North Dakota State Board of Higher Education
Minutes of the May 14, 2015, Meeting
At Bismarck State College

Board Chair Hjelmstad called the meeting to order at 1:05 p.m. CDT.

Members present:

Dr. Terry Hjelmstad, Chair
Dr. Kevin Melicher
Mr. Grant Shaft
Mr. Mike Ness
Ms. Janice Hoffarth, Staff Adviser

Ms. Kathleen Neset, Vice Chair (arrived @ 1:20 p.m.)
Ms. Kari Reichert
Mr. Chris McEwen
Mr. Don Morton
Dr. Eric Murphy, Faculty Adviser

Interim Chancellor present: Dr. Larry C. Skogen
Incoming Chancellor present: Dr. Mark Hagerott

Institution Presidents present:

Dr. Doug Darling, President, LRSC
Dr. Gary Hagen, President, MaSU
Dr. DC Coston, President, DSU
Dr. John Richman, President, NDSCS
Dr. Steve Shirley, President, MiSU
Dr. Ray Nodolny, 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. Richard Rothaus, Director of Academic, Research & Accreditation
Ms. Linda Donlin, Vice Chancellor of Strategic Engagement
Dr. Lisa Feldner, Vice Chancellor for Institutional Technology and Research
Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
Ms. Billie Jo Lorus, Director of Communications
Mr. Chris Erickson, Communications Specialist
Ms. Cynthia Wagner Goulet, NDUS General Counsel - Bismarck
Ms. Kristie Hetzler, Executive Assistant to the State Board of Higher Education

Approval of Agenda
Chair Hjelmstad added the transfer of funds from 2015-2017 NDUS performance funding pool to campuses, as item 6a on the agenda.

McEwen moved, Melicher seconded, to approve the May 15, 2015, Board agenda, with the addition of 6a.
Approval of Minutes
Melicher moved, Ness seconded, to approve the following SBHE meeting minutes:

- March 3, 2015 (HLC Conference Call)
- March 26, 2015

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

Board Business
The executive session will give the SBHE an opportunity to provide settlement guidance to the NDUS General Counsel – Fargo, and NDSU litigation attorney regarding NDUS Minard Hall.

McEwen moved, Morton seconded, to hold an executive session: pursuant to North Dakota Century Code sections 44-04-19.1 and 44-04-19.2, for the purposes of (1) attorney consultation and (2) discussion of negotiation strategy and providing negotiating instructions in connection with potential settlement of pending litigation, specifically those cases involving the December 2009 collapse of Minard Hall, a building located on the campus of North Dakota State University. An executive session is necessary to protect the bargaining position of the State Board of Higher Education in these cases.

The executive session shall be limited to: (1) members of the Board, including the faculty advisor to the Board and the staff senate advisor to the Board, and Board support staff; (2) NDUS Chancellor, NDUS Chief of Staff, and NDUS General Counsel - Fargo; (3) NDSU President, Vice President for Finance and Administration, Budget Director, Facilities Management Director and litigation attorney; and (4) Executive Assistant to the SBHE.

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

Attendees: Dr. Terry Hjelmstad, Dr. Kevin Melicher, Ms. Kari Reichert, Mr. Grant Shaft, Mr. Chris McEwen, Mr. Mike Ness, Mr. Don Morton, Ms. Janice Hoffarth, Dr. Eric Murphy, Ms. Kathleen Neset, (arrived @ 1:20 p.m.), Mr. Chris Wilson, Mr. Dan Hull, Mr. Murray Sagsveen, Dr. Larry Skogen, Dr. Bresciani, Cynthia Rott, Bruce Bollinger, Michael Ellingson, Ms. Laura Glatt,

Executive session began at 1:15 p.m. CDT.

Executive session ended at 1:45 p.m. CDT.

Reichert moved, Melicher seconded, to reconvene in open meeting.

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

Reichert moved, Melicher seconded, to authorize counsel for NDSU to resolve the pending Minard Hall litigation in accordance with the Board’s discussion in executive session.

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

FY16 Annual Budget Guidelines (including 15-16 tuition rates)
Ms. Glatt presented an overview on both the aggregate system and individual final 2015-2017 legislative appropriations. She noted that in aggregate, the NDUS has an 8.5% increase in base funding, but the impact by campus varies greatly. She noted this was important to understand for annual budget purposes; some campuses will need to make budget reductions after funding from base funding the 15-17 state share of the annual three percent salary increase, health insurance, and utilities increases. In addition, she noted the schedule do not reflect a new legislative requirement that campuses are only able to access their extraordinary repairs base funding if they provide two dollars of matching funds from operations or other sources for each dollar of state extraordinary repairs funding. Per legislative intent “An institution may not use a transfer from the deferred maintenance funding pool to provide matching funds under this section.” This match may require further reallocation at some campuses. She also pointed out that a 2.5% tuition increase will not be adequate at many campuses to cover the full cost of the students’ share of the 15-17 salary, health insurance and utilities increases, which means campuses will have to also find additional money elsewhere to cover the shortfall. She also noted the legislature provided $2.5M in base funding to MiSU and WSC in the 2013-2015 biennium, however; for the 2015-2017 biennium, the $2.5M in base funding was removed from both campuses and only $2.5M in one-time funding was added back to WSC.

The major components of the 2015-2016 draft annual budget guidelines are:

- Establish mandatory campus/entity-wide average minimum salary increase of 3% for permanent employees beginning July 1, 2015.
- Promote strategic investments as part of the annual budget process around SBHE strategic plan goals.
- Tuition rate increases of 2.5% at all campuses (the statutorily permitted limit), except: BSC 1.9%; LRSC 2.0%; NDSU 2.4% and SMHS 3.0% to cover the student share of the "cost to continue" for salary, health insurance and utility increases. This is consistent with the legislative intent that limits tuition rate increases to no more than 2.5%. Furthermore, the SMHS was exempted by legislation from the 2.5% limitation. At eight of the eleven campuses the 2.5% increase is less than what is needed to fund 100% of the student share of costs; therefore, campuses will have to internally reallocate to make up the difference. It should be noted that last year the SBHE approved a two-year plan at WSC to increase tuition 7.1% per year to bring WSC's tuition rates more in line with other NOUS two-year campuses. The second year of that plan will be delayed in light of the legislated tuition limitation.
- WSC annual fee increase of $708, which exceeds the one percent statutory limitation, thereby necessitating SBHE approval. Under the proposed plan, mandatory student fees would increase from $1,077 to $1,785, an increase of $708 per year as outlined below. Approximately 50% of all full-time students at WSC are from Williams County and eligible for the new Williams County Graduate Scholarship of $6,500 per year for tuition, fees and books. This new Williams County scholarship program will free up other scholarship dollars which can reallocated to offset some of the cost increases for other non-Williams County students.

- College Fee: $209.40 increase for signage and ongoing repairs/maintenance for the parking lot which is used to support academic, athletic and other student events; athletic operations; and shift activity director position from college to activity fee.
✓ Activity Fee: $71.10 increase to shift activity director position from college fee to activity fee; to cover inflationary costs related to student activities and intramurals.
✓ Recreation Fee: $300 increase from $120 to $420 per year for full student access to the Williston Recreation Center. The initial $120 fee was approved by the SBHE last year.
✓ Technology Fee: $127.50 increase to shift the payroll support cost of "Moodle" (open source learning management system) from the non-mandatory distance fee to the technology fee to be assessed to all students.

Ms. Glatt reviewed the comparison of tuition, mandatory fees, room and board spreadsheet, which is a snapshot of the overall cost increase from 14-15 to 15-16 for a typical North Dakota resident student, who resides on campus and has campus housing and a meal plan. The increase ranges from a 2.5% increase at NDSU to a 23.5% increase at WSC, pending approval of the proposed fee increase.

Melicher moved, Reichert seconded, to approve the FY16 annual budget guidelines, including 2015-2016 tuition rates, WSC fee increase, and delegated authority to the Chancellor to approve the annual budgets within the guidelines set forth by the SBHE.


**Joint Powers Agreement for the Aquatics Center on BSC Campus**

Ms. Goulet explained the amendments within the joint powers agreement, regarding the Aquatics Center on the BSC Campus as follows:

Section 5.i currently reads:
- To schedule regular meetings with the Facility Advisory committee and, through the Advisory Committee or other means, regularly consult with and keep informed the parties to this Agreement and other interested groups;

Proposed amendment to read:
- To schedule and participate in meetings with the individuals or groups identified in Section 12, and to regularly consult with and keep informed the parties to this Agreement and other interested groups; and

Section 12 currently reads:
- Advisory Committee: There is established a five member Facility Advisory Committee to advise Park District and provide an opportunity for input from the parties and other interested groups and individuals regarding Facility management and operation. The Facility Advisory Committee shall meet not less than twice each calendar year. The members of the Facility Advisory Committee are:
  - The BSC President or President's designee;
  - The President or designee of the BSC student governing body.
o One member collectively chosen from the membership of the BSC Faculty and Staff Senate.

o One member of the Park District's governing board who shall serve as chair of the committee; and

o One member appointed by the Park District's governing board to represent community facility users. Park District shall provide staff support and supplies and coordinate schedule Facility Advisory Committee meetings.

Proposed amendment to read:

- Park District shall provide no less than the following opportunities for input from the parties and other interested groups and individuals regarding Facility scheduling, management, and operation as follows:

  (a) Facility Planning: The Bismarck State College President or President's designee and the Executive Director of Bismarck Parks and Recreation District or Executive Director's designee will meet on an annual basis prior to April 30 of each year to review facility needs and responsibilities.

  b) Student Planning: The BSC Aquatic and Wellness Center Facilities Manager and staff will meet with the President or President's designee of the BSC Student Government Association in October and March each year to discuss student ideas for ongoing facility projects and programs.

All other terms and conditions of the joint powers agreement dated, April 15, 2008, and as amended in a document entitled "Amendment to Joint Powers Agreement," dated, June 19, 2008, and involving section 7 Title to improvements, remain unchanged and in full force and effect.

McEwen moved, Morton seconded, to approve the proposed changes to Joint Powers Agreement (JPA) dated April 15, 2008, which are set out in the Second Amendment of the JPA.

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

**ND State Grant Budget Tiers**

Ms. Glatt explained North Dakota Century Code 15-62.4-04, creates the student financial assistance advisory board for the purpose of providing advice to the SBHE, regarding the student financial assistance program, and to act as a liaison between the SBHE and the institutions of higher education participating in the program. The North Dakota student financial assistance program advisory board met on May 1, 2015. The advisory board recommends an increase from 2014-15 to 2015-16 of 2.5% increase. The 2.5% adjustment is justified based on estimated tuition increases of 2.5% (public institutions) within the state and a minimal 2013 Consumer Price Index adjustment of 1.015%.

Board members inquired why out of state students do not qualify for the grant. Ms. Glatt noted that this was a change made during the 2015 session. SBHE members said they would like to see that re-addressed during the next legislative session. Dr. Skogen explained that the concern was expressed during the session about this change, but ultimately the legislature has made that decision. He indicated that at
the end of the next two years, NDUS will have a better idea of the impact of this change. That information can be provided during the next legislation session.

McEwen moved, Neset seconded to approve the 2015-2016 tiered budgets as recommended by the student financial assistance advisory board as follows:

- Four-Year Public Research Universities $20,166
- Four-Year Public Universities $17,515
- Two-Year Public Universities $14,055
- Tribal Colleges $14,055
- Private Institutions $25,992

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

Performance Funding Pool
Ms. Glatt explained that a $5 million performance funding pool was appropriated to NDUS during the 2013-2015 legislative session. She stated, none of the funds have been, nor will be distributed for performance funding in the current biennium. The SBHE had recommended that the funds either be carried over for performance funding distribution or used for other SBHE initiatives such as PAR. However, the legislature reallocated $4 of the $5 million to address deferred maintenance and extraordinary campus needs at Williston State College, Dickinson State University, Minot State University, and Dakota College of Bottineau, and recaptured the remaining $1 million to the state general fund.

McEwen moved, Ness seconded, to approve the transfer of $4 million, from the 2013-2015 NDUS performance funding pool, as prescribed in HB1003 (Sections 33 and 48), to the following campuses: $1.5 million to Williston State College, $1.5 million to Dickinson State University, $500,000 to Minot State University and $500,000 to Dakota College of Bottineau.

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

Board Policy (first reading)
Ms. Glatt explained proposed revisions to policy 803.1, regarding purchasing, is a need to further define commodities and services; modify purchasing dollar thresholds and associated bid and documentation requirements; and restructure under a policy governance model. Further, the revision establishes a common form to be used across the NDUS for purchasing.

Ms. Glatt requested a delayed implementation date of January 1, 2016 to permit adequate time to complete current purchased and provide sufficient time for campus training.

Ness moved, Melicher seconded, to approve the first reading of the proposed changes to SBHE policy 803.1-Purchasing, including delaying the effective date to January 1, 2016.

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

Ms. Glatt explained the following revisions to SBHE policy 602.3, regarding job applicant/employee criminal background checks, is to address the following:
• Requested review of “consistent” practices related to faculty positions, including student teachers, from academic affairs;
• Simplify and clarify current policy/procedure;
• FY14 financial statement audit recommendation on student employee access to PeopleSoft;
• Update policy to adapt to current practices at many campuses;
• Ensure consistency across the NDUS;
• Re-structure policy/procedures to “policy governance” structure.

Neset moved, McEwen seconded, to approve the first reading to the proposed changes to SBHE policy 602.3, regarding job applicant/employee criminal background checks with an effective date of July 1, 2015.

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

Board Policy (second reading)
Ms. Glatt explained proposed revisions to SBHE policy 806.3, regarding employee moving expenses. The current version of the policy permits reimbursement of certain actual moving, travel, and living expenses based on receipt. The revised policy would permit either reimbursement of certain actual moving travel, and living expenses based on receipt or a negotiated lump sum amount for relocation expenses for new employees. There would be no change for relocated employees due to current statutory restrictions.

Mr. Sagsveen explained proposed amendments to SBHE policy 918, regarding alcoholic beverages, on campuses. The proposed amendments would generally prohibit alcoholic beverages on a campus, unless specifically authorized by the president.

Ms. Glatt explained the proposed modifications to SBHE policy 820.1, regarding the employee tuition waiver. The revisions are intended to standardize the benefit across the NDUS, simplify current practice for ease of employee understanding and campus administration, while maintaining, to the extent possible, current employee benefits. Based on current usage patterns, almost 90% of the employees would see no change or an increase in benefit, and about 10% would experience a reduction in benefits. The amended policy would take effect for enrollments beginning in the fall of 2015.

Melicher moved, Neset seconded, to approve second reading and adoption of the following policies:
• SBHE policy 806.3
• SBHE Policy 918
• SBHE policy 820.1

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

Mr. Shaft explained that new SBHE policy 907, regarding building plaques, requires all newly constructed or acquired buildings, newly constructed major building additions over 1,000 square feet in size, and newly constructed major public improvements costing in excess of $500,000 (project) shall be memorialized with a plaque. The building additions, which serve primarily as entrances, mechanical areas, or other sundry areas, and do not provide functional occupancy, are exempt from this policy. The policy states specific information is listed on the building plaques and that projects acquired or constructed prior to January 1, 2001, are exempt from this policy.

Melicher moved, Neset seconded, to approve second reading and adoption of policy 907.

McEwen, Neset, Shaft, Hjelmstad, Ness, Melicher, Reichert, and Morton voted yes. The motion carried.
Public Comment
Dr. Steve Shirley, President at MiSU, recognized DCB Dean Dr. Ken Grosz for forty years of service and congratulating him on his retirement.

Melicher moved to adjourn.

The meeting adjourned at 4:05 p.m. CDT.

Approved on June 24, 2015, by the State Board of Higher Education.