Administrative Affairs Council Minutes
October 15, 2013 – 9:00 a.m.
Conference Call

Participants
Dave Clark, and Tamara Barber – BSC
Kara Bowen – DCB
Mark Lowe – DSU
Corry Kenner – LRSC
Steve Bensen – MaSU
Dennis Gladen and Keith Johnson – NDSCS
Bruce Bollinger, Gary Wawers Karin Hegstad, and Cindy Rott – NDSU
Cindy Fetsch, and Peggy Lucke – UND
Brian Foisy – MiSU
Doug Dawes – VCSU
Laura Glatt, Cathy McDonald, Mick Pytlik, and Terry Meyer – NDUS Office

Absent:
James Foertsch - WSC

CND Manager Self Service Update
Ms. Thorsen was not able to participate in the meeting so this item will be addressed at a future meeting.

Performance Funding
Ms. Glatt reported that the performance funding task force met Sept. 24 in Valley City to continue discussion implementation of the three measures approved by the SBHE in April 2012. Some Task force members questioned if the measures are still applicable. The consensus of the task force was to proceed with the measures as outlined, but Mr. Link agreed to visit with the Academic Affairs Council to be sure there were not any major concerns. Mr. Link reported back that AAC members did have several implementation questions but generally supported the three measures which are as follows.

- fall to spring retention at initial institution,
- Fall to Fall retention within the NDUS, and
- number of students awarded degrees between July 1 and June 30 of each year

The goal of the task force is to work through the details of implementation of the measures and to be able to allocate some or all of the one-time funds of $5M by late Spring/early Summer 2014. Ms. Glatt also reviewed the Performance Funding Guiding Principles with council members.
**Carry Forward Policy Provision**

Mr. Gladen updated council members that the Operating Carry Forward Reserves and Composite Financial Indicator report was presented to the Cabinet Sept. 25. Cabinet members are interested in the concept but had questioned current position and ability to achieve goals. Ms. Glatt said she assured the Cabinet that information was being gathered and reviewed and would be available to them in a final report.

Based on data provided by the campuses, Ms. McDonald ran a couple scenarios on undesignated carry forward based on reserves of 5% and 7%, which were shared with council members previously via email. There was discussion that a phased implementation plan would be necessary at some campuses to reach these targets.

Mr. Gladen also suggested that information be gathered about each campus’ current CFI score, using the Higher Learning Commission template. Ms. Barber has shared the template with council members.

Ms. Glatt asked council members if there are concerns moving the three recommendations, as outlined in the Sept 25th presentation to the Cabinet, forward to the Cabinet in November, with appropriate transition plans, where necessary. Some council members expressed concerns about making recommendations related to presidents’ annual performances evaluations in the recommendation. Some felt this was not an appropriate role of the Council, and furthermore, it would be difficult to hold them accountable for the CFI, which includes component units, because the president has no direct authority over component units. It was pointed out that financial condition should be measured by more than just the CFI score, or reserve balances, along with other non-financial indicators. There were also concerns about mandating a certain level of reserves as opposed to setting it out as a “target”. The overarching concern was that there are too many unknowns of the Pathways Plan implementation and its impact on campus finances to set a meaningful mandatory goal at this time.

Ms. Glatt said to bring closure to the discussion, she will go around the table to get each members view on how to proceed.

Although Council members unanimously support the concept of reserves, there were two different recommended approaches:
- Establish a target reserve: MiSU, VCSU, DCB, BSC, UND, DSU, MaSU, LRSC
- Establish mandatory minimum reserve requirement: NDSU, NDSCS

It was suggested that perhaps start with a target, and once we have a better handle of Pathways impact, we establish a mandate.

And, if it is truly considered a rainy day fund that the campus can use the funds and then be given time to rebuild the fund.
Ms. Glatt said she will summarize what she heard and lay out some options and ask the workgroup to take those options and identify the pros, cons and impacts as well as add some options so it can be moved forward to the Cabinet at the November meeting for action.

Update on Motor Coach Status
Ms. Glatt asked for an update from Ms. Ness on the topic and when she receives a response from her, she will share it with council members. Ms. Lucke said there is also a companion piece in which a group of individuals are working with Risk Management. She will update council members as she learns more.

Subcommittee Report on Tuition and Fee Policy Update
Ms. Glatt said this was an item discussed at the retreat in follow-up to the fee performance audit. There are a number of policy changes that need to be made to address the fee performance audit and the original plan was to roll these changes into the policy changes that will be necessitated by the Pathways Plan implementation. However, Ms. Karin Hegstad and Ms. Cindy Fetsch volunteered to review and recommend interim changes to the policies by the October meeting. Ms. Hegstad and Fetsch indicated that they had not yet had a chance to review the policies. Ms. Hegstad said that even with the implementation of the Pathways Plan there still is a need for some policies addressing course fees, such as study abroad, individual lessons, etc. They found a website that has a good policy/procedure in place and are currently looking at it to see how it relates to what we need. They will also visit with a two- and four-year campus for their feedback. Draft revised policies will be shared with council members prior to the next meeting for feedback. The item will be added to the Nov. 19th agenda for discussion.

Update on Campus Master Plan Status
Ms. Glatt indicated that the document provided with the agenda materials had been reviewed with the Cabinet at their last meeting. The only feedback received was a caution that this planning process not result in any unfunded mandates. She said the RFP is under development. She said she will call upon some others to serve on a steering committee for the project.

Ms. Glatt said she had a conversation with Kayla Effertz from the Governor’s Office on the Challenge Fund process. With regard to possibly delaying distribution of Challenge Funds, pending the completion of the system master plan, due to the legislative intent, Ms. Effertz said the Challenge Fund Committee has taken a position that the allocation of Challenge Funds should not be delayed pending the completion of the master plan. However, once the plan is complete, the Challenge Fund Committee would consider the consistency of the Challenge Fund project with the master plan. Ms. Glatt said when she receives more formal documentation from Ms. Effertz, she will share it with council members.
Ms. Glatt said there will be some required reporting process, perhaps through the Governor’s Office and a review process, while may be conducted by the NDUS internal auditor function.

**Dual Credit Rates and Status of Pathways Plan**

Ms. Glatt said the board is in full support of moving forward with the Pathways Plan. Ms. Glatt said that in order to meet the timelines, it will be important for all to meet required deadline dates for submission of information and plans. Chancellor Skogen will have this same discussion with Cabinet members.

Ms. Glatt asked for updates on each of the steps in the Pathways Plan

**Proceed with implementation of common dual credit...**

1. Ms. Barber reported that the agreed-upon dual credit tuition rates should be $65 and $115. She will provide a report to the NDUS Office.

2. MiSU submitted information regarding the financial impact of moving to the agreed upon rates, and even though there is about a $40,000 financial impact, MiSU agrees to utilize the common rates.

3. Ms. McDonald will work with LRSC and DSU on the fiscal impacts of the dual credit tuition rates and a transition plan.

4. Ms. McDonald reported that she posed the question to Dr. Hillman regarding enrollment reporting for dual credit and early entry students and he said that since the NDUS does not offer dual credit (only college credit courses, which students can also receive high school credit, based on school district approval) dual credit/early entry students are tracked by the same admit code. He said they are reported jointly and can’t be separated. Ms. Hegstad and Ms. Lucke said for UND and NDSU that will be problematic since they don’t want to have to apply dual credit rates, since the students are considered early entry students at those campuses. Mr. Pytlik reported that there are two different admit codes in ConnectND, one for dual credit and one for early entry. He said that maybe those fields have been collapsed when the reports are run. Ms. Glatt said she will get a work group together to work through the issues.

5. The NDUS office will work toward a handbook that lays out definitions for dual credit, requirements, rates, reporting, etc.

**Continue to work toward a common model and base rates...**

1. Ms. Hegstad, said the contiguous rate of 150% at UND and NDSU includes, Montana and South Dakota. These states are already included in the MHEC/WICHE agreements, which are also 150%. So therefore, for them to have a 150% contiguous rate is of no benefit to those students since they are already covered in the agreements. NDSU would prefer to go to the 125% contiguous undergraduate rate for the benefit of the student. However, going to 125% for graduate students will need to be reviewed further since the MN reciprocity agreement is at a higher rate of 127%.
4. After the official fall enrollment numbers are released, Ms. McDonald will work on getting numbers together for each of the tuition rate categories and get that information out to the campuses. Mr. Kenner said he would prefer to keep the international rate at 2.67. Ms. Glatt pointed out that the Pathways Plan intends to move away from the 2.67 rate, since data suggests that most campuses are discounting that rate through waivers, and the intent is to move to a net real price. Mr. Kenner said they do not provide waivers for international students and this change would have a significant fiscal impact on LRSC. Ms. Glatt said that rather than changing the rate, this would need to be taken into account in any transition plan.

**Continue to work toward undergraduate tuition waiver limits**
Ms. Glatt said that pulling raw data needs to happen first to determine what base data will be used for the calculation. She said she will share information with council members when it is ready.

**Graduate Waivers/Stipends**
Ms. Glatt said this one will be looked at when the position of VC for Academic and Student Affairs is filled

Ms. Glatt said there will be a special Administrative Affairs Council meeting scheduled soon to talk about the 1.5 and 1.75 rate factors and tuition waiver numbers.

NDSU said they have done some analysis on the remedial section of the Pathways Plan and there are a number of concerns. They said the Provost forwarded those concerns to Dr. Hillman.

**Foundation Reporting**
Ms. Glatt said there have been articles related to foundations. She thought it is important to have a discussion with council members on what role and responsibility we have as an institution, government entity, etc. to ensure that the activities of the foundation don’t reflect negatively on the campus. She suggested that campuses may already have some internal controls in place that would detect early warning signs.

Mr. Lowe posed a question about the policy and what authority the board has in relation to the foundation. Ms. Glatt said that if there is a problem, the Chancellor could ask the President to meet with the Foundation on those concerns. Ms. Lucke said that in the operating agreement, a university employee serves on the foundation board, as an ex officio member, and they would have access to the minutes, etc.. Mr. Lowe also pointed out that as part of the annual financial statements that Ms. Putnam puts together, there is information on the foundations that is reported, which was confirmed by others. There were no concerns expressed by Council members or suggestions that any change was needed.

**Semi-Annual Budget Report**
Mr. Bollinger asked that this item be added to the agenda. Mr. Bollinger said he has some concerns about the reporting thresholds used in the report (e.g. 2% tuition variance), the color coding and the use of arrows. Ms. Glatt said it was a board member who asked the office to use the color coding and arrows to provide the Board with a quick visual of areas of change.

Mr. Foisy said some could view it as a report of problems and some might think the problems need to be fixed. MiSU is on the report nine times and some of them are positive improvements. He also asked why do campuses need to report positive change and should the variance be five percent instead of two percent?

Ms. Glatt said it would also be helpful to shorten the report and that could be done possibly if the reporting variance changed. The reporting thresholds have not been updated since the report was first adopted. She said another option may be to have an executive summary highlighting the significant issues and if board members have further interest, they could read the entire report.

Mr. Gladen suggested that the color coding that is used follow industry standards of green, yellow, red.

Mr. Bollinger, Mr. Foisy and Mr. Dawes agreed to be on a subcommittee to work with Ms. Glatt, Ms. Putnam and Ms. Meyer on potential changes to the report.

**Federal Employee Funding**

Mr. Bensen asked campuses if they have federal employees and have they started a process of furloughing due to the government shutdown. Mr. Foisy said he received word from the federal government that no grants or contracts will be affected at this time and to continue to work as you have been. Now, Mr. Foisy said if the campus can’t cash flow the process until the government is back to work, other steps will have to be considered. Ms. Barber said they have a 10% match and employees are continuing to be able to work, with BSC utilizing the match funds to cash flow the employees’ salary until the federal government resumes operations.

Meeting adjourned around 11:30 a.m.

**Future Meeting Dates:**

- November 19, 2013
- January 7, 2014
- February 4, 2014
- March 4, 2014
- April 1, 2014
- May 6, 2014
- June 3, 2014
- July 22-23, 2014 retreat
- August 5, 2014
- September 2, 2014
October 7, 2014
November 4, 2014
December 2, 2014

Respectfully submitted

Terry Meyer

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