Administrative Affairs Council Minutes
February 12, 2013 Conference Call

Participants
Dave Clark and Tamara Barber – BSC
Tad Torgerson and Mark Lowe – DSU
Corry Kenner and Joann Kitchen– LRSC
Kara Bowen – DCB
John Richman, Mike Renk and Keith Johnson – NDSCS
Bruce Bollinger, Cindy Rott and Karin Hegstad – NDSU
Cindy Fetsch – UND
Doug Dawes – VCSU
Brian Foisy – MiSU
Steve Bensen - MaSU
Laura Glatt, Cathy McDonald, and Mick Pytlik – NDUS Office

Ms. Glatt called for agenda additional items. There were none.

Pathways Tuition Model
Ms. Glatt thanked the council members for the time they have devoted to meetings with System Office personnel and responding to requests for information on the tuition model proposals. She said that further direction and work is on hold pending further direction from the Chancellor; however, she encouraged campuses to respond to any outstanding information requests from the System Office. The Chancellor may have more discussion with the SBHE on this topic at the March SBHE meeting. In response to a question about whether campuses should continue to work on the fee blending plan, Ms. Glatt said this will be left to each campus, but was concerned about completing the project within a condensed timeframe.

13-15 Tuition Rates
A discussion with the Cabinet was postponed last week regarding potential tuition rate increase options for the 13-15 biennium. Ms. Glatt acknowledged that the 14-15 discussions are complicated by the potential of a new tuition model.

She said two options have been identified to date:
- Option A identifies the annual increases that would be necessary to cover the “student share” of the cost to continue and salary and health insurance increases plus, unfunded portion of student mental health services and campus security, with the latter only impacting WSC.
- Option B assumes that increased state funding from the equalization payment would be used to offset tuition rate increases. Under this option, four campuses (WSC, MiSU, UND and NDSU to a lesser extent) would require a tuition rate increase to cover the net shortfall.
Dave Clark pointed out that if some or all of the equalization payment amounts were used to offset tuition rate increases then some or all of the “state priority” projects in the SBHE’s budget request would not be funded. Ms. Glatt indicated that would be true.

It was pointed out that the Governors’ state funding model is predicated on a state/student share model, and it was unclear why we would utilize state equalization payments to offset the student share. Ms. Glatt recognized the state/student share, but pointed out that the Governor’s budget does not specifically recognize a tuition rate increase, and she understands that many legislators are questioning the need for a tuition rate increase when higher education is receiving a +$90 million state general fund budget increase.

President Richman asked those members involved in the development of the Governor’s funding model, whether the Governor intended the equalization payment to be used to offset tuition rate increases. There were varying interpretations provided as follows: “Governor focused on equalizing state funding, and did not talk about tuition increases. He said that is left to the Board.” “Governor looked at funding model on a campus-by-campus basis, including tuition, which should be left to the local campus.”

It was pointed out that under the new state funding model, having common tuition rate increases may be a thing of the past. Furthermore, without tuition increases, common practices with regard to salary increases may also be a thing of the past, as the impacts by campus vary greatly.

Many suggested that if the equalization payment is used to offset tuition increases, it defeats the whole purpose of the funding model and that is to equalize funding among campuses.

Laura asked for input related to what other information is necessary for the SBHE and legislature to make an informed decision. Data regarding the potential impact from no tuition increases is important, plus a good understanding of the state/student share allocations in the Governor’s funding model.

Some members suggested that they have not heard concerns from their local legislators about potential tuition increases as they understand that is the basis of the new funding model.

Based on an inquiry from Pres. Richman, all campuses supported only moving ahead Option A for discussion purposes, which is limited to tuition increases in support of the student share, and unfunded mental health/security.

Dave Clark noted that the two-year campuses are in a much different position relative to competitive tuition rates, both regionally and nationally, than are other types of campuses. This may warrant limited rate increases at two-year campuses, but that should be left to individual campuses.

In conclusion, Laura said, if asked, the NDUS Office would prepare additional background for a meaningful SBHE discussion.
**Annual Budget Module**
Cathy said the module is being tested by the SMEs. She said that while it will bring added functionality to many campuses, for some they will lose important existing functionality, at this stage in development. As the system continues to be developed over time, this functionality can be incorporated. The work group should have a decision by the end of this week concerning whether the system will be rolled out across all campuses or only select campuses during this initial implementation. In response to a question about the purpose of this project, Cathy said it is intended to improve and streamline the annual budget process, as most campuses do not currently have an automated system that interfaces information between the HRMS and budget systems. Following the meeting of the work group this week, Cathy will send out a note with more conclusive information including steps and a timeline.

**Reciprocity**
Laura updated the Council on recent conversations with the state of MN on reciprocity payments. She said that the payments owed by the state of MN have been higher than anticipated, and they will not have sufficient funds in their appropriation to cover the payments. They intend to pursue a legislative deficiency appropriation, but we are also working with MN on a fall-back position, which would temporarily alter the payments to provide them some cash flow relief. At a minimum, the goal would be to ensure that campuses are able to meet their current reciprocity payment revenue projections, with perhaps any excess payments to be rolled forward. Laura said she will keep the campuses informed as she has more information.

Also, during the recent meeting with MN, the new Pathways tuition model and its potential impact on the reciprocity rates and agreements was discussed. ND will reach out to MN later for more specific conversations once we have better information on the tuition model details. Impacted campuses will be included in those meetings.

**Annual Budget Process**
Laura pointed out that the annual budget process would be delayed until the conclusion of the legislative session this year. The SBHE meets on May 9th, and the guidelines would be dealt with at that time. She said that some statewide staff senate representatives have raised concern about the distribution of salary increases between faculty and staff. Laura said she shared with group the annual salary increase analysis that suggested, that at most campuses, staff faired the same or better than faculty. The staff senate may promote an across-the-board increase.

**Future Meetings**
March 19, 2013
April 16, 2013
May 14, 2013
July 22-23, 2013
Sept. 10, 2013
October 15, 2013
November 19, 2013