**Administrative Affairs Council Minutes**
*June 6, 2014 – 1:30 p.m.*

**Conference Call**

**Participants**
Tamara Barber – BSC  
Kara Bowen – DCB  
Corry Kenner and Joann Kitchens – LRSC  
Steve Bensen – MaSU  
Keith Johnson Dallas Fossum – NDSCS  
Cynthia Rott, Matthew Chaussee, Karin Hegstad, Mike Ellingson – NDSU  
Alice Brekke – UND  
Brian Foisy – MiSU  
Doug Dawes – VCSU  
Laurie Furuseth – WSC  
Laura Glatt, Cathy McDonald, Robin Putnam, Rick Tonder and Terry Meyer – NDUS Office

Ms. Glatt convened the meeting and asked council members if there are additional items to discuss, none were added.

**CTE Private Queries Public**
Mr. Lowe was absent from the meeting. Ms. Feldner agreed to work with him on his request. She said that whatever is provided will be available to all campuses.

**15-17 Biennial Budget**
Ms. Glatt reviewed the budget proposal presented to the BFC on June 5, 2014. In terms of process, the SBHE Budget and Finance Committee will meet June 17 to approve and recommend approval of the operating budget, with full board approval at their June 26 meeting.

Based on the Governor’s Budget Guidelines, Part II of the request has been restructured as optional packages for campuses and system initiatives/projects. Based on conversations the Chancellor has had with executive and legislative branch leaders, and with campus presidents, the number of requests for campus initiatives has been narrowed, since it is the expectation that some of the requests should be accomplished using the $49M that is generated from the Governor’s funding formula.

The campus security initiative includes the balance of the 24x7 coverage started this biennium, emergency and continuity of operations planning reduced from two to one FTE at each campus, and unique campus requests have been removed.

In the earlier request there was a mental health service FTE position added for each campus except BSC, this has been reduced to only one FTE position at DSU. Funding for the Presidential Library has also been added. This is in response to SBHE concern about the funding formula impact at DSU.
PAR and Starfish has been added back to the request due to differing legislative opinions about whether this can be funded in the current biennium from the performance funding pool. The Budget and Finance Committee supported adding it back into the request.

Ms. Glatt said that funding for completion of the space utilization study and building assessment will need to be reviewed and adjusted. She said it was clear from the SBHE and legislative discussion that they would like these projects completed sooner, instead of later. As a result, additional consulting assistance will be needed. Mr. Tonder added that Paulien is to provide a cost estimate on a turn-key approach where the impact on the campuses would be as minimal as possible.

Funding was added to support diversity initiatives.

The amount for biomedical engineering was increased to reflect a biennial, instead of annual amount. The petroleum engineering equipment request was reduced due to a private sector gift UND received to help offset the cost.

The plan is the funding for the new Gap Scholarship to come from the Student Loan Trust Fund. A plan has been developed and supported by the Chancellor and the BND President. They will be meeting with the Governor to discuss the proposal.

The Chancellor will review this budget request with the Chancellor’s Cabinet on June 11.

15-17 Capital Budget Timeline and Process
Campuses will present their capital project priorities to the board at its June 26 meeting. The BFC will meet mid-August to receive the Chancellor’s recommendation on capital project priorities. The SBHE has scheduled a special board meeting for Sept. 3 to approve the capital budget priorities. After that meeting, campuses will have to finalize campus budget requests and submit to OMB by Sept. 15.

13-15 Performance Funding
Ms. Glatt reported at the Interim Legislative Higher Education Funding Committee there were differing opinions among committee members about the expected use of the $5 million 13-15 performance funding appropriation. Some supported its use for PAR/Starfish, while others did not. In the end, the committee chair indicated the use is up to the SBHE and if the SBHE needs guidance they should seek counsel from Legislative Council. Further direction will have to come from the chancellor on the use of the performance funding. At the request of SBHE Budget and Finance Committee, PAR/Starfish have been added back to the 15-17 budget request.

Pathways Plan Tuition Model
A report was presented to the Chancellor following the campus meetings on the Pathways Plan Tuition model. He was informed that campuses are generally supportive of the overall plan components, with limited exceptions. It was also noted that the single largest challenge is trying to create common rates among tier/sector. Further, all are concerned about the student cost and/or institutional revenue impact. Therefore, the challenge will be
how to develop a transition plan that lessens the impact for both the student and the institution.

Based on conversations with the Chancellor, the intent would be to permit each campus to develop their own rates (eliminate the requirement to have common rates among tiers) as long as the model meets the criteria outlined in the Pathways Plan. This approach also recognizes that the Governor’s Funding model does not support a common tuition rate approach. Campuses will be asked to develop their own plan and rates by a date certain. This plan would be implemented over a period of years (by not later than...), with that date yet to be determined. The ultimate overarching goal of the effort is that we try to simplify the model, to have it more transparent, but to make sure the various elements of the Pathways Plan are included. Campus exceptions to the Pathways Plan criteria may be considered, if there’s a strong case for the requested exception.

A draft document summarizing these points will be circulated to the Council via email for their input, including input on plan development and plan implementation timelines. The Chancellor will have a discussion with the Cabinet June 11 about this direction. The Chancellor has requested that reports on remediation, admission standards and the tuition model be made at the June SBHE meeting, as updates only. The SBHE at its July Retreat will talk about strategic planning and Pathways will tie into that discussion. It is uncertain at this time when the board will take final action on these items.

A question was asked, should campuses continue to charge an access fee for distance education. Ms. Glatt said the ultimate goal is for campuses to eliminate charging access fees for distance education and blend into tuition. However, the approach and time to do so may vary between campuses. Also, if this is simply not practical, an exception can be considered.

Another question was asked about how will this affect dual credit fees. Ms. Glatt said it shouldn’t affect the rates for Fall 2015. She said these rates need to be reviewed annually, along with all other tuition rates.

**$5 Million Deferred Maintenance**

Ms. Glatt reviewed the options available to distribute the remaining $5M of the $10M that was approved for deferred maintenance now that the campus master plan is near completion. She said it is expected that the board will approve the consultant’s report at its June meeting. Before the document is considered final, the consultants are working on completing the systemwide IT evaluation and recommendations.

Ms. Glatt referred to the deferred maintenance legislation which says: funds must be used to address deferred maintenance and other infrastructure needs at institutions based on the university system master plan and space utilization study; however, they can distribute up to one-half of the funds in the pool prior to the completion of the master plan and space utilization study.”
She said one option is to distribute the funds based on each campuses prorate share of the consultant defined deferred maintenance based on the 25% of the inventory reviewed. The second option is to allocate the funds based on each campuses pro rata share of the consultant defined total deferred maintenance, which extrapolates the sample condition over the remaining building inventory. The third option is an average of both. Ms. Glatt said she did receive campus feedback and concerns about this approach and it was suggested that the funding be allocated on the same basis as the first $5 million, or the extra-ordinary repairs formula. She said she did not believe this was consistent with the legislative intent and furthermore, the Chancellor would not support that approach.

After discussion about the pros/cons of each option, it was the unanimous recommendation to support option three, which was the blended option.

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<th>Percent Total</th>
<th>Pro Rata Share</th>
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The next step is to move it forward to the Chancellor’s Cabinet on June 11, SBHE Budget and Finance Committee on June 17 and the SBHE on June 26.

**Systemwide Master Plan** -
Ms. Glatt reviewed the timeline for completion of the systemwide campus master plan. The consultants are finalizing the report, and it will be presented to the SBHE on June 26. At that time, the board will more than likely ask for an implementation plan to be presented to the SBHE at its September meeting. As Mr. Tonder works through the implementation plan, he will keep the institutions informed. Mr. Tonder said that the feedback from the Interim Higher Education Funding Committee is that they are showing support for the master plan.
Interim Higher Education Funding Committee Meeting
Ms. Glatt provided committee members with an overview of the June 4 Interim Higher Education Funding Committee meeting. The committee asked for information about projects that were overbid or underbid, which Mr. Tonder presented. He will share that information with the campuses. Ms. Dolan and Mr. Larson have been asked to prepare information on dual credit costs for the committee’s next meeting, which is scheduled for the end of July.

Administrative Affairs Retreat
The retreat is scheduled for July 22-23 which is in conflict with the annual NACUBO meeting. Campuses will be surveyed for alternative dates.

The meeting adjourned at 2:45 p.m.

Upcoming meetings:
July 22-23, 2014 (retreat) – TO BE CHANGED
August 5, 2014
September 2, 2014
October 7, 2014
November 4, 2014
December 2, 2014