Ms. Glatt called for agenda additional items. Mr. Renk responded that he’d like to discuss bond ratings at the end of the meeting.

DoD Memorandum of Understanding
Mr. Seaworth explained that the US Department of Defense (DoD) has taken steps to enhance its oversight of schools receiving Military Tuition Assistance (TA). As a result, all schools are required to sign a Voluntary Education Partnership Memorandum of Understanding (MOU) with the DoD effective January 1, 2012. Because there was some concern from college and university officials around the country, the DoD has posted clarifying information on their website www.dodmou.com.

One concern among several raised by other state institutions around the country is that they are unable to comply with the language requiring one single tuition rate for all service members enrolled in the same course. Because the North Dakota law states that all active duty armed forces members (and veterans) qualify for resident student status, this is not an issue at NDUS institutions. There may be questions regarding reserve and National Guard members from other states, who may be activated mid-term (this is not an issue with members of ND guard units because all ND guard members qualify for resident tuition regardless of residency).

Mr. Seaworth recommended to the nine campuses to which he provides legal services that they should sign the MOU prior to the January 1, 2012, deadline. Failure to do so could result in the loss of VA payments and access to “Go Army Ed” and other internet portals and other similar sanctions. Any student wanting to go to a particular institution will not be given TA, if that institution has not signed the MOU. Mr. Seaworth suggested that DoD clarifying information has resolved some concerns that have been raised and remaining concerns are generally not significant and can be resolved later. He recommended that institutions not risk consequences resulting from missing the deadline, including ramifications for students, because of lingering concerns about relatively minor matters.
There was discussion regarding National Guard members from other states and how their tuition is charged (resident vs. non-resident) according to their status (active or inactive duty). Ms. Eisenbraun proposed that the NDUS submit legislation requiring that all service members be charged the same rate. However, Ms. Larson doesn’t feel there is a need to change our policy or state law because once a student identifies him/herself as a member of the National Guard in another state and then is called to active duty, that student is entitled to resident student status for tuition purposes. Ms. Glatt stressed the importance of needing to handle the tuition rate for members of the armed forces consistently across the state. There was some discussion regarding whether NDUS institutions should charge out-of-state rate but waive the difference or just simply charge all National Guard members the same rate, regardless of their status (active or inactive).

Mr. Seaworth’s recommendation is that campus officials sign the DoD MOU, as we do have everything already in place that we need to comply with their requirements and added that the MOU does not require significant changes to what campuses should already be doing.

**Personal Use of Business Cell Phones**

Mr. Seaworth said that on September 14, 2011, the IRS issued a notice providing guidance on the handling of personal use of business cell phones. In response to a question from Ms. Glatt, Mr. Seaworth recommended that the SBHE adopt a policy similar to the ND Office of Management and Budget (OMB) Policy 514.

Following some discussion, it was agreed that a policy would need to allow for flexibility regarding the provision/payment of business cell phones. Mr. Seaworth suggested setting a minimum/maximum reimbursement, using incremental differences based upon the employee’s responsibility and level of use.

Ms. Glatt asked the group to submit their existing campus procedures to Mr. Seaworth, who will review this information and draft a new policy. The draft policy will be presented to the Administrative Affairs Council for input and recommendations.

**806.1 Travel Policy and Procedure**

The 2011 legislature amended NDCC section 44-08-04 by adding language permitting payment of actual expenses for the entire group for an athletic team or other organized institution organization group meal. This was done in an effort to resolve a disagreement between the NDUS and SAO regarding authority of institutions to pay for the entire cost of athletic team meals, including meals for coaches, trainers and other employees, rather than requiring that each individual employee submit a voucher requesting per diem for the employee.

However, questions continue to arise about direct payment of meals in lieu of per diem payments for other employees involved in campus events. The draft policy revisions distributed with the agenda materials are intended to address this and other related issues.

Ms. Lucke expressed concern that establishing a limit on “reasonable” might be too restrictive, because the meal could take place anywhere in the world, and costs vary significantly by location. Ms. Glatt suggested one alternative may be to tie the reasonable amount “cap” to the GSA (US General Services Administration) rate, perhaps using a percentage of the GSA rate.
Ms. Lucke volunteered Sharon Loiland (UND) to develop a proposed definition of “reasonable amount”.

It was agreed that SBHE Policy 806.1, as drafted, will be presented to the Board for approval at their next meeting. The procedure will be developed and discussed at the next Administrative Affairs Council meeting.

820 – Waiver Policy
Ms. Glatt reported that recently, the Council of College Faculties (CCF) and the Staff Senate conducted a survey regarding the provision of tuition waivers for faculty and staff for online and continuing education courses. The results of that survey suggest that they do want to receive the waiver for online courses. Discussion took place on how tuition waivers affect the institution. Ms. Glatt suggested that this message needs to be delivered to faculty and staff, and suggested that in addition to other options, campuses visit with their senior CCF and Staff Senate leadership.

Under current SBHE policy, employee tuition waivers are limited to three academic classes during each calendar year. Ms. Glatt said that there has been some discussion about whether the waiver should be tied to number of classes or number of credit hours. Council members support the current limit tied to number of academic courses due to the varying number of credit hours attached to courses, and administratively it is easier to track and manage number of courses than credits taken. Ms. Glatt said that there seemed to be some confusion among some that recent policy changes related to deposit of funds somehow automatically expanded waivers to include online courses. She said that was not the intent and did not occur. Mr. Foisy said that according to Dr. John Girard, once the continuing education was rolled into the same tuition fund, it doesn’t matter how it is tracked.

Ms. Glatt also said that the policy does not clearly identify what, if any, fees can be waived. She said she will review the current policies and survey campuses on practices, to determine what, if any policy changes are necessary to clarify waiver of fees.

It was agreed that it isn’t necessary at this time to revise SBHE Policy 820-Tuition Waivers.

2013-15 Budget Request
Referring to the document, “2013-15 Biennial Budget Process,” Ms. Glatt said that she does not have much information to share, other than scheduled meeting dates.

Ms. Glatt said she recently met with SBHE president Grant Shaft and vice president Duaine Espegard to discuss strategies and conceptual ideas on building the 2013-15 SBHE budget request. Generally speaking, Mr. Shaft would like to see a model that resonates well with legislators. One of Mr. Shaft’s goals is to mend the NDUS relationship with legislators, and he feels that the way we develop our budget would go a long way toward that goal.

Ms. Glatt indicated that Mr. Shaft would like us to start with current base funding level, which is typically the adjusted appropriation that we start with in the OMB process. From there, an inflationary factor adjustment would be made, which may not be a standard factor between all components, but in the end an overall percentage adjustment would be calculated for simplicity purposes.
Ms. Glatt said that Mr. Shaft would prefer not to build salary and benefit increases into the initial budget, as we are the only state agency that does so, and as a result our budget request is artificially high compared to others. Mr. Shaft is considering the NDUS accept whatever increase the governor approves for all state employees. Student financial aid is another area where the SBHE budget request appears to be excessive, as a good share of our appropriation is tied to this line item, but benefits students.

In addition, the budget would permit individual campuses to submit proposals for project initiatives and programs that are focused on meeting the demands of the state and local economies. Ms. Glatt said institutions would be provided with a set of criteria or guidelines from which they can develop these proposals. She added that she is not sure of how this will be presented and/or considered by the full board. Ms. Glatt also said there is an expectation that these new projects and programs will be paid, in part, by money saved through better overall efficiency.

Ms. Glatt said that Mr. Shaft and Mr. Espegard will be meeting with the cabinet in order to provide them with a chance to comment on the budget-building process. Initially, the plan was to have a new performance-based funding model in place when developing the 2013-15 budget request; however, it now appears that it won’t be a budget component until 2015-17.

Network Utility Budget
Ms. McDonald reviewed the summary of discussion from the November 1, 2011, meeting of the Network Utilities Workgroup. Ms. McDonald explained that this document has been sent to the committee with a suggestion that a matrix be developed and distributed to campus representatives, who will be asked to determine which of their expenses can be included in the definition of a network utility.

She said she unclear, given the new budget request model, whether this is something that will be rolled out as part of the 13-15 budget request or not.

Fee Review Process/Data Dictionary
Ms. Glatt said that while putting together the fee schedule for the last Higher Education Committee meeting, it was discovered that there was a lack of consistency among the campuses regarding data definitions, and fee set-up. As a result, it was determined that the NDUS needs to develop a data dictionary and review fee set-up structure. Ms. Glatt added that she feels there are already workgroups/councils in place that can work on the three recommendations:

- Identify best set-up practices in ConnectND
- Create a data dictionary for fees and other related items
- Address policy and procedure changes, as necessary

Ms. Glatt announced that Mr. Shaft has asked SBHE member Kirsten Diederich to chair a committee to review NDUS student fees. However, this does not eliminate the need for staff to review these other issues. After some discussion, it was agreed that Ms. Glatt will work with the ConnectND staff to determine which group should be responsible for each of the recommendations and communicate that with the appropriate individuals.

Energy Study
Ms. Glatt reviewed the chancellor’s comments made at the November 10, 2011, meeting of the NDUS physical plant directors. The Chancellor has asked that the NDUS review and identify
both the short-term and long-term utility system (main heating and cooling systems) needs. She said that while the Physical Plant Directors support this effort there is a concern about the lack of expertise in the system to accomplish, and also cost and funding for an external consultant. The NDUS Physical Plant Directors will meet again on November 23 to discuss how to implement the chancellor’s suggestions, including funding concerns.

SBHE President “Maximizing Results through Efficiencies”
Ms. Glatt said Mr. Shaft’s report “Maximizing Results through Efficiencies” was first presented at the November 7 cabinet meeting, after which it was distributed to the SBHE. Mr. Shaft will hear the comments from the cabinet at their November 30 meeting. Ms. Glatt said she doesn’t know the exact timeline; however, Mr. Shaft has indicated he wants to keep this on the fast track.

There was some discussion regarding where the funding for some of the proposals in the report will come from. In addition, Mr. Renk expressed concern since campuses have been making cuts and reviewing efficiencies for quite some time already. Ms. Glatt encouraged everyone to discuss their concerns with their presidents, as they will have an opportunity to share them with Mr. Shaft at their November 30 meeting.

In response to a question from Ms. Lucke, Ms. Glatt said the board members will likely be providing oversight on this process.

Other
Mr. Renk asked when it became policy that campuses need to have a bond rating before taking a revenue bond project to the SBHE for approval. Ms. Glatt replied that this is being requested as a result of the year-end reports that have shown that some campuses are getting dangerously close to reaching their maximum debt limit, and have some other financial concerns, that when taken together with additional debt, may be concerning.

Meeting adjourned 3:42 p.m.

**Future Meetings**
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