Administrative Affairs Council Minutes  
February 2, 2010 – 9:00 a.m.  
Conference Call

Participants  
Dave Clark and Tamara Barber – BSC  
Alvin Binstock – DSU  
Corry Kenner – LRSC  
Ron Dorn, Wes Matthews and Jonelle Watson – MiSU  
Jim Borkowski – MiSU-BC  
Mike Renk – NDSCS  
John Adams and Karla Mongeon-Stewart – NDSU  
Alice Brekke, Peggy Lucke and Cindy Fetsch – UND  
Trudy Collins – VCSU  
Laura Glatt, Cathy McDonald, Robin Putnam, Randall Thursby, Cynthia Wagner Goulet and Deanna Dailey – NDUS Office

HRC Retiree Healthcare Savings  
Mr. Matthews reviewed the “HRC Consideration of the Retiree Healthcare Savings Plan and Roth 403b Investment Options” report that was distributed with the agenda materials. This white paper did include options (HRC), but Mr. Matthews explained that the Human Resource Council had not yet finalized a recommendation. The outlined options are:

- Creating a Retiree Healthcare Savings Plan (RHSP)
- Offering the Roth 403b
- Expanding participation in the retiree health insurance credit administered by PERS to also cover defined contribution participants

It was the conclusion of the HRC that while each of the options has merit, there were also factors that would limit the benefits and participation to a relatively small number of employees. The resources used to administer the programs may not be cost effective, and may be better invested in salaries.

In response to a question from Mr. Binstock, Mr. Matthews said this has not yet been discussed with the Compensation Committee.

Ms. Glatt said HRC examined these options as a means of providing alternatives for NDUS employees as they consider the cost of health care in retirement and how this impacts their retirement decisions. She pointed out that it is important to consider these options as part of the 11-13 biennial budget request discussions, as some of the options have sizable fiscal impact.
**Student Drivers Policy 512**

Ms. Glatt reported that David Klein (VCSU), chair of risk loss management committee, has arranged for a meeting this Thursday in Bismarck with a number of representatives from the NDUS senior councils (Administrative Affairs, Academic Affairs, Student Affairs, etc.) to discuss this policy. Mr. Binstock and Ms. Brekke will be representing the Administrative Affairs Council.

Ms. Goulet explained that the issue of student drivers’ auto insurance coverage arose after a student from BSC, as part of a course, was driving a state-owned vehicle and hit a parked car. NDCC 32-12.2 provides liability coverage for accidents involving state owned vehicles, but only for state employees, including student employees. NDBHE Policy 512, Student Drivers of State Owned Vehicles, has been drafted and was included with the agenda materials. This policy indicates that “institution policy shall include guidelines governing operation of state owned vehicles by students.” Ms. Goulet said that North Dakota State Fleet is in the process of updating their policy manual to include adding a section that covers use of state fleet vehicles by students. She said this revised policy will likely be approved. Ms. Goulet added there are two separate issues with regard to insurance coverage for students using state owned vehicles. One scenario is when a student is driving a state car as part of their course of instruction, the other is when student group is driving to a school-sponsored event. She said she believes it may be possible to successfully argue for a legislative change to risk management’s policy regarding students’ using state vehicles in a course of instruction, but it will likely be difficult to pass legislation allowing student groups to be insured for other uses. Dave Clark, Alvin Binstock and others expressed great concern about their ability to find adequate coverage in the intervening period, especially for instructional purposes. Ms. Glatt asked Ms. Goulet to discuss with risk management their willingness to negotiate a statewide contract for insurance coverage for student drivers for instructional purposes, similar to what they have done for medical malpractice insurance. Ms. Lucke said UND has a procedure where if there are no faculty or staff members going on a trip with a student group, the student must fill out a form, which is reviewed and approved by campus officials, when appropriate.

Administrative Affairs Council will continue to be updated as this issue moves to resolution.

**2010-11 Annual Budget Guidelines, Including Tuition Rate Increases**

Ms. McDonald reviewed the proposed 2010-11 annual budget guidelines, including tuition rate increases. Ms. Glatt pointed out that VCSU would receive a slightly higher dollar allocation from the security/emergency preparedness pool to reimburse VCSU for staff costs in support of the systemwide implementation and oversight of NotiFind. Ms. Glatt asked the group for any concerns relating to the recommendation to hold tuition increases to 3.5 percent, as this issue will be discussed by the cabinet on February 3, 2010. Ms. Brekke said that when the SBHE approved the 3.5% limit in 09-10, it was assumed that this would continue into 10-11 as well, and thus, UND planned accordingly. She went on to requests that consideration be given to connecting the resources required to achieve SBHE objectives. Based on feedback, it appeared that all four-year campuses planned as UND did, for a 3.5% increase both years of the 09-11 biennium.

According to Ms. Glatt, the Board has not yet indicated how they intend to handle fee increases, although they have requested detailed information about mandatory fee increases approved at the
institutional level. She said the Budget, Audit and Finance Committee (BAFC) will be discussing this on Monday, February 8, and the Board will likely discuss at their February meeting. Ms. Glatt added that the Board may want to be more involved in the fee setting process than they have been in the past. In response to a question from Mr. Renk about fee increases that are requested by students, Ms. Glatt said their focus is generally on the overall fee increase. Ms. McDonald said she will be sending out an email with instructions, including a reminder on the timelines for requesting payroll download worksheet from ConnectND.

Ms. Barber asked Ms. Glatt to round the allocations of the security/emergency preparedness funds in the table on page eight of the agenda materials. Ms. Glatt agreed to do so.

2011-13 Biennial Budget Request
Ms. Glatt reviewed the combined Cabinet rankings of campus and system initiatives submitted December 15th. Ms. Glatt said that only ten campuses were able to respond, with presidents asked to rank only their top 10 priorities. It should be noted that most of the top 10 priority items are covered in the preliminary budget proposal, which will be covered later. She said the chancellor may ask that we continue to discuss some of the lower-ranked proposals as they relate to the SBHE strategic plan objectives and subsequently, those proposals may be added to the final budget request.

The 11-13 budget request priorities document distributed via e-mail to the business officers on February 1, 2010 is intended to be a starting point for getting a handle on total budget needs, and Ms. Glatt stressed that the numbers and dollar amounts associated with this document are fluid and are only an estimate at this point. Following the February 3rd Cabinet meeting, the budget request priorities will likely need to be re-reviewed based on their input.

Discussion took place regarding the equity allocation options. Ms. Glatt explained that the minimum equity allocations follow the recently adopted SBHE change to the LTF plan. Ms. Mogeon-Stewart asked about the limited movement at NDSU relative to their peer position. Ms. Glatt said although the model weights funding to those furthest behind their peers, it takes substantial funding to change the relative funding position, and also pointed that enrollment growth causes the gap to increase. She pointed out that the noted peer positions, after equity allocation, do not yet include the parity distribution as these figures are not yet finalized. Regarding academic program requests, Ms. Glatt said that at this time, the thought is to request a pool of funds to address new and expanding programs, with the Chancellor and/or the Board allocating the funds based on legislatively approved criteria.

Ms. Glatt said in the budget proposal special assessment payments would be handled differently than in the past, as special assessments appear to be consuming a larger portion of campus repair and maintenance funding. Therefore, special assessment payments have been noted two places in the budget proposal—first in base funding for the biennial payments, and secondly, in one-time funding to pay off the outstanding balance of special assessments. If paid off, the base funding would not be required.

Ms. Glatt said following Cabinet discussion on February 3rd, the budget will be updated, and the schedule next calls for the Chancellor to individually visit with each cabinet member and the
SBHE. The Chancellor must make a final budget recommendation to the SBHE BAFC on March 24th. At the April 8 SBHE meeting, each president will be given time to address specific concerns regarding the budget request to the full SBHE.

**Audit Improvements**
The NDUS audit responses were submitted to the State Auditor’s Office on Friday, January 29. Ms. Putnam said that on Monday, February 1, she received their response to our responses, which indicated that there was “too much information, too many excuses” and asked that we revise the responses, and they offered suggested changes. Ms. Glatt and Ms. Putnam will review the auditor’s memo in more detail over the next few days and determine how to best respond to their office.

Ms. Glatt reviewed the memo dated January 26, 2010 from Chancellor Goetz to the Cabinet regarding risk and related fraud recommendations. She specifically referred to the section on page 14 of the agenda materials in which the chancellor recommended that all current internal audit staff and UND and NDSU have a dual reporting relationship to both the BAFC and the Board. She asked for input and/or questions from the Administrative Affairs Council. None were expressed. She also pointed out that the memo has been slightly revised to include not only hiring, termination and pay setting for internal audit staff be reviewed by the BAFC, but also audit plans and reports.

She said this recommendation will be reviewed with the Cabinet tomorrow and BAFC next week, and the SBHE thereafter.

**Student Fee Policy 805.2**
SBHE Policy 805.2 has been modified to include a new requirement that reallocations of current student government or university/college fee including student consultation. After some discussion regarding the potentially broad interpretation of “government and other” activities, it was agreed that the words “government and other” should be removed from the first sentence of the policy. Ms. Glatt said the system staff will make the suggested revisions before moving it on to the SBHE for consideration.

**Tuition Model Study Assumptions and Related Data**
Ms. Glatt reviewed each item on the document titled “09-10 Tuition Model Study Assumptions, Draft January 15, 2010) and asked the group to share any feedback and/or questions.

Mr. Binstock asked how the system plans to deal with public and legislative opinions if it is ultimately decided that public campuses in ND would have only two residency rate categories: resident and non-resident. Ms. Glatt replied that she has discussed this issue with Chancellor Goetz, who indicated that he is willing to deal with the political issues, if this is the best course of action of the NDUS. In response to a question from Mr. Binstock, Ms. Glatt said that while a timeline has not yet been set for any potential transition, she feels that absolute earliest it could occur is fall 2011. Ms. Glatt suggested that campuses begin preparing the models listed in the assumptions document, including campus representative input as directed by the Chancellor in his earlier email correspondence to the presidents.
Mr. Binstock asked if it has already been determined that NDUS institutions can only have two tuition rates – resident and non-resident. Ms. Glatt replied that none of the assumptions are final at this point, and we will need to work through issues as they arise during the model development process; however, that should be an assumed starting point.

Ms. Glatt asked the group for their thoughts and ideas regarding the direction the tuition model study should take. No further comments were shared. Ms. Glatt suggested that she will develop a timeline with a series of checkpoints, and would share this with the Council. In the meantime, Administrative Affairs Council members were asked to begin developing the appropriate models. Ms. Glatt indicated that if any additional information is required, beyond the credit hour information already provided by CND, campuses should contact her.

**Spring Academic Calendar**
Mr. Adams said that as the individual responsible for making the decision whether to cancel classes at NDSU due to inclement weather, it would be helpful if snow days were built into the academic calendar, similar to the K-12 procedure. He asked whether the rest of the group would be interested in such a proposal. No one expressed support of the idea; however, Ms. Glatt suggested that Craig Schnell (NDSU) discuss this with the Academic Affairs Council and if there is strong support, Dr. Hanson could discuss it at a future cabinet meeting.

**Sightline Proposal**
Ms. Glatt asked the group whether any campus is interested in reviewing the Sightline proposal at this time. Ms. Brekke said UND may wish to but added that any consideration has been postponed indefinitely. Others indicated they are not interested. Ms. Glatt will relay this information to the vendor and the proposal will be removed from future agendas.

**Interim Higher Education Committee**
Ms. Glatt encouraged all members to attend the March 2, 2010, Interim Higher Education Committee meeting in Bismarck. “Finance” will be the topic and she feels it would be helpful to have representatives from this group in attendance and respond to questions. Representative Skarpohl has been asked to provide adequate lead time for any special information requests for the meeting, but has not provided any as of yet.

**Future Meetings**
- March 9, 2010
- April 6, 2010
- May 11, 2010
- July 20-21, 2010 (Retreat)
- September 7, 2010
- October 5, 2010
- November 9, 2010
- December 7, 2010