North Dakota State Board of Higher Education
Budget and Finance Committee (BFC)
Wednesday, December 2, 2015

The State Board of Higher Education Budget and Finance Committee met by conference call, on Wednesday, December 2, 2015 at 2:00 p.m. CT. The call originated from the North Dakota University System (NDUS) Office, 10th floor of the State Capitol, 600 E. Boulevard Ave, Bismarck, ND.

SBHE Budget and Finance Committee members participating:
- Mr. Morton, Chair
- Dr. Kevin Melicher
- Mr. Greg Stemen
- Ms. Emma Tufte

Other participants:
- Chancellor Hagerott
- Mr. Dave Clark, BSC
- Mr. Bruce Bollinger, NDSU
- Ms. Alice Brekke, UND
- Mr. Nick Vaughn, Attorney General’s Office
- Mr. Chris Wilson, NDSU Chief of Staff

Mr. Rick Tonder, NDUS
Ms. Tammy Dolan, NDUS
Ms. Kristie Hetzler, NDUS
Mr. Noah Brisbin, Attorney General’s Office
Mr. Dan Hull, NDSU Litigation Attorney

Chair Morton called the meeting to order at 2:00 p.m. CT.

Melicher moved, Stemen seconded, to add discussions on the agenda regarding the NDUS office plan and Dickinson State University properties.

Morton, Melicher, and Stemen voted yes.

1. Approve September 8, 2015 Meeting Minutes.

Stemen moved, Melicher seconded, to approve September 8, 2015 Meeting Minutes.

Morton, Melicher, and Stemen voted yes.

Dickinson State University (DSU) Properties
Noah Brisbin informed the committee members that the Altringer, Bosch, and Miller apartment complexes, the Blue Hawk Square complex, and the former foundation building are properties for which Sean Smith, the receiver, has proposed purchase agreements between the foundation and DSU. The agreements provide DSU the opportunity to get an appraisal on the properties involved. The purchase agreements contain clauses that allow DSU to withdraw from the agreement for any number of reasons. He stated that the agreements allow DSU, the NDUS office, and the Board to consider which real assets might be strategic acquisitions for DSU.
NDUS Office Plan

Chancellor Hagerott explained the plan helps fix historic problems, such as data inconsistencies that have been plaguing our system and positions NDUS to go on to do great things. 2015 House Bill 1003, Section 4, held back $1 million for the purpose of allowing the Board and new Chancellor to develop and implement a plan to increase office and system-wide efficiencies. The Chancellor has completed an extensive listening tour which involved several different stakeholders. He and his staff have been gathering information to develop the plan to prioritize needs. Some of those areas would be to work towards creating a unified system, operating in a more efficient manner, and helping students to graduate faster and with less debt in programs that serve the workforce needs and economic development.

Melicher moved, Stemen seconded, to recommend approval of the NDUS office plan to the full Board and to authorize the NDUS to present its proposal to Legislative Budget Section on December 16, 2015.

Morton, Melicher, and Stemen voted yes.

Chancellor Hagerott exited the meeting at 2:20 p.m. CT.

2. Recommend authorization for BSC to proceed with the JSC Building HVAC Control Upgrade project at an estimated cost of $80,000 to be funded from the one-time deferred maintenance allocation as authorized by the 64th Legislative Assembly (2015) in HB1003, Section 2. One-Time Funding – Effect on Base Budget – Report to Sixty-Fifth Legislative Assembly. Furthermore, authorize the transfer of $80,000 from 2015-17 North Dakota University System Office deferred maintenance pool to Bismarck State College’s capital assets line item per HB1003 (2015), Section 25.

3. Recommend authorization for UND to proceed with various renovation, code upgrade and deferred maintenance work on campus at an estimated cost of $1,350,000 to be funded from the one-time deferred maintenance allocation as authorized by the 64th Legislative Assembly (2015) in HB1003, Section 2. One-Time Funding – Effect on Base Budget – Report to Sixty-Fifth Legislative Assembly. Furthermore, authorize the transfer of $1,350,000 from 2015-17 North Dakota University System Office deferred maintenance pool to the University of North Dakota’s capital assets line item per HB1003 (2015), Section 25.

4. Recommend authorization for NDSU to proceed with the Katherine Kilbourne Burgum (KKB) Family Life Center Roof Replacement project at an estimated cost of $425,100 to be funded from the $3.5 million one-time 2015-17 deferred maintenance funding included in HB1003, Section 2. One-Time Funding – Effect on Base Budget – Report to Sixty-Fifth Legislative Assembly. Furthermore, authorize the transfer of $425,100 from 2015-17 North Dakota University System Office deferred maintenance pool to North Dakota State University’s capital assets line item per HB1003 (2015), Section 25.

5. Recommend approval to authorize NDSU to proceed with the Hultz Hall Roof and Cooling Tower Replacement project at an estimated cost of $179,300 to be funded from the $3.5 million one-time 2015-17 deferred maintenance funding included in HB1003, Section 2. One-Time Funding – Effect on Base Budget – Report to Sixty-Fifth Legislative Assembly. Furthermore, authorize the transfer of $179,300 from 2015-17 North Dakota University System Office deferred maintenance pool to North Dakota State University’s capital assets line item per HB1003 (2015), Section 25.

Stemen moved, Melicher seconded, to recommend approval for BFC consent items 2 – 5, to the full Board.
Melicher, Morton, and Stemen voted yes.

6. Recommend approval to authorize the North Dakota Forest Service to accept a gift of land from Howard and Rebecca Rude per N.D.C.C. 4-19-05.

Howard and Rebecca Rude are proposing to gift approximately 0.5 acres of forest lands in Bottineau County to the North Dakota Forest Service. The land is located along Long Lake in the Turtle Mountains. It is pristine, forest land that will serve as undeveloped green space. Mr. Tonder indicated it is an extraordinary gift and is of great value.

Melicher moved, Stemen seconded, to recommend approval of BFC item 6 to the full Board.

Melicher, Morton, and Stemen voted yes.


Tammy Dolan explained that campus presidents are directed to follow the room, board, and fee guidelines that are consistent with SBHE policy 805.2, unless the total increase in all mandatory fees (i.e. student government activity, university/college fee, technology fee, ConnectND fee, North Dakota Student Association fee) are greater than 1% of the Fiscal year 2016 full-time, resident, on-campus, undergraduate tuition rate at that institution. In that case, the SBHE must determine that an exemption is necessitated as a result of:

- Student demand, as evidenced by a campus-wide student election or formal action by an institution’s student governing board or committee.
- Before mandatory fees on students may be increased to support the construction or renovation of a campus building valued at more than one million dollars, the use must be approved by a majority of the students voting on the question at a campus-wide election, unless the construction or renovation for which the use of mandatory fees was authorized before July 1, 2013.

One of the goals in the NDUS 2015-2020 Strategic Plan, A Framework for Transformational Change, is to “Deliver degrees that are the best value in the nation,” including a strategy to “Ensure the price to attend NDUS institutions is clearly stated and regionally competitive.” The campuses approved room and board rates and mandatory fees that will be considered part of the total cost of education when the Board approves a 2016/2017 tuition policy, as part of the 2016/2017 annual budget guidelines in the Spring of 2016.

Williston State University was granted as an exception until the SBHE reviews housing rates after the external bond rating review (anticipated to be completed in January 2016). It is the SBHE’s expectation that should there be positive improvement in the bond rating coupled with a reduction in inflationary factors in the area, that WSC identify to the State Board housing rate reduction options for Fall 2016. Williston State will provide an update and recommendations at the February 2016 State Board meeting.

Melicher moved, Stemen seconded, to recommend approval of 2016/2017 room, board, and fee guidelines to the full Board.
Stemen, Melicher, Morton, and voted yes.

8. Chris Wilson explained the following were previously approved motions of the SBHE relating to the Minard Hall collapse:
   (1) September 24, 2013 authorizing NDSU to carry a deficit fund balance until a state general fund deficiency appropriation is authorized; and
   (2) May 14, 2015 authorizing NDSU to settle the outstanding litigations; NDSU is hereby authorized to seek a deficiency appropriation from the North Dakota Legislature in the amount of $1,634,853.52.

Mr. Wilson requested approval to pursue recovery of funds through a deficiency appropriation from the 2017 Legislative Assembly and committee members agreed.

9. Tammy Dolan gave an overview on the possibility that the state may be requesting an updated state budget forecast and informed the committee it was very possible that all state agencies may receive an allotment to address shortfalls in the state’s revenue.

Morton adjourned the meeting at 3:10 p.m. CT.