Administrative Affairs Council Minutes  
October 11, 2011 – 10:00 a.m.  
Conference Call

Participants  
Dave Clark and Tamara Barber – BSC  
Alvin Binstock and Mark Lowe – DSU  
Joann Kitchen – LRSC  
Steve Bensen – MaSU  
Brian Foisy and Jonelle Watson – MiSU  
Jim Borkowski – DCB  
Keith Johnson – NDSCS  
Bruce Bollinger, Mike Ellingson, Karin Hegstad and Cindy Rott – NDSU  
Alice Brekke, Peggy Lucke and Cindy Fetsch – UND  
Trudy Collins – VCSU  
Laura Glatt, Randall Thursby, Mick Pytlik, Cathy McDonald, Teri Thorsen, and Deanna Dailey – NDUS Office

Ms. Glatt called the meeting to order and asked for additional agenda items. There were none.

Consider Payroll Efficiency Report  
Based upon a survey conducted in the fall of 2010, the Administrative Affairs Council identified three major areas for efficiencies (payroll, telecommunications and collaborative students) review. Ms. Thorsen presented the final report from the payroll efficiencies committee, which was distributed with the materials for today’s meeting.

Ms. Thorsen expressed her appreciation for the campus representatives’ input throughout the review. She found it interesting that what she felt was important at the outset was not the same as what the campuses felt was important in terms of work flow automation focus. The committee recommends implementing workflow in HRMS for on-boarding (hire) and retirement/terminations for both benefitted and non-benefitted employees. There are no policy implications related to this recommendation that have been discovered at this stage. While the NDUS already owns the software, the development time will be paid through the SITS budget. There are no known CND process issues. This project would be scheduled following completion of the PEPP project with ITD/OMB, which is tentatively estimated to finish in February 2012, if approved by the Project Portfolio Board. The duration of the PPEP project is unknown at this early stage. Implementation may occur simultaneously for all campuses. In response to a question, Ms. Thorsen indicated it is possible for campuses to opt out of using the automation. The committee suggested that this should be a presidential election; however, it was pointed out the NDUS does not maximum the benefits of the change without all campus participation. Further examples were provided of benefits whether campus is large or small. A concern was raised about some potential presidential or other resistance, if the president or other employee is not tech-savvy and performs to continue to perform functions manually. Ms. Thorsen pointed out...
there are options to route materials for approval through other challenges to overcome this limitation, where it exists.

In response to a question from Mr. Foisy, Ms. Thorsen said the Management Self-Service is a process that can be delegated to a proxy, should their president wish to appoint one.

Ms. Brekke asked who makes up the Project Portfolio Process Technology board, which is referenced in the report. Ms. Thorsen replied that it is a combination of people from SITS, ITD, NDSU and UND.

Ms. Kitchen expressed concern that if there is a cost associated with the proposed process, the smaller campuses’ budgets may not allow for its implementation. Ms. Thorsen said that the NDUS already owns the software; therefore, the only cost associated will be the time associated with setting it up. She estimates a 6-9 month implementation period. Ms. Thorsen added that there is a duplication of effort that takes place in almost all payroll processes. However, with this new process, on-campus duplication of effort would be greatly reduced. Mr. Foisy asked whether the NDUS will get support from auditors regarding appropriate controls and the loss of “paper trails.” Ms. Lucke stated that the state auditors were at UND and added she feels they are making progress in gaining the auditors’ support for their imaging project, and hopes that will translate to this project. Ms. Thorsen explained that in this new payroll system, there is an audit trail that runs in the background and they’ve been able to identify concerns.

As an example, Ms. Thorsen reflected on the mandated direct deposit payroll process. She recently read that it costs approximately $2 to prepare and distribute a hard copy check versus 35 cents for a direct deposit. At 17,000 checks per pay period, 24 pay periods per year, the NDUS saved over $673,000 per year by moving to mandated direct deposits. In addition, Ms. Thorsen has had payroll staff tell her that they now have time to do other things that they didn’t have time for before the change.

No concerns were expressed with moving the report and recommendations of the Payroll Efficiencies report to the cabinet in November for their review and approval.

**Update on Unified Communications/Telecommunications**

Mr. Thursby said his staff has been researching unified communications/telecommunications for some time already. This process consists of two separate items: telephones (hardware) and software (voicemail, call-forwarding, etc). NDSU and UND are currently exploring the possibility of merging their telecomm systems, which will result in reduced costs. Mr. Thursby added that they are also looking into linking NDUS telephones to the state government system in order to eliminate the long-distance charges. Grand Forks, Fargo, Mayville and Wahpeton can already call amongst each other using the “777” prefix, without long distance charges. The state is currently in the process of switching from Nortel to Avaya systems in November 2011. All state agencies, no matter where they are located, will be linked together. The NDUS will be on the same system; however, we will not be able to use those right away since we are not on the state’s email system.
In response to a question from Ms. Glatt, Mr. Thursby said this transfer will potentially roll out as a systemwide activity. The NDUS active directory becomes the heart of the telecomm system, connecting with Microsoft office communications, which, once added, will become the point of entry, even though campuses may have different hardware. Mr. Thursby said we must reduce the number of telephone switches within the system and it’s imperative that every campus be using the same email system. At the present time, 8 of the 11 NDUS institutions are already using Outlook. After NDSU and UND have completed merging their systems, SITS staff can begin to connect to the other campuses.

Ms. Glatt asked Mr. Thursby who will be responsible for implementing and explaining these changes to campuses. Mr. Thursby responded that the CIO and business officer at each campus would need to be involved in this process. He added that the changes will have to take place whether it’s next year, three years from now, etc., as employees will demand it from a service perspective. Once completed, campuses will see a significant decrease in telecommunication expenses. Mr. Foisy said he strongly relies on the ability to integrate phone services, etc., and that it is critical to day-to-day business at MiSU. Ms. Collins agreed and added that as a result of the new system, they were able to remove the land lines from residence halls, resulting in significant savings.

In response to a question from Ms. Glatt, Mr. Thursby said there are two things holding up the implementation process:

1. NDSU and UND must complete their review and potential merge
2. Waiting for BPOS address book to transfer to “Outlook 365”

Once a decision is made regarding the NDSU/UND switch, Mr. Thursby said the two pieces needed to continue planning will be in place. His office will bring a plan back to this group as to what needs to be done at each institution. Mr. Thursby said they will need to consider other things, such as what software needs to be purchased before a timeline can be developed. When Ms. Glatt asked if there is anything campuses need to consider in the annual or biennial budgets regarding the costs associated with this, Mr. Thursby replied that he has not yet had that discussion with anyone. He said they intend to have a plan ready for this group’s consideration in January 2012.

Ms. Glatt asked Mr. Thursby if there was anything needed from this group at this point. Mr. Thursby said if there are contract renewals coming up (as is the case at DSU), it would be helpful to have that information in terms of planning and preparations. Also, Mr. Thursby said he needs to know the work being done on the biennial budget network utility component because this has a potential impact on the project down the road. He added that it is critically important to move to the NDUS active directory as the primary directory within the next year, if the campuses are not already on the common mail calendar systems.

Ms. Glatt said she will add the review of a plan for each institution, including the implications and costs for each one, to the January 2012 Administrative Affairs Council agenda.
Discuss Architect/Engineer Fees
Ms. Glatt reviewed “Exhibit A,” Compensation Guidelines for Architectural Services. She said there has been some concern at both the board and Chancellor level about the pricing methodology and cost of architectural services, which may increase the overall project cost.

Discussion took place regarding potential revisions to the calculation of architectural fees, which has historically largely been a percent of project cost. Mr. Foisy observed that given what happens with most building projects in this state, having architect fees based on construction costs has been a disaster, as many some project costs have grown significantly. However, he pointed out that in his experience that most architectural firms are willing to cap their fees. Mr. Clark agreed with Mr. Foisy’s statement. Other campuses pointed to recent examples wherein they have negotiated a cap or a flat fee, pointing out that this kind of flexibility is important, based on the circumstances and project.

When Ms. Glatt asked if the group had any suggestions for providing more leverage and flexibility when negotiating fees for architectural services, it was suggested that the policy does allow for flexibility in this area and that it should remain as written. Ms. Glatt said she will relay this message and determine how to proceed thereafter. Ms. Glatt also asked if it would be helpful to have a communication from the SBHE and/or Chancellor encouraging caps or a flat rate, campuses indicated that current practices are sufficient.

Update on Governor’s Funding Commission
Ms. Glatt announced that Governor Dalrymple has appointed a committee, comprised of SBHE members, legislators and four NDUS vice presidents for finance (Alice Brekke, Bruce Bollinger, Mike Renk and Brian Foisy). The Governor will serve as the chairman and the Chancellor will serve as an ex officio member. Ms. Brekke said the group has not met as a whole, but some “subgroups” have met. Ms. Brekke added that she understands the committee will act as an advisory group to the governor, but ultimately, it will be his decision as to whether or not he will accept their recommendations. In response to a question from Ms. Glatt, Ms. Brekke said that at this point, she is not aware of the specific direction or what, if any, additional information the governor may request. However, it is Ms. Brekke’s understanding that any information requests will be made through the group members (Mr. Renk for 2-year campuses, Ms. Brekke and Mr. Bollinger for the research institutions and Mr. Foisy for the 4-year campuses).

Update on Interim HE Committee, Including Fee Information Request
Ms. Glatt said that the system office has not yet received a complete agenda for the November 3-4 meeting of the Interim Higher Education Committee. However, in the meeting notice, they did provide a high level summary of items to be discussed at this meeting. The committee plans to bring in two speakers on funding and will be looking at student fee information. Based on 2011 legislation, the NDUS is required to post institutional fee information on the website. Ms. Glatt reported that a meeting took place last week, comprised of a group made up of student and institutional representatives and SITS staff to review a prototype of that site. While much progress has been made, it will need to be refined over time. There will also be a variety of fee structural issues that will need to be worked out over time to provide more comparability of information to parents and students, without creating significant manual work.
The prototype will be demonstrated at the November 3-4 Interim Higher Education Committee meeting. In addition, they have asked for specific fee information which campuses are currently reviewing and updating.

Ms. Glatt said it is her understanding that the committee will also be reviewing a report on the new academic scholarship program and possibly issues relating to accreditation.

Ms. Glatt stressed that it is very important that each campus has a representative available for any questions this committee may have, especially on fees as she is not able to respond to specific questions about individual campus fees or differences between campuses.

There was a question about a recent schedule added to the fall enrollment report, dealing with on-campus students. Ms. Glatt said there is a new table in the enrollment report that shows the count of full-time students that have an on-campus presence. She said it was not clear in the legislation whether this new table is to replace or supplement the information historically presented; it has since been added as a supplement to the earlier data.

With regard to the fee information being prepared for the interim HE Committee, discussion took place regarding credit item types vs. general ledger as the data source for revenues. Ms. Hegstad said the information on the report goes from term-to-term and their general ledger goes from July 1 to June 30. Ms. Glatt cautioned that all institutions must use the same data source in order to remain consistent. Ms. Hegstad said she feels there will need to be multiple data sources to get the information and suggested they primarily use general ledger amounts, and then use the item types as a secondary source for a breakdown of differences in those fees, if necessary. Credit item types are not aggregated in the item type report. When asked if anyone had an issue with adding a footnote that all the institutional numbers are being pulled from the general ledgers, no one responded. In doing so, they will automatically be using the credit offsets. It was agreed to use the general ledger as the main data source, with the credit item types as a secondary source, as necessary, for fee revenues, for the interim HE Committee report.

Discuss 2013-15 Biennial Budget Request Process

Ms. Glatt said the system office staff has not yet identified a budget approach due, in part, to recent legislation which prohibits budget requests including peers, equity and student affordability. She said she has been told that the work being conducted under the Governor’s leadership will not be completed for use in developing the biennial budget request. Ms. Glatt went on to say that in recent years, campuses and councils have been asked to consult or campus and submit specific proposals for funding. Recently at a Cabinet meeting, presidents suggested we not engage in that process again due to the time required and unlikelihood that any are funded. In the 2011-13 budget request it is highly likely that funding will be designated for performance funding; however, the measures will need to be identified and refined. She said the SBHE president and vice president appear to support a request which addresses parity, but additional requests beyond that will be subject to more discussion. She asked if anyone had suggestions regarding the basis for building the biennial budget request. No suggestions were offered, other than Mr. Foisy suggested the SBHE president may want to consider working closely with the Governor.
Ms. McDonald provided an update on the development of a new network utility portion of the budget. A committee met last week and will meet again later this month to discuss the next steps regarding this portion of the budget. Ms. McDonald will have more information at the next Administrative Affairs Council meeting.

**Discuss Annual Budget Process**

Ms. Glatt said that one of the findings in the NDUS Office risk assessment is that all institutions within the NDUS utilize the current methods for budgeting or purchase a budgeting tool to roll out across all institutions. Ms. Fetsch described the budgeting process at UND, which is web-based. NDSU runs a similar process but it is an Access database, not web based.

In order to get an understanding of how each campus is currently preparing their budgets, Ms. McDonald said she is going to send out a request to everyone asking for a brief explanation of their campus’ process.

In response to a question from Ms. Glatt, Mr. Pytlik said there is a budget model in PeopleSoft that the NDUS is not currently using. Mr. Pytlik said it is a budget model, not in VPN and not in the finance side. Some time ago, they did attempt to make use of the budget piece but at that time it was in its infancy and not helpful at all. Mr. Pytlik said it appeared to be more of a corporate budget tool rather than for higher education. He added that Mr. Thursby feels that would likely be difficult to customize it to meet each individual campus needs.

Ms. McDonald asked for volunteers to join a small group to review the annual budget process. Mr. Thursby and/or his staff representative, Ms. Fetsch (UND), Ms. Rott (NDSU), Ms. Wagner (MiSU) and Mr. Johnson (NDSCS) agreed to serve on this workgroup.

**Other**

There was no other business. Meeting adjourned at 12:00 noon.

**Future Meetings**

November 22, 2011
January 3, 2012
February 7, 2012
March 6, 2012
April 17, 2012
May 22, 2012
June 26, 2012
July 23-24, 2012 (retreat)
August 28, 2012
October 9, 2012
November 20, 2012