North Dakota State Board of Higher Education
Budget and Finance Committee Meeting Minutes
October 20, 2016

The State Board of Higher Education Budget and Finance Committee will meet via conference call, Thursday, October 20, 2016, at 11:00 a.m. CT. The call will originate at the North Dakota University System Office, 10th Floor, 600 East Boulevard Ave., Bismarck, ND 58505.

Chair Stemen called the meeting to order at 11:00 a.m. CT.

SBHE Budget and Finance Committee members participating:
Mr. Greg Stemen, Chair
Mr. Nick Hacker
Ms. Kari Reichert

Other participants:
Mr. Rick Tonder, NDUS
Mr. David Krebsbach, NDUS
Ms. Karol Riedman, NDUS
Mr. Bullinger, NDSU
Mr. Steve Benson, MaSU
Mr. Vincent Pachuiio, WSC
Mr. Larry Robinson, VC SU
Ms. Alice Berekke, UND
Mr. Brent Winiger, MiSU
Dr. Steve Shirley, MiSU
Dr. John Richman, NDSCS
Mr. Nick Vaughn, Attorney General’s Office

1. **Agenda**
   Hacker moved, Reichert seconded, to approve the agenda with an addition of a discussion regarding faculty sick leave.

   Hacker, Reichert, and Stemen voted yes.

2. **Meeting Minutes**
   Hacker moved, Reichert seconded, to approve the September 12, 2016 meeting minutes.

   Hacker, Reichert, and Stemen voted yes.

3. **Contribution 401(a) retirement plan**
Jane Grinde explained the SBHE Budget and Finance Committee is responsible for reviewing and recommending any changes to the NDUS retirement plan to the full Board for approval. The SBHE has set a $10,000 limit for terminated employees to either rollover to another retirement plan or withdraw retirement funds NDUS Defined Contribution Retirement Plan. Balances over $10,000 are required to stay in the Plan until retirement age. Changing this limit from $10,000 to $20,000 would reduce the number of small plan balances which may negatively impact pricing for administrative fees.

Hacker moved, Reichert seconded, to raise the eligibility amount for distribution or rollover to $20,000 for employees who terminate from the NDUS that are participants in the NDUS Defined Contribution 401(a) retirement plan to eliminate the number of small plan balances which require administration.

Hacker, Reichert, and Stemen voted yes.

4. **Default Investment Plan**

Jane Grinde explained TIAA intends to end the voluntary expense waiver on the CREF Money Market Account by April 14, 2017. CREF Money Market account is the default investment for employees enrolled in the NDUS 401(a) Executive Compensation plan. TIAA has recommended changing the default investment from CREF Money Market and replace it with a more appropriate default: Lifecycle Fund. Currently there are no participants who are using CREF Money Market as a default investment. Therefore, if the default investment is changed going forward, there will not be an impact to those currently enrolled in the plan.

Hacker moved, Reichert seconded, to change the default investment for NDUS 401(a) Executive Compensation Plan from CREF Money Market Account to Lifecycle Fund.

Hacker, Reichert, and Stemen voted yes.

5. **Chester Fritz Library**

Authorize UND to proceed with deferred maintenance work as follows: Chester Fritz Library mechanical cooling tower and associated equipment replacement ($770,000), UND Airport Admin. building curtain wall replacement ($1,000,000), and Memorial Union replacement of internal rain leaders ($222,939) at an estimated cost of $1,992,939 to be funded from the one-time deferred maintenance pool funding included in HB1003, Section 2. One-Time Funding – Effect on Base Budget – Report to Sixty-Fifth Legislative Assembly. Furthermore, authorize the transfer of $1,992,939 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.

6. Authorize UND to proceed with the installation of fire protection systems in Brannon Hall, a residence hall facility, at an estimated cost of $2,325,000 to be funded from local funds.
Hacker moved, Reichert seconded, to approve items 6 and 7.

Hacker, Reichert, and Stemen voted yes.

7. **NDSCS Capital Project Fundraising**

President Richman presented a draft plan to expand NDSCS facilities to Cass County and to begin with capital project fundraising. The master plan program content has not been approved by the SBHE for any of the eleven institutions. This project is currently included within the draft NDSCS master plan program and enrollment driven needs, which must be considered by the SBHE for approval prior to authorizing construction of this facility. NDSCS will provide additional information regarding the source of funding for operating costs once available and prior to presentation to the legislature.

Hacker moved, Reichert seconded, to tabled the NDSCS Capital Project Fundraising.

Hacker and Reichert voted yes, Stemen voted no.

8. **Policy 302.3**

Tammy Dolan reviewed proposed changes to policy 302.3, regarding the Budget and Finance Committee. Historically, the System Office periodically assesses campuses for certain expenses to accomplish system-wide tasks. Assessments have been utilized to cover necessary functions that were not funded by a state general fund appropriation, such as internal audit, compliance and data inconsistency project management. Other times assessments are used for services requested by the campuses, such as the economic impact study, CUPA HR membership & surveys, and Meltwater/TV Eyes (used to monitor news articles).

Campus assessments are calculated by the system office and discussed with the Chancellor’s Cabinet, with the Chancellor giving final approval.

The proposed changes would move the authority to approve campus assessments exceeding $10,000 from the Chancellor to the SBHE Budget and Finance Committee.

Hacker moved, Reichert seconded, to recommend approve changes to SBHE policy 302.3.

Hacker, Reichert, and Stemen voted yes.

9. **Policy HR 24**

Jane Grinde reviewed proposed changes to policy HR 24, regarding reduction in force.
Hacker moved, Reichert seconded, to recommend approve changes to HR 24. Hacker, Reichert, and Stemen voted yes.

**Faculty sick leave**
Kari Reichert indicated the legislature requested faculty sick and annual leave be reconciled with a consistent and system-wide policy. The committee recommended that Nick Vaughn draft a policy and councils and committees start reviewing and making recommendations as soon as possible.

**Tuition and Waivers Study**
Tammy Dolan explained the status of the tuition and waivers report. There is still working being done to determine what the financial impact is on the campuses. All of the financial vice presidents from the campuses have been involved in the discussions. The group agreed move forward with the implementation of the waiver definitions and tracking. The group discussed using the current tuition model to fall 2019.

Approved November 10, 2016.