

North Dakota State Board of Higher Education May 20, 2025, Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met on May 20, 2025, at 10:30 a.m. – 12:30 p.m. CT., via Teams.

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 (joined at 11:30) |
| <input checked="" type="checkbox"/> Mr. Curtis Biller (joined at 10:35 a.m. CT.) | <input checked="" type="checkbox"/> Mr. Michael Linnell, Staff Advisor |

Institution Presidents/Representatives

BSC Ms. Sonya Koble, **DCB** Dean Simone, **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, **NDSU** Mr. Bruce Bollinger, Ms. Karin Hegstad, **UND** Ms. Chelsea Larson, Ms. Sarah Abentroth, Ms. Shelbie Witte, Mr. Namil Choi, Mr. Terry Nelson **VCSU** Ms. Erica Buchholz **WSC** President Hirning,

System Office/CTS/Guests

NDUS VC. David Krebsbach, VC. Jerry Rostad, Mr. Mark Gorenflo, Ms. Jane Grinde, Mr. Chris Pieske, Ms. Jamie Wilke, Ms. Brenda Zastoupil, **AG** Ms. Meredith Larson.

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

1. Agenda
and,
2. [April 15, 2025](#), Meeting Minutes
Volk moved, Bye seconded, to approve the agenda and authorize Committee Chair Black to adjust the timing of agenda items, as needed and to further approve the April 15, 2025, meeting minutes.

Bye, Volk, and Black voted yes. Biller and Mihalick temporarily absent. Motion passed 3 – 0.

Agenda items 3 – 5 were reviewed and discussed by the committee and system office:

3. Fiscal Oversight/[Quarterly Budget Reports](#),
4. [Policy 302.3](#), Budget and Finance Committee,
5. [Draft Fiscal Oversight Plan](#).

Chair Black opened the discussion by acknowledging the committee's ongoing interest in improving financial reporting and transparency. He noted that the conversation would naturally blend topics related to budgeting, reporting formats, and Policy 302.3, and acknowledged the complexity due to multiple elements being addressed simultaneously.

Committee members discussed improving the reporting format, and the lack of details that they requested when budgets are presented, specifically with the CTS budget. They agreed that more transparency is needed due to the Board's fiscal responsibilities. Committee members agreed that there is a need to refine how financial data is presented and monitored and further expressed interest in aligning reporting formats across units for better clarity and oversight. Member Volk noted the highlighted items on the policy document were his own annotations that identifies reports the committee is not currently receiving or approving in full.

Interim Chancellor Sanford informed the committee that there needs to be better understanding of government accounting among board members, especially in contrast to private sector practices. He emphasized the complexity and limitations of appropriations, carryover authority, and discretionary spending within state budgets. Sanford noted that government accounting lacks the revenue-based flexibility seen in the private sector, and many line items are fixed (e.g., personnel costs), limiting discretionary use. Member Mihalick added that the differences between FASB (private sector) and GASB (government) standards are significant and often confusing.

Vice Chancellor Krebsbach informed the committee that he's working with CTS and the Institutional Research staff to revamp financial reports using the Power BI Tool. The goal is to incorporate committee feedback into a new reporting format that shows biennial appropriations with year-by-year budgets, expenditures, and variances. It will also provide a clearer breakdown of funding sources and department-level allocations.

Committee members requested financial reporting include all appropriation lines and funding sources such as, but not limited to the following components:

- Revenue data.
- FTE (Full-Time Equivalent) counts alongside salary and professional development figures to better understand the scale of expenditures, supporting a separate payroll or FTE report to supplement financial summaries.
- Clarification on whether the reports reflect total operations or only general fund appropriations.
- Leftover Dakota Digital Academy (DDA) funds.
- Fund drawdowns, carryover, and budget availability.

The committee asked for clarification on the process for drawdowns and carryover funds. VC Krebsbach explained that agencies don't receive their full appropriation upfront; funds are drawn down monthly or bi-monthly from the State Treasurer based on projected expenditures. Drawn funds are deposited into the agency's account at the Bank of North Dakota and used to pay salaries, benefits, and operating costs. The funds that are unspent at the end of a fiscal year remain with the State Treasurer. These funds are not lost; they are available for use in the next fiscal year within the same biennium; this provides flexibility to fund initiatives or cover additional needs in the second fiscal year. VC Krebsbach further explained how general fund appropriations and carryover work at the institutional level; institutions draw down general funds as needed throughout the biennium, based on a schedule with the State Treasurer; these funds are not held in full upfront, and are used for ongoing operations like salaries and expenses. As a result, most general funds are fully expended by the end of the biennium. The

carryover funds at the end of a biennium are typically from special funds (e.g., tuition, auxiliaries), not general funds; general fund carryover is only possible if authorized by legislative language in the appropriations bill. In the current biennium, carryover funds from the previous biennium are permitted. VC Krebsbach stated that carryover is legislatively controlled and can change to not allow carryover, so unspent funds would be lost.

Chair Black concluded the discussion by re-iterating the agreed upon outcomes:

- Comprehensive Budget reports for the system office and CTS, including all funding sources and appropriation lines.
- Greater transparency in budget reporting.
- Education on government accounting principles.
- Utilizing tools, such as Power BI to support informed decision-making.

6. Biennial Budget Guidelines and Tuition Rates

Ms. Jamie Wilke provided an overview of the proposed [biennial budget guidelines and tuition rates](#). She presented proposed tuition increases for the 2026 academic year and projections for 2027. The resident undergraduate tuition increases range from 1.2% to 6%; non-resident undergraduate rates follow similar patterns; resident graduate and professional program increases are between 0% and 6%, except for the UND School of Law, which would be a 15% increase. The non-resident graduate and professional rates are generally aligned with the 0–6% range except for the UND law school increase of 15%. Ms. Wilke noted the previously approved tuition exemptions adjusted by policy 805.1 and the differentiated rates for online versus in-person tuition; dual credit tuition rates are standardized across institutions with a 4% increase. The 2027 tuition rates are anticipated to increase between 3% and 6% for most of the NDUS institutions; those will be reviewed again in March 2026.

The committee requested to have the online tuition rates presented in the same format as the other tuition categories and consistency with rates listed by per credit versus annual and/or on a semester basis. Ms. Wilke stated that the per-credit amounts are available and can be provided in a more comparable format, using standard credit loads (30 credits for undergraduate and 18 for graduate programs) to calculate annualized costs.

Mihalick moved, Biller seconded, to recommend approval of the biennial budget guidelines and tuition rates, as presented.

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

7. Retirement Plan – Retirement Plan Oversight Committee

VC Krebsbach explained that the [retirement plan](#) request came out of the Retirement Plan Oversight Committee as a recommendation. It authorizes attorney Godsoe to review and finalize summary plan documents for all NDUS retirement plans. Currently there is no SPD for the Executive Compensation Plan and/or the 403(b) DC Plan.

The committee clarified that the summary plan description (SPD) is a participant-friendly document that clearly explains the terms of a benefits plan in plain language; historically, there's been SPD(s) for the Defined Contribution, 403(b), and 457(b) plans. They also discussed that the NDUS is not subject to the provision under the Employee

Retirement Income Security Act (ERISA) because it is a governmental plan; however, Attorney Godsoe recommends having a summary for all NDUS plans to benefit the participants.

Volk moved, Mihalick seconded, to recommend approval to adopt SPDs for all NDUS retirement plans, subject to any legal changes, as recommended.

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

8. VCSU 2023-25 Tier III Request

Bye moved, Volk seconded, to recommend approval of [VCSU's 2023-25 Tier III](#) request, as presented.

Bye, Volk, Biller, and Black voted yes, Mihalick temporarily absent. Motion passed 4 – 0.

9. VCSU Tuition Exemption Request

Ms. Bucholtz explained [VCSU's exemption to Board Policy 805.1](#) would allow them to charge tuition rates for undergraduate students from South Dakota, Montana, and the Canadian provinces of Saskatchewan and Manitoba to match MN reciprocity rates. The committee discussed the projected increase in the number of students with the new rate and the financial impacts.

Biller moved, Bye seconded, to recommend approval of VCSU's Tuition Exemption request, as presented.

Biller, Bye, Volk, and Black voted yes, Mihalick temporarily absent. Motion passed 4 – 0.

The committee discussed the number of NDUS institutions coming forward with tuition exemptions for Board approval and noted the lack of follow-up data on whether such tuition exemptions lead to enrollment increases or other positive outcomes. VC Krebsbach stated there are reports on FTE enrollments throughout the year; however, a report on specifics, such as tuition exemptions, does not currently exist. Committee members agreed it would be beneficial to have a system-wide tracking mechanism for accountability and to measure outcomes of Board action. They recommended follow-up on all NDUS approved tuition exemptions, including comparing projected versus actual student increases and financial impacts.

10. BSC 2023-25 Tier II/III Request

Bismarck State College (BSC) requested the [release of Tier II and Tier III capital building](#) funds, having met the required matching contributions. The funds will be used to complete the Advanced Technology Center and the Frederickson remodel. Members Volk and Bye inquired about the source of BSC's matching funds, which came from federal ARPA (American Rescue Plan Act) funds. They also questioned whether this use complies with policy, which prohibits using state funds for matching but does not explicitly address federal funds.

The committee received clarification on state funds versus federal funds. State funds, such as general funds and/or strategic investment funds, can't be used as matching funds for Tier II and III capital projects; there is no policy language prohibiting the use of federal funds. Upon further discussion, it was confirmed that using previously spent

federal funds, such as ARPA funds from the COVID era as match contributions has been allowed and done in past bienniums.

Biller moved, Bye seconded, to recommend approval of BSC's 2023-25 Tier II/III Request, as presented.

Biller, Bye, Volk, and Black voted yes, Mihalick temporarily absent. Motion passed 4 – 0.

11. MaSU Request for Line-item Transfer

Mayville is requesting a [transfer of 1921 and 2123 deferred maintenance funds](#); they have matching for it. The request is just moving those to the appropriate line items for capital expenditures.

Volk moved, Biller seconded, to recommend approval for MaSU's request for a line-item transfer, as presented.

Biller, Bye, Volk, and Black voted yes, Mihalick temporarily absent. Motion passed 4 – 0.

12. MaSU Tuition Exemption Request

The institution is reviewing its enrollment and recruitment goals and aligning tuition strategies to support its goals. The [tuition exemption request](#) addresses three main areas:

1. Active Military and Dependents Recruitment
2. Tuition Fee Capping for Online Courses
3. Consolidation of Tuition Rates

These changes aim to remove financial barriers, enhance fairness, and boost enrollment; it could cause some initial revenue loss but MaSu sees it as a strategic investment in long-term growth. It could also improve student retention: some students leave campuses to take online courses from home to avoid extra fees.

Biller moved, Volk seconded, to recommend approval of MaSU's tuition exemption request, as presented.

Bye, Biller, Volk, and Black voted yes, Mihalick temporarily absent. Motion passed 4 – 0.

13. UND Neuroscience and Biomedical Research HVAC project increase request

Volk moved, Bye seconded, to recommend approval to UND's for the Neuroscience and [Biomedical Research HVAC project increase request](#), as presented.

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

14. UND Central Foods Complex HVAC Upgrades and Roof Replacement

Bye moved, Mihalick seconded, to recommend approval of UND's Central Foods Complex [HVAC upgrades and roof replacement](#), as presented.

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

15. [UND College of Education & Human Development differential tuition rate request](#)

There was discussion regarding out-of-state and international students paying the same tuition and fees for their online doctoral program that North Dakota (in-state) students pay.

UND representatives explained that the new rate, if approved, is comparable to peer and neighboring institutions. The goal is to attract a global student base by offering a single, competitive rate; UND would still be 33% below the average cost of competing institutions.

Mihalick moved, Volk seconded, to recommend approval of UND's request for the College of Education & Human Development differential tuition rate, as presented.

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

16. UND School of Law tuition factor change request

The [UND School of Law is requesting a change in residency factors](#) for Minnesota and contiguous rates; the rate increase will support educating students in the School of Law while aiming to stay affordable for North Dakota residents. UND representatives confirmed that the anticipated increase in credit hours is primarily from in-state students, minimally expected change in out-of-state enrollment, and that there is no reciprocity with other states for law school tuition. UND remains highly competitive and expects to increase the proportion of in-state students.

Biller moved, Bye seconded, to recommend approval of UND's school of law tuition factor change.

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

SBHE Policy

17. Policy 703.1 Early Retirement

Committee Chair Black suggested postponing reviewing the [early retirement policy](#) until the June committee meeting; committee members had no concerns.

Bye moved, Volk seconded, to postpone Policy 703.1 until the June committee meeting.

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

The meeting adjourned at 12:35 p.m. CT.

Approved June 17, 2025.