Administrative Affairs Council Minutes
December 4, 2007
Conference Call – 9 a.m.

Participants
Tamara Barber – BSC
Alvin Binstock and Mark Lowe – DSU
Corry Kenner – LRSC
Steve Bensen – MaSU
Ron Dorn and Jonelle Watson – MiSU
Ann Bergeron – MiSU-BC
Mike Renk – NDSCS
John Adams, Bonnie Neas, and Evelyn Sova– NDSU
Alice Brekke and Peggy Lucke – UND
Trudy Collins – VCSU
Cleo Rameden and Brenda Wigness - WSC
Cathy McDonald and Deanna Dailey – NDUS

Discuss and identify major high-level biennial budget needs
Ms. McDonald reviewed the memo that Chancellor Goetz sent to the Cabinet on November 21, 2007, which outlined the biennial budget process and timeline. In his memo, the Chancellor expressed his desire to have a comprehensive budget process that takes place sooner rather than later in the legislative process. Chancellor Goetz also encouraged the presidents to review all department specific requests before they are to be considered by the Cabinet, and ultimately the SBHE, for legislative funding. This is not meant to slow the process down, but rather to attempt to identify all projects and determine the level of campus support before they are brought before the SBHE or the legislature. Ms. McDonald said the Chancellor would like to see collaborative or partnership projects that involve other NDUS campuses or other public or private entities.

Included with the agenda for this meeting of the Administrative Affairs Council (AAC) was the schedule of priorities that was created for the previous biennial budget process. Ms. McDonald said a similar schedule will be developed for the upcoming legislative session. Since the state will likely once again have a budget surplus, it is also likely that the Governor will be willing to consider funding more one-time projects and we want to be thinking of those early in the process. Ms. McDonald asked if campuses were interested in approaching the process with a similar schedule for the next legislative session and if they agreed to put salary increases and health insurance coverage at the top of the list within the parity/equity funding request. There was no opposition expressed by any members of the AAC.

Ms. McDonald asked for suggestions regarding the 2009-11 budget request. The following items were discussed:

• In response to a question from Mr. Binstock, Ms. McDonald said she’s not heard of any opposition to the long-term finance plan and assumes we will continue to use this method.
• Ms. Brekke indicated that she had visited with Laura Glatt about a similar question, regarding whether this indicated a move away from preparing budgets according to the long-term finance plan and back to the process of identifying specific initiatives. She said that Ms. Glatt indicated that we would still proceed with parity and equity requests, and that this process was meant to generate a discussion that would lead to agreement on major priorities for the NDUS.

• Mr. Adams suggested “emergency preparedness on campus and the costs associated with the implementation” be added to the list. Ms. McDonald explained that she will be visiting with a work group that has been formed to discuss non-IT related infrastructure items in this area. Another group is discussing the IT-related items and both will be incorporated into a budget proposal. She added that some institutions are incurring these costs in the current biennium; however, there was support for ongoing costs to be included on the NDUS budget request.

• Ms. Neas expressed her support for requesting ongoing maintenance and operational costs for the Northern Tier Network. She said the request for the next biennium could be as low as $600,000-700,000 per year and as high as $1 million. Since equipment purchases and the cost to continue the project have not been finalized, Ms. Neas stressed the fact that this was only a guess. The $1 million estimate is based on the national average. Those costs are not factored into the CIS budget but she and Mr. Thursby will be working on this soon. She will be providing information to the Information Technology Committee meeting in January 2008, as there is definitely an interest in this project.

Ms. Neas also indicated that the 09-11 budget request should include a one-time request for funding for the NTN connection from Winnipeg to South Dakota. Since the east/west route was the higher priority, the 07-09 funding is being used mostly to build that route. In this next request, maintenance and operational expenses for the east/west route should be included. The equipment has been purchased, but implementation can’t begin until all the expenses have been calculated.

Based on the fact that data transmission is doubling every 12 months at each institution, Ms. Neas suggested we consider requesting funds for campus infrastructure upgrades. Ms. McDonald asked if this funding would go through the CIS pool or if each campus should handle it individually. Although Mr. Thursby has not heard that this is a system-wide (CIS pool) request, Ms. Neas indicated that this could either be a campus request or be considered as part of the CIS pool.

In response to the Chancellor’s interest collaborative partnerships between campuses, Ms. McDonald asked committee members for ideas that fall into this category (ex, Nursing Consortium). Ms. Collins suggested workforce development and the rural health care network could be two projects the system may want to consider.

Ms. Brekke said she and Ms. Glatt discussed the issue of workforce development and also discussed the possibility of requesting one-time funds that could be used as grant matching dollars to attract other potential funding. Ms. Brekke also suggested that there may be base or one-time funding requests for the Medical School, as a result of the recent performance audit. She also suggested that additional requests for one time funding could include deferred
maintenance projects and new academic program start-up costs. Ms Brekke also mentioned that “base” support for Centers of Excellence projects should be considered.

Ms. Brekke reported that she & Ms. Glatt had also discussed whether there is any potential for us to tie into some federally funded projects in the science and technology areas. She asked about increasing the doctoral program funding, as well.

Mr. Bensen said the utility costs continue to rise and the CPI inflationary increases don’t come close to covering the increased expenses. Mr. Bensen asked if the additional funding could be requested for utility increases. Ms. McDonald replied that when the long-term finance plan was revised two years ago, the AAC agreed that there would not be a separate increase for utilities, in the parity calculations, and that the CPI inflation factor was used on all operating expenses. She indicated that if the Council wants to do something different for the 09-11 request, that decision would need to be made soon. Ms. Brekke agreed with Mr. Bensen and added since we’ve now had some experience with the utility issue, we should gather the necessary information. Ms. McDonald agreed to send a request for more detailed information to the campuses, in order to evaluate alternative utility increase options.

Mr. Binstock said as a result of the increased utility expenses, some institutions entered into performance contracts and perhaps a one-time request to pay off these contracts could be included. Ms. Brekke reported that UND underwent several cost-saving measures and would like to include a one time request to pay off energy improvement bonds, as well. Several campuses were in favor of a one-time funding request to pay off the performance contracts and energy improvement bonds.

Ms. Collins questioned whether the legislature had included funding to continue the first year salary increases into the second year of the current biennium, and Ms. McDonald indicated that they had, and she would visit with her after the meeting.

Mr. Binstock asked if other Councils are preparing their lists of priorities or if they will be submitting items at the last minute. Ms. McDonald explained that in Chancellor Goetz’s memo, he strongly suggested that all institutions and Councils be prepared early, and that Laura had sent a copy of the memo to all of the major Councils, so they should be aware of the process. Ms. McDonald suggested the AAC members discuss the process and ideas at their respective campus Cabinets to subsequently ensure that all major Councils are aware of the process on their campuses. The Chancellor’s Cabinet will then discuss these ideas and determine which projects should be supported system wide.

Mr. Binstock asked whether the $250,000 for professional insurance that had been previously backed off has been put back in place. Ms. Brekke said the decrease was due to a reduction in premium and that at this point, it is possible to continue this insurance without having to ask for an increase.

Mr. Binstock also wants to allow for possible tuition increases if the system doesn’t get appropriate funding from the legislature. Ms. McDonald asked the group for their thoughts/preferences regarding 2009-11 tuition increases – total flexibility, a cap on increase,
Mr. Binstock said he’d prefer to have total flexibility in this regard. Ms. Brekke cautioned that every institution will have to remain competitive in the region and to be careful not to “price themselves out of the market.” Ms. Brekke also mentioned the importance of reminding the Board and legislature of the partnership between the state and the cost of higher education. We must continue to educate legislators on the need to improve aid to the state’s most needy students. Ms. McDonald suggested the possibility of an “affordability initiative” which would encompass tuition increases, financial aid, etc. Ms. McDonald asked if there was any support or limiting tuition increases. Ms. Collins and Mr. Renk both indicated they would need to know what type of increases will be necessary before making that decision, and what will need to be done in order to remain competitive with others. If we don’t want to limit the increase to a certain percent, NDUS institutions need to be able to show the ability to limit ourselves to only increasing it to the point where we can remain competitive.

Mr. Binstock asked whether salaries/benefits will be handled the same as before, or will there be discussions with various entities before finalizing this portion of the request. He believes some strategic discussions should take place before putting this high-level request. Ms. McDonald indicated that a committee, consisting of HRC and CCF members, is currently preparing an employee compensation report, and that the Board’s recommendation for salary increases has either been the same or close to the committee’s recommendation in the past. Just as in the last session, salaries and benefits will likely be the top priority in our budget request but this is ultimately left to the Cabinet and Board to decide. With regard to funding for a “catch-up raise,” Ms. McDonald said this would have to be a base increase and while there may be difficulty sustaining this, it could be discussed. Mr. Bensen believes since the studies continue to show our faculty lags in salary nationwide, this matter should be considered in the next budget process.

Mr. Bensen and Mr. Renk expressed support for one-time deferred maintenance pools. Ms. Brekke suggested major capital projects and renovations should be requested as separate one-time funding issues.

Summary of one-time funding ideas:

1. Emergency preparedness
2. Northern Tier Network (North/South connection)
3. Deferred maintenance
4. Academic programs start-up
5. Pool of funds for paying off performance contracts and energy improvement bonds
6. Major capital projects
7. Research grant match funds (one time or ongoing) to leverage dollars outside of EPSCoR – tag onto math/science federal funding
8. Endowments for state financial aid programs
9. Workforce Development
10. Campus infrastructure upgrades-data transmission doubling every 12 months
11. Payment of special assessments
12. Upgrading/enhancing equipment, such as facility operations, department labs, computer labs, and all other outdated equipment. It was mentioned that Mr. Rich Lehn could be helpful in this identifying applicable equipment. Ms. Neas added that there is a three-year average life cycle for technology equipment.
Summary of base funding ideas:
1. Ongoing costs for emergency preparedness – don’t make it an “unfunded mandate.” Some campuses are incurring those costs in this biennium so those one-time costs will already be covered, but there was support for ongoing costs being added to this list.
2. Ongoing operational costs for Northern Tier Network ($600,000-$1M per year)
3. Re-look at utility costs in terms of the parity calculation
4. Possibility of a catch-up raise for all state employees
5. Base funding for Centers of Excellence
6. Salaries and health insurance should be a priority in the parity request

Other ideas/suggestions regarding possible collaborative projects (no detailed discussions):
- Workforce development
- Development of rural health care workers
- Space Grant Consortium – other campuses besides UND

Update from Mark Lowe and Tamara Barber on enrollment reporting/fee payment workgroup
At the Common Calendar Date workgroup meeting, Ms. Barber thought a consensus had been reached on SBHE policies 830.1 – Fee Payment Deadline and 440 – Enrollment Reporting. It was her understanding that they had agreed to recommend decoupling the fee payment deadline from the census date so that even if the student hasn’t paid by that time, they don’t have to contact every unpaid student. However, the recommendations that were presented to the Chancellor’s Cabinet on December 3, 2007 by academic affairs, were not aligned with what she believed was the consensus of the workgroup.

Mr. Lowe said that the group had 5 options to consider regarding changes to policies 830.01, 440:

1. Delay fee payment date and the enrollment census date each by one week;
2. Eliminate the board mandated fee payment deadline and allow institutions total flexibility to set this date;
3. Use the last day of the term for official enrollment count;
4. Set the fee payment date to coincide with the financial aid disbursement date
5. No change to existing policy

Mr. Lowe reported overriding support from the workgroup for option #2, but this was not the information relayed to the Cabinet. He felt there were two opinions – one from the academic affairs system staff and the other from the institutional representatives. He expressed concern that there may not be an adequate understanding and disclosure about the operational difficulties of some of the proposed solutions. In response to a question from Mr. Renk, Ms. Barber explained this issue came about after a report from the State Auditor stating that we were backdating withdrawals to inflate our numbers. Dr. Hillman asked Mr. Seaworth to review SBHE Policy 830.1. Mr. Seaworth interpreted the policy to read that we could not use blanket withdrawals when preparing annual enrollment reports. Mr. Lowe added that currently, there is no language in SBHE Policy 440 that describes what an ‘enrolled student’ actually is. Ms. Lucke believes that there is a committee set up already that is reviewing SBHE Policy 440 and the definition of an enrolled student.
Council members indicated that when recommendations are presented to the Cabinet that all issues and sides should be presented.

Meeting adjourned at 10:34 a.m.

Other
Future Meeting Dates:
December 4, 2007
January 8, 2008
February 12, 2008
March 11, 2008
March 25, 2008
April 8, 2008
May 6, 2008
June 10, 2008
July 22-23, 2008
September 9, 2008
October 14, 2008
November 13, 2008
December 9, 2008