Administrative Affairs Council Meeting Minutes
July 25-26, 2011 at NDSCS

Participants
Dave Clark and Tamara Barber – BSC
Alvin Binstock and Mark Lowe – DSU, by phone
Corry Kenner – LRSC
Jim Borkowski – DCB
Mike Renk and Keith Johnson – NDSCS
Karin Hegstad and Cindy Rott – NDSU
Mike Renk and Keith Johnson – NDSCS
Alice Brekke – UND
Peggy Lucke – UND (by phone)
Trudy Collins – VCSU
Steve Bensen – MaSU
Laura Glatt, Cathy McDonald – NDUS
Robin Putnam, Pat Seaworth – NDUS, by phone

Additional Agenda Items
It was requested that the following items be added to the agenda:

- Allocation of I-9 training costs
- 830.1 procedure-student payment plan fee
- Risk assessment status
- SAO Local fund performance audit status
- SAO Budget-to-actual report request

Review 2011 Legislation
The Council reviewed a report on legislation passed during the 2011 session impacting the NDUS. A question related to language in HB1003 which authorizes the expenditure of up to $5 million additional funds from one-time savings or efficiencies on the UND/NDUS IT facility was delayed until later in the meeting during the CIO report.

NDUS Procedure 505 – Student Health Insurance
The Council reviewed a draft of proposed revisions to procedure 505, which are intended to reflect recent discussions related to international student health insurance and the revised payment process with the current insurance carrier Vaaler/SAS. Based on feedback from the Council, Pat will further revise the procedure and distribute a revised version for further Council consideration. In response to a question, Mr. Seaworth said that a separate agreement was not needed between the institution and student for the obligation and payment of insurance through the approved plan, as it would become part of the student billing process, like all other charges (e.g. tuition and fees).
SBHE Policies 805.1, 805.3 and 805.3.1 – Tuition and Fees
The Council reviewed draft proposed changes to align tuition and fee policies with the recently approved enrollment/tuition revenue matrix. It was suggested that 805.1 (2) be deleted since it is already covered in policy 810. Following this change, the policy changes will be moved forward to the Cabinet and SBHE for review and approval.

I-9 Training Cost Allocation
Mr. Seaworth said that I-9 form training has been scheduled for August 8-9 in Fargo. The estimated cost is $4,500. The cost of the training will either be prorated to each participant, on a per registration basis, or can be allocated equally or otherwise to each campus. A few campuses preferred a campus allocation so as not to discourage participation by a number of individuals from a campus. The Council recommended a registration fee for attendees to cover the cost of the training.

NDUS Procedure 830.1 – Student Payment Policy
The Council reviewed new procedure 830.1 which supports recent changes to the student payment policy and permits campuses to assess a fee of up to $50 for each student payment plan. The Council supported the procedure. Laura said this procedure will move forward to the Cabinet for input and Chancellor for approval.

Risk Assessment Status
Campuses indicated that the SAO audit checklist included a request for a copy of the risk assessment. Laura said the project is not yet complete and reports are still in draft form, and therefore, should not be released. Robin will communicate this with the SAO, and the reports will be made available to the SAO when final. Laura said the system is looking at alternative dates to bring the project to a conclusion, possibly by September 30th. This will require campuses to complete their individual reports in a timely manner working with LarsonAllen. As indicated previously, since this is a systemwide effort, with some overlapping system issues, none of the reports will be finalized until all campuses and the system office are complete, including management response. Laura said that all campuses have received their initial draft report, and some have been through more than one draft. Bill Eggert, NDUS Internal Audit will be invited to the next Council meeting to review with the Council his plans for reporting on the risk assessment and future use of results.

Concerns were expressed about a recent letter that was sent to the Presidents from the Chancellor concerning the theft and fraud policy. The memo suggests that revisions to the theft and fraud policy will include the addition of the words “waste and abuse”, along with definitions. Some Council members strongly opposed the addition of references to waste and abuse. Laura indicated she would pass these concerns along to the Chancellor and NDUS Internal Auditor.

Local Fund Audit Update
Laura reported email updates from the SAO suggest field work is continuing at UND and NDSU. UND and NDSU officials confirmed that the review includes varying fees, including program, course, and other fees, such as admission fee. At this time, the SAO does not believe a final report will be issued until late fall.
SAO Request for Budget to Actual Report
Trudy Collins inquired about the SAO audit checklist request for a copy of the campus budget-to-actual report, and whether there is a system response. Other campuses indicated they have sent the SAO the report(s) their campus uses to track budget-to-actual. It was agreed that each campus would send the report(s) they use and no system response is required.

CIO Update
Randall Thursby provided an update on IT activities including:

- All campus and nd.gov email is now encrypted and secure.
- Active directory, for single authentication sign-on, has been completed; At LRSC, MiSU, DSU, BSC, MaSU, UND, DCB, and NDSCS employees can sign on to the campus network using your own local campus credentials. Other campuses will continue to be added.
- There needs to be continuing efforts on identity management to address issues wherein an individual could end up with multiple email addresses, if they are a student and/or employee on multiple campuses. The intent would be to have a single credential model, but still allow campuses to retain their separate email addresses.
- CND help desk services has been successfully outsourced, providing 24x7, 365 day service. Since the transition, satisfaction surveys indicate a rating of 4.4 out of 5.0. Help desk response time has improved from 17 minutes, to eight minutes, and is now near four minutes.
- Data Element Dictionary has been completed for HR and student. This is an important step, and work will need to continue in this area.
- Systemwide options have been pursued to lower telecommunications costs. For example, UND/NDSU/MaSU/NDSCS, due to switch sharing, now have the ability to make five-digit calls, thereby avoiding long distance charges. Further, UND and NDSU switches tie into the state switch allowing for local statewide conference calls.
- All system video has been converted to high definition.
- CND HRMS upgrade has been successfully completed, as well as upgrades in other systems such as library, parking, loans, etc.
- Common software for TrainND will be implemented with completion anticipated by January 2012.
- Nearly ready to issue an RFP for a new CND grants and contracts module, anticipating vendor selection within the next six months. Need to continue work between UND and NDSU on standardizing common processes.
- Joint IT facility-oversight committee for planning has been organized to include representatives from UND, NDUS and VCSU. In addition to the facility, the committee has discussed the legislative language which permits the use of reallocated or one-time funds in support of the facility costs from UND, NDSU and SITS IT funding. Randall intends to discuss efficiency/cost saving ideas and options with the CIO Council. He pointed out that if funds are re-directed to the construction project, this will delay other system service improvements and enhancements.

SB2351 Implementation – Posting of Fee Information on Website
The Council discussed the implementation of SB2351 (2011) which requires the SBHE to publish, on its web site, information on all mandatory and optional fees. Options discussed included:
• Developing a standardized template to be regularly updated by each campus;

• Extract data from CND fee table; Randall suggested that in order to utilize this approach there would need to be more consistency across the system in how campuses assess and enter fee information. For example, some bundle fees, whereas others assess individual fees.

A decision will need to be made about the level of comparability of data between campuses that is desired and the intuitiveness of the database. Difficulties quickly emerge due to campus differences; for example, due to differences in program costs between programs, including at what point in enrollment program fee is assessed. Costs also vary between delivery modes.

Campuses currently have fee information available on their web sites. Laura indicated she would compile an inventory of information currently available, including campus web sites, the new net price calculator, and college navigator. It will be determined how these existing systems can be leveraged or supplemented in meeting the requirements of the legislation and meeting parent/student needs.

A work group of representatives from the following groups was recommended: student affairs, financial affairs, academic affairs, CND student finance, CND, NDSA, and perhaps parent representative(s). Laura and Randall will continue to work on this effort with periodic reports to the Council.

**SB2323 Implementation - Capital project reporting to OMB**

SB2323 (2011) requires submission of monthly status reports to OMB on capital projects over $250,000. UND has agreed to develop a standard template and definitions for potential use across the NDUS. Peggy reported that UND has not yet completed this effort, but should have it ready soon. She said the intent is to start with the current capital tracking report required by the SAO and build from there so as not to duplicate efforts and provide consistency between various reporting documents. She asked for clarification on some issues, including:

1.) A. Do the reporting requirements only apply to projects that are specifically appropriated by the legislature and/or Budget Section? This would include any project, regardless of funding source, wherein the legislature has set a spending limitation. B. Does this reporting requirement apply to other projects over $250,000 including those that are funded from the “extra-ordinary repairs and/or deferred maintenance” line item, even though the legislature has not appropriated or approved specific projects within those line items? C. What about projects that have not been requested and authorized by the legislature, and/or emerge following the legislative session, and have SBHE approval for a specific dollar amount? This category would include, for example, re-roofing a residence hall(s) paid from institutional auxiliary funds.

2.) Clarification and examples of what is required for 2(b) which states: “a list of each public and nonpublic entity that has a contractually reflected financial obligation with respect to the project.”

3.) Section 1, item (1) states: “whenever any construction, renovation, or repair, valued at more than two hundred fifty thousand dollars…..” Is fixed equipment, which is normally part of the construction bid and/or furniture, fixtures and equipment (FF&E) included in the project amount to arrive at $250,000? For example, one could have a project wherein $100,000 is construction and $175,000 is FF&E for a total project cost of $275,000 or over the $250,000 reporting limit; however, the construction part of the project is only $100,000 or less than the $250,000
reporting limit. Also, the NDUS campuses, may at times submit requests to the legislature for funding, which do not include all project costs, as they anticipate some of the project costs would be funded from other sources such as departmental funds. For example, a campus may request $1.0 million in general fund for a renovation project, but plan to buy FF&E of $100,000 from departmental funds, thus the $100,000 would not be included in the appropriated amount.

Laura said she would follow up with Legislative Council on these questions, and after their feedback, work with UND and others to finalize a draft reporting format for consideration by the Council. She also pointed out that some of the conclusions may influence the 900 policy revisions currently working their way through the SBHE.

**Review 900 Policy Revisions Related to Capital Construction**
The Council reviewed the major changes in the 900 section of the SBHE policies and NDUS procedures, including project definitions and cost components, as well as leasing policies. Laura said these policy revisions will be on the Sept. SBHE agenda for final approval, but understands that we will need to continue to refine them over time as they are used. She also pointed out the accompanying matrix and working document which are intended to be a user-friendly guide on the project approval process.

Pat pointed out that work continues on developing consistent templates and contracts, and embedding links to documents in the policy and procedure manual.

A question was raised about whether FF&E costs are included in the cost when determining whether the project meets the $250,000 threshold or not. For example, a project could consist of $125,000 in construction costs, and $150,000 in FF&E costs. In total, the project cost exceeds $250,000; however, the construction portion of the project is only $125,000 or less than $250,000. In this example, is SBHE approval required? Laura and Pat agreed that under the current proposed policy revisions, which requires all costs, including FF&E, FF&E counts in the $250,000 total calculation. There was a question of whether that was intended by the SBHE or not, and Pat agreed that may need further clarification from the SBHE. Campuses pointed out that sometimes FF&E costs are paid from funds outside of project specific funds, such as departmental budgets.

**Funding Model Discussion**
Recent legislation calling for a study and changes in the NDUS funding model were reviewed and discussed. HB 1003 (2011) requires the NDUS develop a 2013-15 budget request that does not include a funding component for student affordability or equity. Further, the model may be based on a tiered system of funding based on institution type. Laura shared a copy of a recent memo sent to Rep. Skarphol from Rep. Carlson expanding the duties of the interim HE Committee to include the following:

1.) Examine alternative funding methods for higher education that reward outcomes, such as increasing the percentage of degrees awarded, increasing the percentage of on-time graduations, increasing the percentage of degrees awarded to low-income students, or increasing first-year student retention.

2.) Review options for a funding methodology that is based on the actual cost of delivering an educational program.
3.) Review options to develop a system of weighted student funding that incorporates a three-tiered funding philosophy and rewards the number of degrees awarded to students that are employed in the state following graduation.

4.) Assume that historic spending levels are the initial indicator of the actual cost of educating students.

The meeting materials included a set of funding model guiding principles which was an outgrowth of the joint SBHE/Cabinet retreat. Review and approval of the guidelines was delayed by the SBHE in June.

Comments or suggestions offered by Council members included:
- Consider pilot initiatives (projects, concepts, approaches) in 2013-15 as opposed to a massive overhaul
- When discussing funding model, all sources of revenue need to be taken into account including state, student tuition and fees, grants and private sector contributions.
- This model needs to have legislative and executive branch ownership
- Parity as a funding component and the current methodology of calculating parity needs to be retained
- It is important that the SBHE/campuses maintain control over tuition and fee rates, due to mission differences between campuses
- Constitution requires SBHE to submit a need-based budget
- Changes in enrollment, including both growth and reductions, must be factored into any model
- Fixed cost of operations must be considered
- It is urgent that direction be provided soon, as this is a significant effort, including reaching consensus among all stakeholders
- A cross-functional group, including representatives from administrative, academic and student affairs may create new ideas and synergies

**Future Meeting Dates**
August 29, 2011 conference call
October 11, 2011
November 22, 2011