Administrative Affairs Council Minutes
February 7, 2012 – 8:30 a.m.

Participants
Dave Clark (via telephone) and Tamara Barber – BSC
Alvin Binstock (via telephone) – DSU
Corry Kenner – LRSC
Steve Bensen – MaSU
Brian Foisy (via telephone) – MiSU
Kara Bowen – DCB
Mike Renk and Keith Johnson – NDSCS
Bruce Bollinger, Mike Ellingson, Karin Hegstad and Joan Chapeck (via telephone) – NDSU
Alice Brekke, Peggy Lucke, Chelsea Larson, Cindy Fetsch and Sharon Loiland – UND
Doug Dawes – VCSU
James Foertsch – WSC
Laura Glatt, Mick Pytlik, Cathy McDonald, Cynthia Wagner Goulet (via telephone) and Deanna Dailey (via telephone) – NDUS Office

Ms. Glatt said she had two additional items for the agenda:
- FY 2013 budget guidelines
- Joint IT facility status.

Ms. Glatt welcomed two new members of the Administrative Affairs Council: Kara Bowen is the new director of business affairs for LRSC and Doug Dawes is the vice president for business affairs at VCSU.

SBHE Policy 807.1: Mobile Phone and Other Mobile Computing Devices
At Mr. Thursby’s request, Mr. Seaworth updated some of the definitions in this policy, making the terms used to describe the technology more current. Ms. Goulet confirmed that these were the only changes made since the last time this policy was reviewed by the Administrative Affairs Council.

In response to a question from Mr. Binstock, Ms. Goulet confirmed that the information on an employee’s personal mobile device is open to public record if it is being used for business purposes, regardless of who is paying the bill. She added however that personal information can be redacted in the event of an open record request.

Ms. Glatt said this policy will go before the cabinet tomorrow (February 8) before being presented to the SBHE for approval on February 23, 2012.

900 Procedures, Including Operating Lease Definitions
Ms. Goulet said the bulk of the 900 procedures were created using documents from what was formerly known as the NDUS Architect Manual. The committee (Peggy Lucke, Rick Tonder and Larry Zitzow-UND; Michael Ellingson and Bruce Bollinger-NDSU; Trudy Collins-VCSU; Pat Seaworth, Cynthia Goulet and Laura Glatt-NDUS) drafted this series of procedures, in part, to
consolidate the manual and procedures into a single document. Some of the information in the 900 procedures is also included in SBHE policy and in state law. This process has been ongoing for several months and numerous revisions have been made to the procedures.

Ms. Glatt said it appears that, due to some of the changes made to the procedures, the policies may need to be updated to reconcile the two.

Ms. Lucke asked if the exhibits referred to in the 900 procedures will be the same as those that were in the architect manual. Ms. Goulet responded that they are the same. Ms. Glatt added that NDUS staff will be posting the procedures to the website with links to those exhibits.

There was discussion regarding procedure 909-Real Property Leases regarding a definition of “major operating lease” and related approval processes. She said that under the proposed procedure chancellor’s approval would be required prior to entering into an operating lease, if it is over the dollar amounts outlined in the draft procedure ($500,000 or more in public funds for UND and NDSU; $250,000 or more in public funds for all other institutions). In addition, any lease, regardless of the amount, when total expenditures for operating leases during the current fiscal year exceed $1 million (for NDSU and UND) or $500,000 (for all other institutions) or will exceed that threshold with the addition of the pending lease. It was emphasized that this only applies to operating leases; capital leases need Board approval under current SBHE policy, as do real property leases with a term of more than one year require Chancellor approval.

Council members expressed concern that that the real property lease procedure is not going to offer any more control over these matters and will be extremely burdensome to carry out. Other concerns over added lease approval requirements included:

a. Additional administrative time required to prepare and submit necessary documentation
b. Added time delay in signing lease agreements, some of which are time sensitive
c. Added “external” approvals limits campus flexibility and institutional management decision-making
d. Difficult for Chancellor or SBHE to make informed decision about a single lease(s), absent a good working knowledge of other campus operations and commitments, and related implications
e. Need clear definitions in policy and procedure
f. Lack of defined criteria for Board and/or System Office approval
g. Question value added
h. Other data is available of campus debt loads including public documents such as the annual audited financial statements and campus financial review report.

Ms. Glatt said the Board has made it clear that they expect more oversight on leases, especially as it relates to the long-term debt incurred. The draft procedure comes at the direction of the Chancellor.
It was pointed out that the language in paragraph #1 reads “all capital leases” but the title is “real property leases.” According to Ms. Goulet, the title would control how the procedure is interpreted, and this difference needs to be reconciled.

After discussion, it was agreed that procedure 909 is unclear and needs clarification regarding whether it relates to all leases or just real property leases, as well as the general intent of this procedure. Therefore, it is the recommendation of the Administrative Affairs Council to move forward with all procedures in the 900 series, with the exception of procedure 909.

Procedure 806.1: Meal Reimbursement Amount
When asked to define a “reasonable” meal per diem rate, Chancellor Goetz determined it to be set at 125% of the US General Services Administration (GSA) rate.

There was discussion regarding paragraph 8, and it was agreed that all language after the word “provisions” be deleted.

With this revision, the council agreed that procedure 806.1 is ready for review by the cabinet.

Policy 906: Security and Emergency Planning
The State Auditor’s Office (SAO) April 2010 special performance audit on capital projects included the following recommendation: *We recommend the SBHE review information related to security plans and philosophies at the institutions and establish a system-wide policy related to security.* This recommendation came after a review of the invoices related to the NDSU President’s house and the expenditures incurred at NDSU for various security related issues, which UND did not incur. The chancellor asked that a policy be drafted that defines broad policy requirement related to security while delegating implementation authority to each individual institution. SBHE Policy 906: Security and Emergency Planning has been drafted and is now presented to the Administrative Affairs Council for review and input.

Ms. Glatt said that the Chancellor has discussed this with the presidents and the one common concern has been “if we’re going to have a policy that includes mandates, then the mandates need to be funded.” Chancellor Goetz has asked Ms. Glatt to put together a 2013-15 budget request to fund additional security personnel and emergency preparedness assistance. He does not anticipate includes any funding related to security infrastructure projects. In response to a question from Ms. Brekke, Ms. Glatt said she doesn’t know if Mr. Seaworth has discussed this draft policy with anyone at the Department of Emergency Services Office. Ms. Brekke said the Department of Emergency Services may have grants and other funding available for some items (training, etc.) and has expressed interest in bringing higher education into their plan, not necessarily each individual campus, but more at the system level. Ms. Brekke asked if the Student Affairs Committee (SAC) has reviewed the policy. Ms. Glatt replied that she doesn’t know if it has, but she does know that SBHE Policy 906 is on the February 8 Cabinet agenda. Ms. Glatt said she will suggest to the Chancellor that the policy draft be reviewed by the SAC and Department of Emergency Services before it is forwarded to the Cabinet and Board.

Depending upon the substance of any changes made at Cabinet or by the SAC, this policy may or may not come back to this group.
Procedure 404: Undergraduate Collaborative Student Procedure
Ms. Glatt reviewed the highlighted sections of Procedure 404 and added the chancellor supports an approach consistent with the original intent of the collaborative student model, to create one financial aid package, one tuition billing, and one transcript. Accordingly, the proposed language from the Collaborative Student Users group to modify the procedure to provide discretion (based on mutual agreement) to participating campuses to negotiate the collection of charges other than tuition and fees is not acceptable. Ms. Hegstad expressed the concerns on behalf of some of her peers. She said the collaborative process is very cumbersome and there are strong concerns about risk and differences in benefits provided to collaborative students as opposed to home campus students. Ms. Glatt asked how this affects financial aid, (full-time status) and our ability to provide one single transcript.

Ms. Glatt said the concerns would be taken under advisement, and the matter further reviewed before a final procedure is presented.

2013-15 Biennial Budget Request
Ms. McDonald reviewed the e-mail she sent to Administrative Affairs Council members on January 6, 2012, which included the state priority initiative template. There was some discussion regarding the 10% reallocation issue, specifically, “a minimum of 10% of the initiative must be funded by the campus through demonstrated campus specific efficiencies, and a description of the specific changes that resulted in efficiencies/savings to reallocate to the initiative must be included.” In response to a question from Ms. Brekke, Ms. Glatt said she does not believe general funds are differentiated from other fund sources—the priority is reallocation from whatever fund source.

Ms. McDonald said she has and will continue to have discussions with OMB about the cost to continue salary increases as it relates to salary increases above the legislatively authorized level, positions shifted from distance and continuing education activities for credit activities, and positions and salary increases funded from equity. Ms. McDonald asked the group to provide her with the amount of equity funding that was used to fund new positions and/or salary increases in the last biennium.

Annual Budget Automation Update
Ms. McDonald reviewed her email dated January 20, 2012, in which she outlined the conclusions and next steps as discussed with the workgroup (Randall Thursby, Cindy Fetsch, Greg Ross, Robin Wagner, Keith Johnson, Cindy Rott, Nicci Strand, Teri Thorsen, Mick Pytlik, Christy Lofgren and Bernie Quiggle) to have an automated systemwide annual budget process in place for the 2013-14 annual budget. In response to a question from Ms. Glatt, Ms. McDonald said that in order to stay on track for the 2013-14 annual budget process, the technical staff will need to discuss the recommendations provided before we can move forward. Ms. McDonald will follow up on the status of the technical review. Mr. Binstock asked the priority of this CND project as compared to other CND projects and how it fits into the efficiency efforts. Mr. Pytlik said that the users are consulted on priorities, but if there is a requirement from another senior level that takes priority. He went on to say that until the technical review is complete, they are uncertain at this point how significant of an effort this project will be for staff resources.
Ms. Brekke asked the process by which priorities regarding ConnectND are determined. Ms. Glatt said she knows that requests go through user groups, but Mr. Pytlik added that projects that involve federal, state or other legal requirements will take priority over campus preferences, etc., as would requirements imposed by the SBHE, Cabinet or other senior officials. Mr. Pytlik said that part of his job is to help identify the priorities and assign them to address all needs over time. In response to a question from Mr. Binstock, Mr. Pytlik said that the cost to continue to support a project is estimated and included in the proposal for new processes. Ms. Glatt said there all these different needs and projects, and while they try to obtain input from all groups, including users groups, the decision ultimately must be made by management (in ConnectND’s case, that would be Mr. Pytlik). Ms. Glatt has requested that ConnectND staff do some training with some members of the system staff, to include internal auditors, on how to locate and access data themselves.

Ms. McDonald asked Mr. Pytlik whether he has any idea of when the developers may be available to further analyze and discuss the annual budget automation project. He replied that it would be after the PEPP project has been completed.

Fee Waivers
Ms. Glatt said that on the survey she recently distributed regarding fee waivers, the survey questions were not as thorough and clear as she later learned they should have been. As a result, some of the information in the completed spreadsheet is based on her assumptions, taken from the initial campus responses.

Ms. Glatt said the survey results suggest we need to have a thorough review of fee waiver practices, as consistency in practice is important in some areas, especially those that relate to mandatory waivers, and system fees. In addition, the procedure reads that some of the fees can only be waived with chancellor approval.

Ms. Glatt said asked everyone to review the spreadsheet and get back to her with any corrections or suggestions. She will put this on a future Administrative Affairs Council agenda for more discussion once we have complete and accurate data on current practices. Ms. Glatt added that the SBHE has created a committee to review fees; however, she is not sure what their direction will be at this time.

Lunch break (12-12:30)

PEPP Update
Mr. Pytlik explained the purpose of the PeopleSoft Environment Partitioning Project (PEPP) project is to split our data environment from the rest of the State of North Dakota agencies. This project is primarily necessitated by an increasing volume of data, as well as the increasing level of work effort to effectively manage current application upgrades, patch cycles, operational processes, apply enhancements, and implement new functionality.

They are scheduled to go live the weekend of March 3, 2012, and Mr. Pytlik is confident they will be on schedule, unless something shows up in testing. He said ConnectND staff will ask campuses to take a look at the data to make sure it is valid.
Maximizing Results through Efficiencies
President Shaft appointed an oversight committee (Grant Shaft, Terry Hjelmstad, and Kirsten Diederich) to provide oversight on the implementation of the revised “Maximizing Results through Efficiencies” document. The committee intends to get a better understanding of the identified projects so when the Board is called upon to make a decision, they will have as much information as possible.

In response to a question from Ms. Brekke, Ms. Glatt said rather than creating new internal committees or work groups, existing groups (Administrative Affairs Council, Academic Affairs Council, Student Affairs Council, etc.), will be utilized, where it makes sense to discuss and plan for the identified efficiency projects. New groups will be created as necessary to ensure appropriate campus user input, with the recommendations of those special groups circulated to the appropriate senior councils and other advisory groups (e.g. CCF, NDSA, etc.). She added that the project timeline is tight and, the SBHE President has made it clear that he wants to keep this on track.

Ms. Glatt explained that there is a great deal of interest in this document from the Board, and their expectations are high. The SBHE expects full participation by all campuses; however, if factual data suggests the project is without merit or needs to be modified, the SBHE is open to changing their position. When asked how this project may affect long-term contracts, such as with LMS, Ms. Glatt replied that she doesn’t feel the expectation is that any campus be in violation of any contract, and she is sure that any implementation timelines would take into consideration current contract arrangements and terms.

Other – FY 2013 Budget Guidelines
Ms. Glatt said the Cabinet will be discussing the FY2013 annual budget guidelines at their meeting on February 8, 2012. The SBHE will be asked to approve the guidelines in February. She anticipates tuition increases will be a subject of discussion. Due to the requested NDSU proposed tuition model change, Ms. Glatt said she expects there will be much discussion on the matter in the months ahead. She said that at this point, she doesn’t know what role the SBHE Fee Task Force will play in the review and recommendation of tuition models.

Other – Joint IT Facility Status
Ms. Glatt reported the steering committee involved in this project has met several times, and at this point, it appears that two different facilities will be developed. One building, which UND will donate, has a bunker-like construction and would house the data center. The second, also located on UND campus, would provide office space for UND and NDUS information technology staff working in Grand Forks.

The 2011 legislative assembly appropriated $12.5 million dollars for the entire project, with added spending authority as a result of efficiencies and one-time savings. Ms. Glatt said that Chancellor Goetz will be presenting a plan at the February 8 Cabinet meeting which would internally generate an additional $3 million towards the project. The SBHE will be asked for authorization to proceed with the project and related funding plan at their February meeting.
Other
Ms. Glatt said the chancellor has asked that each campus do an inventory of their utility (heating and cooling) systems, along with a summary of what short-term and long-term changes may be forthcoming and an outline of the costs associated with any changes. Physical plant directors support the study, but expressed the need for expert assistance. Ms. Glatt contacted a representative from the Department of Commerce energy department and asked if there was grant money available to hire a consultant(s). They explained that they don’t know how much money will be forthcoming from the federal government and they won’t be able to offer any assistance at this time; however, they may have funds to support some short-term costs associated with EPA testing for boiler compliance. Chancellor Goetz has been made aware of the situation and for now, this request has been set aside. Ms. Glatt assured the group that she will keep them updated.

Meeting adjourned at 1:16 p.m.

Future Meetings
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