North Dakota State Board of Higher Education
Minutes of the January 29, 2015, Meeting
At Bismarck State College

Board Chair Hjelmstad called the meeting to order at 11:04 a.m. CT.

Members present:

Dr. Terry Hjelmstad, Chair
Mr. Don Morton
Mr. Grant Shaft
Ms. Kari Reichert
Dr. Eric Murphy, Faculty Adviser

Ms. Kathleen Neset, Vice Chair
Dr. Kevin Melicher
Mr. Chris McEwen
Ms. Janice Hoffarth, Staff Adviser

Interim Chancellor present: Dr. Larry C. Skogen

Institution Presidents present:

Dr. Doug Darling, President, LRSC
Dr. Gary Hagen, President, MaSU
Dr. John Richman, President, NDSCS
Dr. Steve Shirley, President, MiSU
Dr. Ray Nadolny, President, WSC
Dr. Tisa Mason, President, VCSU
Dr. Dean Bresciani, President, NDSU
Dr. Robert Kelley, President, UND
Mr. Dave Clark, Interim President, BSC

NDUS senior staff present:

Mr. Murray Sagsveen, Chief of Staff and Director of Legal Services
Dr. Sonia Cowen, Interim Vice Chancellor for Academic and Student Affairs
Ms. Linda Donlin, Vice Chancellor of Strategic Planning
Dr. Lisa Feldner, Vice Chancellor for Institutional Technology and Research
Ms. Laura Glatt, Vice Chancellor Administrative Affairs
Ms. Kristie Hetzler, Executive Assistant to the State Board of Higher Education

Approval of Agenda
Shaft moved, Morton seconded, to approve the January 29, 2015, Board agenda.

McEwen, Reichert, Melicher, Morton, Shaft, Hjelmstad, Neset voted yes. The motion carried.
Approval of Meeting Minutes

- November 20, 2014
- December 9, 2014

Shaft moved, McEwen seconded, to approve the November 20 and December 9, 2014, meeting minutes.

Melicher, Morton, Shaft, Hjelmstad, McEwen, Reichert, and Neset voted yes. The motion carried.

Information Technology

Mr. Don Lefleur from the State Auditor’s Office and Mr. Eric Wallis from TeleCommunication Systems (TCS) presented the NDUS Information Technology Security Audit and Vulnerability Assessment to Board members. This assessment is completed every two years.

Board Chair’s Report

Dr. Hjelmstad thanked former Board Chair, Dr. Kirsten Diederich, for her extraordinary work on a new mission, vision, and strategic plan for NDUS. Dr. Hjelmstad assumed the Board Chair position from his Vice Chair position until a new Board Chair is elected.

Appointment of Committee Members

Dr. Hjelmstad appointed Dr. Kevin Melicher to the SBHE Audit Committee and the SBHE Budget and Finance Committee.

Challenge Fund Grant Program

Ms. Kathleen Neset stated 2013-2015 legislation approved the Challenge Fund Grant program. The Challenge Fund Grant matches every two dollars of private money donated to an institution with one dollar from state funds. The program is extremely beneficial and she is hopeful that current legislation continues appropriated funds for this grant.

North Dakota Student Association Report (NDSA)

Mr. Chris McEwen gave an update in the absence of NDSA President, Mr. Zachary Niebuhr. Mr. McEwen advised the Board that NDSA does support Senate Bill 2150, regarding student and student organizations disciplinary proceedings at institutions under the control of the SBHE. House Bill 1233, regarding tuition increases, was tabled for further review. House Bill 1261, regarding open resources, was supported by NDSA. House Bill 1333, regarding elections, was opposed by NDSA because of lack of a student election certificate.

Council of College Faculties (CCF) Report

Dr. Fernando Quijano introduced members of the Council of College Faculties (CCF) that were in attendance. Dr. Fernando thanked the Board for including the CCF as part of the Board meeting.

Staff Senate Report

Ms. Emma Tufte stated that elections were held for the SBHE staff advisor position. Ms. Tufte announced that she was elected and accepted the position for the SBHE Staff Senate beginning July 1, 2015. On behalf of Staff Senate, she thanked Janice Hoffarth for four years of service.
Elect Board Chair
Melicher moved, Shaft seconded, to elect Dr. Terry Hjelmstad as Board Chair through June 30, 2015.

Melicher, Morton, Reichert, Shaft, McEwen, and Neset voted yes. Hjelmstad voted no. The motion carried.

Morton moved, Shaft seconded, to elect Ms. Kathleen Neset as Vice Chair through June 30, 2015.

Shaft, Hjelmstad, McEwen, Melicher, Morton, Reichert, and Neset voted yes. The motion carried.

Roles and Responsibilities Report
Chancellor Skogen stated that the Roles and Responsibilities Task Force reviewed the major recommendations from the 2006 Task Force regarding clarifying roles and responsibilities. The following report was presented to the Board for approval:

Roles and Responsibilities Task Force Report
December 2014
(Approved by the SBHE January 29, 2015)

Overall Purpose and Charge to the 2014 Roles and Responsibilities Task Force: Review the major recommendations from the 2006 Task Force on Clarifying Roles and Responsibilities to determine which statements and resulting policies still have integrity for the University System and which ones should be revisited and possibly revised.

I. Roles and Responsibilities Task Force-2013-14
(Some members changed during this undertaking.)
  o Dr. Kirsten Diederich, State Board President, Task Force Chair
  o Mr. Don Morton, State Board Member
  o Dr. Kevin Melicher, State Board Member
  o Dr. Larry C. Skogen, Interim Chancellor
  o Dr. Dean Bresciani, North Dakota State University President
  o Dr. Robert Kelley, University of North Dakota President
  o Dr. John Richman, North Dakota State College of Science President
  o Dr. Steve Shirley, Minot State University President
  o Mr. Murray Sagsveen, Chief of Staff and NDUS Ethics Officer
  o Ms. Kristie Hetzler, Executive Assistant to the State Board

II. Fundamental Questions Regarding Areas of Confusion
The seven key areas of confusion addressed by the 2002-04 Task Force on Clarifying Roles and Responsibilities, and reviewed by the 2006 and 2014 task forces were:

1. What form of governance is intended? Is it the intent of the SBHE, the chancellor and the cabinet, in concept and in practice, to have the Board serve as:
   a. A commission/coordinating board for 11 separate institutions?
   b. A governing board of a unified system of higher education?
   c. Some other form of governance?
Conclusion: It is the intent of the SBHE, the chancellor and the cabinet to have the SBHE serve as the governing board of a unified system of higher education.

2. What is a “unified system of higher education?”

Conclusion: “A Unified system of higher education,” for purposes of the North Dakota University System, is understood to mean:

a. The system is governed by the SBHE in accordance with the North Dakota Constitution and state statutes and is guided by the Belief Statements and Core Values adopted by the Board (SBHE Policy 100.6);

b. The system is comprised of distinct, entrepreneurial institutions with unique missions working together to maximize their collective capacities to meet the priority needs of students and the state;

c. The Board operates at the policy level providing strategic direction, leadership and an environment conducive to success for each institution and the system as a whole;

d. The chancellor is the chief executive officer of the University System and is empowered by the Board to provide the leadership necessary and to act on behalf of the Board working with the institution presidents to achieve the vision, mission, and long-range goals for the University System adopted by the Board;

e. Board members, the chancellor, presidents and their representatives or those acting under their direction have the right and the responsibility to express their views when considering an item the Board has under discussion. Once the Board takes action on an item, Board members, the chancellor, presidents and their representatives or persons acting under their direction, shall execute the Board’s position and not advocate against it.

f. There is partnering, collaboration, and joint ventures involving the various colleges and universities within the University System aimed at achieving the vision and mission in the NDUS Strategic Plan;

g. There is a balance between providing the necessary flexibility to the colleges and universities to be entrepreneurial and innovative while having the institutions also cooperate in meeting statewide needs and opportunities. It is the expectation of the Board, and thereby the responsibility of the chancellor, to assure the balance is developed and sustained;

h. Support services are provided where it is more effective and efficient to perform the services collaboratively;

i. There are incentives, rewards and processes which are consistent with the expectations for campuses colleges and universities to function within, and as part of, a unified system.

j. It is the responsibility of all Board members, and particularly the Board president, to assure the integrity of the University System is preserved consistent with the University System’s policies and core values.

The detailed authorities and responsibilities of the SBHE, Board Chair, chancellor and institution presidents, for achieving and sustaining the unified system, are outlined in SBHE Policies, 100.6, 310.1, 304.1 and 305.1, respectively.

3. For whom do the college and university presidents work?

a. The chancellor?

b. The Board?

c. Both the chancellor and Board?
Conclusion: The presidents work for the Board. However, through various policies the Board delegates authority to the chancellor for Board and system office operations and to ensure compliance with Board policies and procedures. In the execution of delegated authority, the chancellor speaks on behalf of the Board as CEO of the University System. Institutional operations remain under the authority of the presidents, as campus CEOs.

4. How do the presidents report? What is the standard or official channel of communication?
   a. Directly to the chancellor?
   b. Directly to the Board Chairs?
   c. Directly to individual Board members?
   d. Directly to the chancellor and through the chancellor to the Board?
   e. Directly to the chancellor and through the chancellor to the Board with follow-up discussions as necessary;
   f. Other or modifications of the above?

Conclusion: The most common channel of communication with the Board is through the chancellor to the Board. It is expected that presidents, or their designees, will also have conversations with the Board Chair and/or with all Board members to keep the Board apprised of major developments. If other substantive conversations occur, the college or university president and/or a Board member should brief the chancellor, preferably in advance, or as soon as possible after the event. The standard to be applied in determining the need to inform the chancellor is “professional courtesy and good faith consideration.”

5. Is the chancellor the CEO of the University System? If not, who is?

Conclusion: The chancellor is the CEO of the University System.

6. Are the existing policies adequate? Do existing Board policies regarding the SBHE, members, chancellor, and institution presidents accurately reflect the intent of the Board regarding authority, roles and responsibilities? Are changes in policies or practices needed?

Conclusion: The 2014 Task Force concludes that major revisions to policies are required to streamline operations, define delegated authorities, and eliminate conflicting requirements.

7. Is there an organizational chart for the North Dakota University System? Is there a chart that illustrates the relationships of the various entities of the system?

Conclusion: (See chart, Section-III, on following page)
III. Organizational Chart of the North Dakota University System

North Dakota State Board of Higher Education

Chancellor and System CEO

North Dakota University System Office

BSC President
DSU President
LRSC President
MaSU President
MiSU President
NDSCS President
NDSU President
UND President
VCSU President
WSC President

DCB Dean
IV. Operational Changes

The following actions and changes are operational and included in this report to provide a more complete picture of the actions underway to address the issues raised during the Roles and Responsibilities Task Force discussions relating to improving communication while recognizing variations in size, scope and mission of the 11 institutions of higher education in North Dakota:

1. The agenda for Board meetings will allow an institution to alert the Board of developments or concerns; i.e., to provide a mechanism and a communications channel that allows presidents to keep the entire Board apprised of developments, including new directions, plans or emerging issues, important to the institution;

2. The agenda will allow time for an institution—at the request of its president—at each meeting to provide an institution-specific update to the Board on issues such as: retention and graduation rates and efforts; enrollment strategies; construction projects; needs and wants, etc.;

3. In recognition of the variations in size, scope and issues of relevance to the various colleges and universities, the chancellor will meet separately with the (a) two major research institutions, (b) five community colleges through the College Technical Education Council (CTEC), and (c) remaining four-year institutions in whatever format or process these institutions deem to be useful and effective. These meetings or conversations are in addition to the regularly scheduled Chancellor’s Cabinet meetings;

4. Any president who would like to brief the Board on an item can request to have time on the Board agenda to do so; however, items requiring Board action must be coordinated with the chancellor;

5. In an effort to make Board meetings as relevant as possible, time will be set aside to discuss major issues impacting North Dakota and/or the University System. The Board has accepted the presidents’ offer to help identify the major issues, arrange resource people or presenters and lead the discussion;

6. The chancellor will have individual meetings with the presidents. The two purposes of the meetings are to determine: (1) what the chancellor and the University System can do to assist the respective institutions in being as successful as possible, and (2) what the chancellor and system needs from the president to maximize the success of the University System in serving students and the state;

7. A special effort is underway, based on recommendations solicited from the Chancellor’s Cabinet, to make cabinet meetings as meaningful, relevant and productive as possible.

8. It is agreed that the university system staff, including directors and vice chancellors, are not in supervisory positions over institution officers. Their role is to provide advice to the chancellor, cabinet, and institutions related to programmatic and policy decisions within their respective areas; chair system-wide councils; offer a system-wide perspective on issues within their respective areas including, but not limited to, policies, programs, and related activities; ensure compliance with Board policies and procedures; oversee system-wide projects; and, perform duties and responsibilities in their job descriptions and as assigned by the chancellor.
Board member, Grant Shaft requested that it be noted that the Roles and Responsibility Report is not a Board policy. Mr. Sagsveen agreed, stating that any amendments made to policies resulting from this report will still need Board approval on an individual basis.

Morton moved, McEwen seconded, to approve Roles and Responsibilities Task Force Report.

McEwen, Melicher, Morton, Hjelmstad, Reichert, and Neset voted yes. Shaft voted no. The motion carried.

**Legislative Bills**

Mr. Murray Sagsveen and Ms. Laura Glatt reviewed current Legislative bills in which the Chancellor has made a recommendation on the position that the Board should take regarding each bill.

The SBHE discussed a number of the bills and the chancellor's recommendations, but focused on Senate Bill 2150, which would authorize students to have lawyer advocates at all disciplinary proceedings. Mr. McEwen explained that the North Dakota Student Association has voted to support the bill. Mr. Christopher Wilson, NDSU joined the discussion by telephone to explain the bill and answer board members' questions.

At the conclusion of the discussion of the bills, Shaft moved, Melicher seconded to accept the Chancellor's recommendations regarding pending legislation with the exception of Senate Bill 2150; Shaft proposed, in the motion, that the SBHE not take a position on Senate Bill 2150 except to request NDUS attorneys to work closely with the bill sponsors to develop mutually acceptable bill language.

McEwen, Melicher, Morton, Shaft, Hjelmstad, Reichert, and Neset voted yes. The motion carried.

**Tuition Model Plan**

Ms. Glatt proposed modifications to new the tuition model. The NDUS 2015-2020 Strategic Plan calls for implementation of new model by the fall 2017. The SBHE approved a revised tuition model plan in June 2014. Upon further data analysis, additional the proposed changes are recommended to minimize the financial impact to the institution and/or minimize the impact to students due to the blending of on-campus and on-line rates and, also, to incent out-of-state student recruitment to meet North Dakota workforce needs. The proposed changes are as follows:

- Permit possible retention of separate distance education fee for on-line courses. The discontinuation/phase-out of the distance education fee will be considered after the initial fall 2017 full implementation of the tuition models.
- Out-of-country tuition would be 1.75 times the resident rate, and in country would be 1.5 times the resident rate. With the requirement that the rate change not be compensated for by a significant increase for the average full-time North Dakota student.

Morton moved, Reichert seconded, to accept the proposed modifications to the new tuition model to be implemented fall 2017.

Morton, Shaft, Hjelmstad, Reichert, McEwen, Melicher, and Neset voted yes. The motion carried.

**Naming of Lake Region State College (LRSC) Technical Education Center**

LRSC President Dr. Darling requested approval to name the newly constructed technical education center “Bergstrom Technical Center” on behalf of the multigenerational family’s support for LRSC. The Bergstrom family made a very significant gift, pledging $460,000 for the project. For three generations, this community-minded family has played important roles in the college’s history and development.
President Darling also expressed his appreciation to many other donors that participated in the effort to raise funds for classroom technologies and to renovate older classrooms.

Melicher moved, Shaft seconded, to authorize LRSC to name the newly constructed technical education center the “Bergstrom Technical Center”.

Morton, Reichert, McEwen, Shaft, Hjelmstad, Neset, and Melicher voted yes. The motion carried.

**University of North Dakota (UND) Agreement for Joint Exercise of Peace Officer Duties**

Mr. Murray Sagsveen explained UND’s request is to permit University of North Dakota’s Police Department’s (UPD) to participate in joint law enforcement exercises in the state of Minnesota to enter into an agreement for the Joint Exercise of Peace Officer Duties. The purpose of this agreement is to grant the authority and set forth the conditions under which the participating criminal justice agencies may exchange or provide peace officers for the purpose of conducting or assisting in law enforcement and emergency response operations.

McEwen moved, Neset seconded, to authorize UND’s request to enter into an agreement for the Joint Exercise of Peace Officer Duties.

Reichert, McEwen, Shaft, Hjelmstad, Neset, Melicher, and Morton, voted yes. The motion carried.

**SBHE Audit Committee**

Ms. Neset, SBHE Audit Committee chair, stated the committee discussed the hiring process of a new NDUS Chief Auditor. The committee recommends that the search committee for a new Chief Auditor will be the SBHE Audit Committee. The committee also recommended delaying the search until legislation has concluded. Legislation is considering a bill that would directly impact the NDUS auditors and their reporting structure.

Neset moved, Morton seconded, to approve the SBHE Audit committee as the search committee for a Chief Auditor, however, delaying the search for a NDUS Chief Auditor until the conclusion of legislation.

Reichert, McEwen, Shaft, Hjelmstad, Neset, Melicher, and Morton, voted yes. The motion carried.

**SBHE Academic and Student Affairs Committee**

Ms. Reichert, SBHE Academic and Student Affairs Committee chair, stated that the NDUS office maintains an inventory of [accreditations](#) of the academic programs of study offered by its eleven institutions. NDUS Procedure 420 requires that this inventory be updated in January and July each year. Ms. Reichert stated that the committee also recommends a change to the procedure stating the accreditation report only needs to be completed once a year.

Reichert moved, McEwen seconded, to approve the 2014 Accreditation Report and to approve NDUS to complete the accreditation report once a year, rather than twice a year.

Reichert, McEwen, Shaft, Hjelmstad, Neset, Melicher, and Morton, voted yes. The motion carried.
SBHE Budget and Finance Committee
Ms. Glatt said the budget and finance items have been recommended for approval by the SBHE Budget and Finance Committee and recommended Board approval.

Shaft moved, Neset seconded, to approve the recommendation of the SBHE Budget and Finance Committee, for approval of the following items.

- Authorize WSC to seek 15-17 state general fund appropriation of $1,200,000; and, increase spending for the Workforce Training project from $8,238,267 to $9,438,267 funded from $1,700,000 general fund, $2,500,000 financed through the Bank of North Dakota, $1,750,000 received as an oil impact grant from the Department of Trust Lands, $2,207,000 in private fundraising, $393,000 in approved state 13-15 Challenge funds, and $888,267 in local funds generated from training activities and to proceed with the project contingent upon receipt or guarantee of all funds;
- BSC requests authorization to refinance housing/auxiliary revenue bonds;
  a) Authorize issuance of not-to-exceed $4,000,000 State Board of Higher Education of the State of North Dakota, BSC Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2015, for the purpose of refinancing the outstanding BSC Housing and Auxiliary Facilities Revenue Bonds, Series 2005, maturing on and after May 1, 2016, and paying the costs of issuance of the Series 2015;
  b) Authorize the BSC President and/or Interim Executive Vice President to approve the sale of the bonds provided that the rate not exceed 4%, provided the present value of the debt service savings is not less than 2%. The approximate final date upon which the principal amount of the obligation will mature or become payable is May 2030;
  c) Appoint the firm of Arntson Stewart Wegner PC as the bond counsel and Public Financial Management, Inc. as the financial advisor;
- Authorize an inter-funding borrowing, and related planned fund deficit, of $500,000 for the purchase and installation of an electronic scoreboard for the MiSU Dome;
- Authorize funding source change for the construction by Valley City Parks and Recreation of a Health, Wellness and Physical Education Building, located on the VCSU campus from $15 million in private and $1 million in State Challenge Grant (up) to $13 million private, $1 million State Challenge Grant and $2 million student fee revenues; seek appropriate legislative authorization; and, further authorize an increase in the Fitness Facility fee from $0.42 per credit hour up to $12 per credit hour by no later than Fall 2017.

Shaft, Hjelmstad, Neset, Melicher, Reichert, McEwen, and Morton, voted yes. The motion carried.

Other Consent Items
Ms. Glatt presented other budget and finance requests, stating that the items are standard items and recommends approval to the Board.

Shaft moved, Morton seconded, to approve the following facility and budget items:

- Authorize UND to proceed with various classroom and laboratory upgrade projects for the College of Engineering and Mines (CEM) at an estimated cost of $1,375,000 to be funded from local funds;
- Authorize DSU to proceed with replacement of the waste water risers in Pulver Hall at an estimated cost of $566,195 to be paid from local auxiliary funds;
authorize NDSU to proceed with the Music Building South Entry Renovation project at an estimated cost of $350,000 funded from appropriated operations funding.

Melicher, Reichert, Shaft, Hjelmstad, Neset, McEwen, and Morton, voted yes. The motion carried.

Board Policy

Mr. Murray Sagsveen explained that the SBHE is currently not involved in the sale, removal, alteration, or demolition of a building that may have historical significance. The proposed amendment to Policy 903 would provide an opportunity for the SBHE to participate in the process if it chooses to do so.

Shaft moved, Neset seconded, to approve the first reading of the proposed amendment to SBHE Policy 903.

Hjelmstad motioned to adjourn.

Adjourned at 5:05 p.m. CT.

Approved on February 26, 2015, by the State Board of Higher Education.