Administrative Affairs Council Meeting Minutes  
Tuesday, June 2, 2015 – 9:00 a.m.  

Conference Call

Participants
Tamara Barber – BSC  
Mark Lowe – DSU  
Corry Kenner, Joann Kitchens – LRSC  
Steve Bensen – MaSU  
Brian Foisy – MiSU  
Dennis Gladen – NDSCS  
Bruce Bollinger – NDSU  
Alice Brekke, Cindy Fetch – UND  
Doug Dawes – VCSU  
Laurie Furuseth – WSC  
Mick Pytlik – CTS  
Laura Glatt, Robin Putnam, Rick Tonder,  
Billie Jo Lorius, Terry Meyer – NDUS Office  

DCB was absent

Ms. Glatt convened the meeting at 9 a.m. Additional agenda items added to the agenda were (1) update on the June 8 SBHE Audit Committee meeting, (2) safety and security funding, and (3) status of tuition models.

Ms. Glatt introduced Billie Jo Lorius, NDUS Director of Public Affairs to Council members. She will participate in Council meetings as an observer to familiarize herself with the issues so she is better equipped to respond to media inquiries.

Master Planning Process
Ms. Brekke asked for clarification on the process and timeline for the master planning process and asked how this process ties to the strategic plan. Mr. Tonder said the Board approved its strategic plan in 2014 and campuses are expected to align their campus strategic plan with the Board’s strategic plan. The implementation of the NDUS System-Wide Master Plan was approved by the Budget and Finance Committee and subsequently approved by the SBHE in October 2014. He will work with campuses on templates to be used for the structure of the master plan. Campuses can begin to work on updating inventory information, updating space utilization information in FAMIS, and work toward getting additional structure on classroom scheduling by Dec. 1. All of this information will then converge to a point where it will be used for the master plan process.

In response to a question, Ms. Glatt said Legislative Audit and Fiscal Review Committee has asked the State Auditor’s Office to audit the current space utilization study. She said Mr. Tonder will work with campuses now to address some of the data inconsistencies.

Ms. Brekke asked if campuses are considering using outside expertise in this round of master planning. Four campuses said they are considering outside expertise (VCSU, MiSU, LRSC, and MaSU).
The goal is to have the next campus master plan completed prior to the next biennial budget process. The timeline identified on page one of the NDUS System-Wide Master Plan approved by the Board October 2014 is as follows:

“....Spring 2015: SBHE reviews and modifies, as necessary, 2015-2020 System strategic plan. Campus plans adjusted accordingly.

February 2016 (by not later than): Institutions complete their 6 year facility Master Plan, consistent with SBHE strategic plan and campus alignment plans.

March 2016 (by not later than): SBHE approves institution facility Master Plans

April 2016 (by not later than): Institutions complete their 2 year capital plans for upcoming budget cycle.

Maye 2016: NDUS reviews and Chancellor prioritizes institution capital project recommendations.

May/June 2016: SBHE approves capital project priorities for upcoming budget cycle for submission to OMB.”

Mr. Tonder will develop a more detailed and comprehensive process and timeline and distribute to Council members.

**SBHE Policy 907 – Building Plaques**

Mr. Tonder stated the Board approved SBHE Policy 907 at the May 14, 2015 SBHE meeting and the policy is effective July 1, 2015. A subsequent NDUS Procedure has been drafted and will move forward to the Chancellor’s Cabinet. The procedure lays out very specific information about the design and placement of the plaque and should be helpful to campuses. The procedure will be effective July 1, 2015. Ms. Glatt said the placement of a plaque is retroactive to January 1, 2000.

**Review Select Legislation**

Ms. Glatt said the office is working on the comprehensive bill summary. Bills that have been signed by the Governor are on the Secretary of State’s website at [http://sos.nd.gov/legislative-bills-and-information/bills-and-resolutions-adopted-2015-64th-legislative-assembly](http://sos.nd.gov/legislative-bills-and-information/bills-and-resolutions-adopted-2015-64th-legislative-assembly)

Ms. Glatt provided a high-level overview on a few primary appropriation bills impacting the NDUS.

**HB1003**

- **Two-year campus marketing, $800,000** – Ms. Donlin will work with two-year campuses on this campaign on how to attract students to those institutions
- **Student mental health, $282,520** – Ms. Lamboley will continue to work with Student Affairs Council on use of these funds
- **Veterans assistance grants, $325,000** – Ms. Glatt sent a memo to Council members on June 1. The memo, as outlined, would allocate $325,000 to NDSU, which is consistent with what was done in the 13-15 biennium
- **Deferred maintenance pool, $8.7M** – will be addressed later during the meeting
- **Campus security pool, $3 M** – will be addressed later during the meeting
• **Open education resources training, $300,000** – Ms. Feldner and Mr. Rothaus will work on use of these funds. The funds will be used for professional development and engagement of faculty to explore opportunities with open education resources.

• **Internal audit pool, $300,000** – will be addressed later during the meeting.

Section 21 and 22 requires the NDUS, starting with the 15-17 biennial budget process, to budget at the same level of detail as state agencies, using IBARS. There are at least two issues which need to be reviewed: (1) how do NDUS expenditure account codes align with state agency account codes, and (2) NDUS appropriated fund group, includes both general fund and tuition income, how can we separate just the general fund expenditure?

Those identified to work through these issues and bring them back through the Controllers and Administrative Affairs Council are: Sharon Loiland, Cindy Fetsch, Robin Putnam, Joann Kitchens, and Cathy McDonald.

Section 25 – Systemwide Funding Pools

• **Deferred Maintenance, $8.7M**, which is allocated to five institutions (NDSU, UND, BSC, MaSU and LRSC). Mr. Tonder is updating the ‘authority to proceed’ template to include a section where campuses have to address, as part of the request, how the project fits with Paulien’s Campus Master Plan and Space Utilization data.

• **Campus security funding pool (one-time funding), $3M**, includes funding that must address security needs at institutions based on campus risk and security assessments. Ms. Glatt said Ms. McDonald had a conversation with Brady Larson with Legislative Council. His response was, “There was not any discussion regarding requirements for conducting new assessments or what types of assessments should be used. The language used was based on committee discussions that the funding should go out based on campus needs and not a uniform allotment to each campus.” She asked Council members for their thoughts about a fair methodology to use in distribution of this pool of funds? Mr. Gladen suggested the funds be distributed based on the funds requested for campus security. Ms. Glatt noted that there appeared to be no uniformity among those original requests. Mr. Lowe pointed out the DSU had not submitted a request, but since that time have hired a security professional and has much better information about needs. He hopes this new information can be factored into any allocation plan. A working group was identified to identify an approach for distribution of these funds, with a recommendation brought back to the Council for consideration prior to the item being placed on the September SBHE agenda. Members of the working group are: Tamara Barber, Alice Brekke, Mark Lowe, and Dennis Gladen.

• **Internal audit funding pool, $300,000**, which is to be used for systemwide and campus internal audit purposes. The SBHE Audit Committee will discuss the use of these funds.

Section 26 – Campus capital projects – project management

Campus will need to continue to have a project manager in place meeting specific experience requirements; if not, campuses will have to submit the required checklist. Mr. Tonder will ensure campuses are compliant as projects move forward.
Section 33 - $4M allocated to WSC, DSU, MiSU, and DCB for deferred maintenance and extraordinary campus needs. These funds were approved for allocation at the May SBHE meeting. Although this section doesn’t seem to have a reporting requirement attached to it like some others, Ms. Glatt suggested campuses might want to track the use of these monies in the event they are asked to report at a future date.

Section 38 – Use of Extraordinary Repairs Funding – Matching Funds. A report will need to be submitted to legislative management regarding the use of extraordinary repairs funding and related matching funds. Mr. Brady Larson provided further clarification saying campuses can use any funds, other than those specifically prohibited in statute or in the appropriation bill.

Section 39 – Tuition rate increase limitations – budget section approval. Exceptions to the 2.5% limit can be approved by the Budget Section. The two and one-half percent limit does not apply to reciprocity agreements.

Section 42 – Data inconsistencies.
1. Lack of integration of personal and demographic information among computer systems;
2. Lack of use of standard chart of accounts for financial reporting and standard department budget table deduction and tax override flags;
3. Absence of standard business processes for recording mandatory fees and for changing payroll using source information;
4. Inconsistent methods and procedures at institutions for recording high school completions, identifying student cohorts for reporting purposes, and classifying agency funds;
5. Inconsistent practices and policies at institutions for awarding tuition waivers, admitting students, using purchasing card, charging tuition and fees, and accruing of faculty sick leave;
6. Inconsistent coding and naming for bad debt expense and journal entries;
7. Use of shadow accounting system for reporting purposes; and
8. Inconsistent definitions for a distance education student, a resident student for tuition purposes, and a full-time student for federal tax purposes.

Interim Chancellor Skogen will have a conversation with the Chancellor’s Cabinet this week on these data inconsistencies as well as those identified in recent audits. Ms. Feldner is considering hiring a project manager to help oversee these projects, from a project management standpoint. This person would work with the appropriate user groups, and Councils to get these issues resolved over the next two years.

Section 43 – Permanent Funds
Campuses will have to report to the Appropriations Committee on the use of funds.

Section 44 – Extraordinary campus needs funding.
This section pertains to the allocation of $2.5 million in funds to Williston State College for extraordinary campus needs. WSC will have to provide a report to the appropriations committee on use of funds.

**Section 45, 46 and 47** All three studies were selected for study by the Interim Higher Education Committee during the interim. Ms. Glatt also noted there have been some recent stories about a study the National Education Association conducted and ranked North Dakota number one in terms of non-instructional staff per capita. She encourages campuses to start gathering information now about staffing changes in preparation for the interim committee studies.

**SB 2003 – Attorney General’s Office appropriation bill**

**Section 10**, #4 was added and Ms. Glatt wanted campuses to be aware. “Any assistant and special assistant attorney general, appointed to represent the state board of higher education or an institution under the control of the state board of higher education may access and examine any record under the control of the state board of higher education. For purposes of reviewing records under the Family Education Rights and Privacy Act [20 U.S.C. 1232g: 34 CFR 99] or any other federal privacy law, the assistant and special assistant attorneys general must be considered a state educational official authorized to access student records for legal purposes.”

**Section 13** – Campus assessments.
After checking with Mr. Sagsveen, Ms. Glatt said campuses will be assessed the amounts below for legal services. He also said there could be additional assessments beyond what is listed below.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>BSC</td>
<td>$38,377</td>
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<tr>
<td>LRSC</td>
<td>$17,796</td>
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<tr>
<td>WSC</td>
<td>$12,530</td>
</tr>
<tr>
<td>UND</td>
<td>$0</td>
</tr>
<tr>
<td>NDSU</td>
<td>$0</td>
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<tr>
<td>NDSCS</td>
<td>$39,346</td>
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<td>DSU</td>
<td>$17,615</td>
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<tr>
<td>MaSU</td>
<td>$16,949</td>
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<tr>
<td>MiSU</td>
<td>$39,709</td>
</tr>
<tr>
<td>VCSU</td>
<td>$17,494</td>
</tr>
<tr>
<td>DCB</td>
<td>$11,804</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$211,620</strong></td>
</tr>
</tbody>
</table>

**SB 2004 – State Auditor’s appropriation bill**
Ms. Glatt said in Section 3, #4, the State Auditor was given authority to audit the component units or discreetly presented component units.

Section 5 creates the higher education performance audit division. They received funding for six new FTE positions.
**SB 2015 – OMB appropriation bill**

**Section 2** – One-time funding, $5M for ACA health insurance, which is for all state agencies, including higher education, to fund state appropriated portion of ACA coverage. For 15-17 the University System will have to go through an application process with OMB to access those funds as coverage is made available under ACA.

**Section 8** – Contingent General Fund...
There are two contingent appropriations for facilities at VCSU and NDSU related to capital projects.

**Section 9** – Appropriation – State Auditor
Provides an additional $200,000 for State Auditor’s Office to continue their audits on information technology security.

**Section 19** – Temporary Employee Health Insurance Pool
Includes language for the $5M for ACA temporary employee health insurance.

**Section 38** – Legislative Intent – State Board of Higher Education – Severance Pay
Legal Counsel is looking at what implications this section could have on early retirement.

**Section 40** – Legislative Management Study – Budget Section Functions.
Calls for an interim study to review the functioning and the authority of Budget Section. This has been selected for study during the interim.

**Legal Transition**
Ms. Glatt provided Council members with the correspondence that was shared with presidents on the transfer of legal services to the Attorney General’s Office. Mr. Sagsveen has visited with the A.G.’s office to have someone in place July 1 who has knowledge and can continue to begin reviewing contracts. The ad for new positions was distributed Sunday, May 31. NDUS Office legal staff are working to move files to the A.G.’s office.

In response to a question, Ms. Glatt will check with Mr. Sagsveen on the availability of a template communication which can be distributed to campus employees explaining the change.

**SBHE Audit Committee**
Ms. Glatt reported that the SBHE Audit Committee will meet June 8 via conference call and she encouraged campuses to participate in the meeting. One of the agenda items is discuss and clarify the Audit Committee involvement in the audit process. Ms. Neset has asked that the common chart of accounts and common data definitions be placed back on the agenda. These were issues that surfaced about a year ago as a result of some comments made by the Chief Auditor. And, lastly, an update on the compliance plan will be on the agenda. Earlier this year, Ms. Kolb provided the Audit Committee a draft of the compliance plan. At that point, she was going to work on some additional system wide vetting and bring it back to the committee for
their consideration. However, given that the NDUS no longer has internal legal counsel or possibly internal audit staff, the compliance plan framework will need to be changed.

**Tuition Models**

Ms. Glatt said the implementation of the new tuition model has been put on hold as a result of the legislatively imposed 2.5% tuition restriction. She did have a short conversation with incoming Chancellor Hagerott and more thought will be given to how we proceed. The SBHE will need to discuss this as part of their strategic planning updates as well. We may need to examine the possibility of incremental steps in the implementation of the new tuition model plan.

Meeting adjourned at 11:07 a.m.