motion passed 5-0.

5. [UND Name Education Northwest](#)

- a. Mr. Matthew Kibbon shared that the renaming of this building is due to the relocation of Kinesiology, which is part of the School of Education.
 - i. Member Bye asked if there are additional expenses related to signage that would need to be changed. Mr. Kibbon stated that those expenses are taken care of within the project.
 - ii. Volk moved, Bye seconded, to approve UND Name Education Northwest request.
Biller, Black, Mihalick, Volk, and Black voted yes. Motion passed 5-0.

6. [UND Purchase Bronson Center](#)

- a. Mr. Kibbon shared that the Bronson Center is located on the northwest side of campus and is where finance operations were moved to. The UND Foundation

purchased the building from Bank Forward for \$1.5 million and it was appraised at \$2.7 million. UND has been leasing this location for many months and is looking to acquire the property to make it a permanent location for the financial operations of the university.

- i. Member Volk asked to confirm that the purchase of this building can go forward without state legislature approval. Mr. Rick Tonder stated that because this is viewed as a public improvement acquisition and local funds are being used to acquire, legislative approval is not required.
 - ii. Member Mihalick asked how much did the lease payments amount to. Ms. Karla Mongeon-Stewart stated that they did not put in a specific amount because UND must wait an additional month in which another lease payment will come due. This information can be shared with committee members.
 - b. Volk moved, Bye seconded, to approve UND Purchase Bronson Center request subject to verification if the purchase needs legislative approval. Biller, Bye, Mihalick, Volk, and Black voted yes. Motion passed 5-0.
7. [UND Flight Operations Construction Project](#)
 - a. Mr. Kibbon shared that this request seeks authorization to proceed with the construction of a new flight operations building at the Grand Forks Airport to replace the current flight operations building.
 - i. Member Volk asked if there have been discussions around extending the lease beyond 4 years as it is set to expire in 2029. Mr. Tom Bures, UND's Real Estate staff member, stated that UND will be looking to start negotiations for a new lease. The current lease was for 10 years with two five-year options in which UND is in the final five-year option.
 - ii. Member Volk asked if negotiating a new lease in the next month or two would delay the construction or put anything at risk. Mr. Kibbon stated that UND would like to move quickly with the hazardous material abatement survey, as well as the demolition.
 - b. Volk moved, Mihalick seconded, to approve UND Flight Operations Construction project contingent on a lease extension agreement. Biller, Bye, Mihalick, Volk, and Black voted yes. Motion passed 5-0.
8. [NDSU Seim Hall Renovation](#)
 - a. Ms. Karin Hegstad shared that NDSU has been working towards renovating their four high rises and they are seeking authorization to start on Seim Hall. Renovation would begin in fall 2025 to be completed by Spring 2027.
 - b. Mihalick moved, Biller seconded, to approve NDSU Seim Hall Renovation request. Biller, Bye, Mihalick, Volk, and Black voted yes. Motion passed 5-0.

SBHE Policy

9. [HR Policy 3](#) Qualifications for Employment
 - a. Mr. Chris Pieske shared policy updates for both HR Policy 3 and Policy 603.2. Based on work on the Emerging Technology policy, HR Policy 3 and Policy 603.2 will have language added stating that AI and other emerging technologies can be used in employment processes but ultimately, decision making must be done by a real person.
 - b. Member Volk asked what has been driving these changes forward. Mr. Pieske stated that discussions at the NDUS Human Resources Council around use of AI in HR processes generated concerns about ensuring human-decision making was involved in those processes.

- i. Bye moved, Mihalick seconded, to approve HR Policy 3 and Policy 603.2 as presented.

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

10. [HR Policy 7](#) Sick Leave

- a. Mr. Pieske shared that the Family Medical Leave Act (FMLA) allows a parent to take up to six weeks of paid leave during the first 12 months after a child is born or placed in the home. Currently HR Policy 7 reads that those six weeks of paid leave must be taken within the first 6 months after a child is born or placed in the home. The Human Resources Council recommended changing the language in HR Policy 7 to match what the federal law allows.
- b. Volk moved, Bye seconded, to approve HR Policy 7 as presented. Billier, Bye, Mihalick, Volk, and Black voted yes. Motion passed 5-0.

11. [Policy 603.2](#) Equal Employment Opportunity

- a. Policy 603.2 and HR Policy 3 are unanimously approved as presented.

12. [Policy 909](#) Real Property Leases

- a. VC. David Krebsbach shared that clarifying language has been added to Policy 909 stating who is required to approve leasing property from the SBHE or an institution to another entity, and a lease of property from another entity to the SBHE.
- b. Volk moved, Billier seconded, to approve Policy 909 as presented. Billier, Bye, Mihalick, Volk, and Black voted yes. Motion passed 5-0.

Committee Reports/Updates/Discussions

13. Presidential Compensation Discussion

- a. Chair Black shared background information regarding presidential compensation. Chair Black stated that the full board asked the Budget & Finance Committee to review this issue and provide recommendations to the full board on a course forward.
- b. Member Volk shared a [proposed plan](#) for presidential compensation.
- c. Member Mihalick recommends putting together a Presidential Compensation Committee that includes Member Campbell as he has a thorough background as Chief HR Officer for Sanford Health. This should be discussed at the next SBHE meeting to ensure the plan is ready for June contract renewals.

14. [Budget directive for System Office and Core Technology Services](#)

- a. Member Volk discussed creating a strategy for reviewing the system office and CTS budgets. Furthermore, Member Volk recommends that the Budget and Finance Committee create a practice of financial reviews and suggested this work be completed after the legislative session. This could form the basis for further review of System Office, CTS, and NDUS institution budgets.
- b. Committee Chair Black recommends reviewing Policy 302.3 which outlines BFC reporting requirements for System Office staff.

~~15. Challenge Grant and Tier Funding~~

- a. Committee members plan to discuss legislative proposals for the Challenge Grant and Tier Funding at the Special SBHE meeting on Friday, January 24, 2025.

Adjourn

Committee Chair Black adjourned the meeting at 12:01 p.m. CT.

Approved February 18, 2025.